## Chapter 1 – Introduction to the World of Retailing

Debate: Is Walmart good for society?

Format/Procedure

* Break into 6 teams, 3 on each side of the issue.
* Teams will have 10 minutes to prepare Opening Statements.
* 5 minute Opening Statements from each side. State your position and give supporting arguments.
* Teams will have 5 minutes to prepare for the Rebuttal.
* 5 minute Rebuttals from each side. Respond to the opposition's Opening Statement.
* Teams will have 5 minutes to prepare Concluding Statements. Incorporate the strongest points made in the Opening Statements and Rebuttals. This is a Summary and not a second Rebuttal.
* 5 minute Concluding Statements from each side.
* Individually answer the question: *Where do you stand on this issue and why?*

Group Assignment

In-Class Debate Yes No

Opening 1 2

Rebuttal 3 4

Concluding 5 6

Take aways on debating

* Begin by stating the side of the issue that you are discussing and then give supporting examples to illustrate
* Summarize what was said before leaving the podium
* Strengthen arguments by using “facts” such as direct quotes from article
* Pose questions to the opposition to illustrate the weaknesses in their arguments

## Chapter 2 – Types of Retailers

What retailers or types of retailers are characterized as follows:

1. Offer a broad variety and deep assortment, with customer service.

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1. Target low-income customers, but higher-income customers are increasingly patronizing these stores. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. A type of “Category Specialist” \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Nonstore format in which merchandise or services are stored in a machine and dispensed to customers when they deposit cash/credit. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Offer an inconsistent assortment of brand name merchandise at low prices. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. Large stores that combine a supermarket with a full-line discount store.

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1. Not popular in U.S., but popular in Europe \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Can be further categorized into 3 tiers \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Offers a broad variety of merchandise, limited service, and low prices. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. A self-service food store offering groceries, meat, and produce with limited sales of nonfood items. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. One of the fastest growing segments in retailing. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. Carry a larger proportion of food items than supercenters. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. Large stores located in low-rent areas \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
8. 30% of sales are made through a party plan system. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
9. General merchandise is typically purchased on impulse here \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
10. A type of specialty store. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
11. Speedy checkout \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
12. Prices are 40% lower than conventional supermarkets \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
13. Known as “Category Killers” \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
14. Pharmaceuticals represent over 50% of their sales. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
15. Large stores with a combination of food and general merchandise, but stocks fewer SKUs than supercenters \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
16. 80% of sales are made through multilevel networks. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
17. Placing more emphasis on private label brands \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
18. Target low-income customers with smaller packages. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
19. Most significant trend is conversion into supercenters. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
20. Offer a limited number of complementary merchandise categories, high level of service, and small stores. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
21. Meat and produce account for 44% of sales; have higher margins than packaged goods.­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
22. Concentrate on health and personal grooming. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
23. Offering is communicated via letters and brochures. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
24. A retail format in which customers watch a TV program that demonstrates merchandise & then place orders by telephone. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
25. Buy opportunistically \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
26. Discount store that offers a deep, but narrow assortment of merchandise. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
27. Emphasize perishables \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
28. Retail format in which salespeople contact customers directly in a convenient location, demonstrate merchandise or explain a service, take an order, and then deliver or perform. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
29. Type of off-price retailer that sells broad but inconsistent merchandise, apparel, and soft home goods. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
30. Known as “Discount Specialty Stores” \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
31. Offer limited, irregular assortment of food and general merchandise with little service and low prices \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
32. To survive, attempting to form exclusive arrangements with nationally recognized brands. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
33. Offering is communicated to a customer through a catalog. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
34. Increasing their private label brands. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
35. Over ½ items bought are consumer within 30 minutes. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
36. Functions as a retailer and a wholesaler. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
37. Receive deliveries every day \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
38. Traditional services, such as free bags and credit, are not provided. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
39. By opportunistically from other retailers and manufacturers. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
40. Organize stores into separate departments for displaying merchandise \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
41. Off-price retailer owned by a manufacturer. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
42. 70% of sales are from 30% of its customers – other businesses \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
43. Type of nonstore retailer that communicates with customers and offers products and services over the Internet. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
44. Fastest growing retail category \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
45. Also called extreme value food retailers and only stock about 1,250 SKUs \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
46. Gas accounts for 66% of sales \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
47. Can achieve low prices because of operating efficiency caused by scale economies. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
48. Brands are typically less fashion oriented. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
49. Tailor retail mix to a very specific target market. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
50. Small, full-line discount stores that offer a limited merchandise assortment at very low prices \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
51. Small stores that offer limited variety and assortment of merchandise at a convenient location for higher prices

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**Answers:**

1. Offer a broad variety and deep assortment, with customer service. DEPT. STORE
2. Target low-income customers, but higher-income customers are increasingly patronizing these stores. EXTREME VALUE RET.
3. A type of “Category Specialist” HOME IMPROV. CENTER
4. Nonstore format in which merchandise or services are stored in a machine and dispensed to customers when they deposit cash/credit. VENDING MACH. RETAILING
5. Offer an inconsistent assortment of brand name merchandise at low prices. OFF-PRICE RETAILER
6. Large stores that combine a supermarket with a full-line discount store SUPERCENTER
7. Not popular in U.S., but popular in Europe HYPERMARKETS
8. Can be further categorized into 3 tiers DEPARTMENT STORE
9. Offers a broad variety of merchandise, limited service, and low prices. FULL-LINE DISCT
10. A self-service food store offering groceries, meat, and produce with limited sales of nonfood items. CONVENTIAL SUPERMARKET
11. One of the fastest growing segments in retailing. EXTREME VALUE RET.
12. Carry a larger proportion of food items than supercenters. HYPERMARKET
13. Large stores located in low-rent areas WAREHOUSE CLUBS
14. 30% of sales are made through a party plan system. DIRECT SELLING
15. General merchandise is typically purchased on impulse here SUPERCENTERS
16. A type of specialty store. DRUGSTORE
17. Speedy checkout CONVENIENCE STORES
18. Prices are 40% lower than conventional supermarkets LIMITED ASSORT. SUPERMRKT
19. Known as “Category Killers” CATEGORY SPECIALISTS
20. Pharmaceuticals represent over 50% of their sales. DRUGSTORES
21. Large stores with a combination of food and general merchandise, but stocks fewer SKUs than supercenters HYPERMARKETS
22. 80% of sales are made through multilevel networks. DIRECT SELLING
23. Placing more emphasis on private label brands DEPARTMENT STORES (&CONV SM)
24. Target low-income customers with smaller packages. EXTREME VALUE RET.
25. Most significant trend is conversion into supercenters. FULL-LINE DISC.
26. Offer a limited number of complementary merchandise categories, high level of service, and small stores. SPECIALTY STORE
27. Meat and produce account for 44% of sales; have higher margins than packaged goods. SM
28. Concentrate on health and personal grooming. DRUGSTORE
29. Offering is communicated via letters and brochures. DIR. MAIL RET.
30. A retail format in which customers watch a TV program that demonstrates merchandise & then place orders by telephone. TELEVISION HOME SHOPPING
31. Buy opportunistically WAREHOUSE CLUBS (& OFF-PRICE)
32. Discount store that offers a deep, but narrow assortment of merchandise. CATEGORY SPECIALIST
33. Emphasize perishables HYPERMARKET
34. Retail format in which salespeople contact customers directly in a convenient location, demonstrate merchandise or explain a service, take an order, and then deliver or perform. DIRECT SELLING
35. Type of off-price retailer that sells broad but inconsistent merchandise, apparel, and soft home goods. CLOSEOUT RETAILER
36. Known as “Discount Specialty Stores” CATEGORY SPECIALIST
37. Offer limited, irregular assortment of food and general merchandise with little service and low prices WAREHOUSE CLUBS
38. To survive, attempting to form exclusive arrangements with nationally recognized brands. DEPT. STORE
39. Offering is communicated to a customer through a catalog. CATALOG RETAILING
40. Increasing their private label brands. CONV. SUPERMRKT (& DEPT STORES)
41. Over ½ items bought are consumer within 30 minutes. CONVEN. STORE
42. Functions as a retailer and a wholesaler. HOME IMPR. CENTER (WAREHOUSE CLUBS, DEPT/SPECT STORES FOR CLOSEOUT)
43. Receive deliveries every day CONVENIENCE
44. Traditional services, such as free bags and credit, are not provided. LIMITED ASST. SM (WAREHOUSE)
45. By opportunistically from other retailers and manufacturers. OFF-PRICE RET (WAREH FROM MANUF)
46. Organize stores into separate departments for displaying merchandise DEPARTMENT
47. Off-price retailer owned by a manufacturer. FACTORY OUTLET
48. 70% of sales are from 30% of its customers – other businesses WAREHOUSE CLUBS
49. Type of nonstore retailer that communicates with customers and offers products and services over the Internet. ELECTRONIC RETAILER
50. Fastest growing retail category SUPERCENTERS
51. Also called extreme value food retailers and only stock about 1,250 SKUs LIMITED ASST
52. Gas accounts for 66% of sales CONV. STORES
53. Can achieve low prices because of operating efficiency caused by scale economies. CATEG.SPECIALISTS
54. Brands are typically less fashion oriented. FULL-LINE DISCT.
55. Tailor retail mix to a very specific target market. SPECIALTY
56. Small, full-line discount stores that offer a limited merchandise assortment at very low prices EXTREME VALUE RETAILERS
57. Small stores that offer limited variety and assortment of merchandise at a convenient location for higher prices CONVENIENCE

## Chapter 2 – Retail Formats

Chapter 2 discusses several types of retail formats. After reviewing this section of your text, complete the table below by listing the key issues impacting each retail format. Be prepared to discuss your responses with the entire class.

|  |  |
| --- | --- |
| **Retail Format** | **Key Issues** |
| Food Retailers |  |
| Discount Stores |  |
| Specialty Stores |  |
| Category Specialists |  |
| Department Stores |  |

## Retail Formats with Answers

Chapter 2 discusses several types of retail formats. After reviewing this section of your text, complete the table below by listing the key issues impacting each retail format. Be prepared to discuss your responses with the entire class.

|  |  |
| --- | --- |
| **Retail Format** | **Key Issues** |
| Food Retailers | * *Increasing competition from other types of retailers* * *Walmart and other discounters selling more food items* * *Drug chains carry much of the same merchandise as food stores* * *Fast food restaurants sell healthy food alternatives* * *Convenience stores sell prepared meals, drinks and snacks* * *Offering “meal solutions” to counter competitive pressures, see better margins on prepared foods* |
| Discount Stores | * *Push to carry more grocery items* * *Intense competition from other formats* * *Creating a more attractive place to shop with more apparel and strong private label merchandise* * *EDLP and efficient operations* * *Americans want good value, not just cheap merchandise* * *High concentration – three top players* * *Walmart dominates the category* |
| Specialty Stores | * *Weak, slow growing area in retailing* * *Aging population is less interested in fashion spending* * *Competition from discount stores* * *Fashion rapidly changes as do customers tastes and preferences* |
| Category Specialists | * *Regional roots, now expanding* * *Competition is intense and focused on price, therefore the result is thin margins and little differentiation* * *Stress decreasing costs through efficient operations and economies of scale* * *Service level may be used for brand differentiation* |
| Department Stores | * *Overall sales are stagnant and market share has fallen in recent years* * *Increased competition from discount and specialty stores* * *Not seen as “romantic or convenient” as in the past* * *Located in large malls* * *Specific merchandise is hard to find* * *Less service is being offered* * *Charge higher prices than competitors* * *Some are lowering prices and offering more private label merchandise* * *Work closely with vendors to better stock merchandise* |

## Chapter 2 – Extreme Value Retailers

Read the articles listed below and answer the following question:

**Why are Extreme Value Retailers one of the fastest growing segments in retailing?**

Berner, Robert. “Bargains at either end of the spectrum.” Businessweek, December 29, 2003. (Business Source Premier)

“Walmart ‘in small boxes’ is booming.” The Baltimore Sun, December 6, 2003. (National Newspapers)

**Consider each of the following in your response:**

* Growth plans
* Direct competition in the category
* Competition against other formats
* Geographic and socioeconomic segmentation strategy
* Pricing strategy
* Investor’s perspective

## Extreme Value Retailers with Answers

Read the articles listed below and answer the following question:

**Why are Extreme Value Retailers one of the fastest growing segments in retailing?**

Berner, Robert. “Bargains at either end of the spectrum.” Businessweek, December 29, 2003. (Business Source Premier)

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**Growth plans**

* *Poised well to grow during economic recovery*
* *Opening larger stores that will sell more food items*
* *Regional growth planned*
* *600 new stores this year, and 675 new stores next year*

**Direct competition in the category**

* *Four leading chains – Dollar General, Family Dollar Stores, 99 Cents Only, and Dollar Tree*

**Competition against other formats**

* *Squeezing out competitors*
* *Smaller than Walmart and Target*
* *This format is showing 18% growth annually vs. 14.5% for mass discounters and 12% for warehouse clubs*

**Geographic and socioeconomic segmentation strategy**

* *Urban and rural strip malls*
* *Convenient locations*
* *Poor neighborhoods*
* *Targets consumer with <$35,000 household income*
* *Tries to serve an underserved market*

**Pricing strategy**

* *Low prices on commodities*

**Investor’s perspective**

* *Stock is performing well*
* *Solid margins*
* *Accounting scandal - new management now in place and SEC fine expected*
* *Strong growth*