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# RETAIL STRATEGY & OPERATIONS

AREA: OPERATIONS  
MANAGEMENT

COURSE Nr 40

SESSIONS: 15

CREDITS: 3

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## COURSE INTRODUCTION

Retailing is a huge industry that has constantly changes the way we live. Owing to its entrepreneurial culture it has been consistently an incubator for new business concepts that have influenced many other sectors. In the 80's and early 90's Wal-mart pioneered new approaches to supply chain management and is today the biggest company on earth. H&M's and Zara's fast fashion concepts have transformed apparel retailing. Aldi's and Lidl 's hard-discount model dominate many European grocery markets and threaten incumbent players. Tesco, Carrefour and Metro are the first truly global retailers. Amazon.com, has not only transformed the book business but more than any other firm, has been credited with transforming the Internet from an academic toy to the primary technology influencing business today.

Even if you don't expect to work for a retailer, this course can be useful to you in two ways. First, because retailers are such dominant players in many industries today, it is important that the processes they follow be understood by manufacturers and distributors, or by the consultants and bankers that service retailers and their suppliers.

Second, the problems retailers face (e.g., making data accessible, interpreting large amounts of data, reducing lead-times, eliciting the best efforts from employees, and so forth), are shared by firms in many other industries. It's easier to understand these issues through case studies in retailing because we all experience the industry as consumers and can readily relate to chronic problems such as stock outs and markdowns.

Third, leadership vignettes of many of the cases will allow us to understand why CEO's and retail directors chose a specific strategy and execution path and why they were successful in doing so - or not.

## OBJECTIVES

This course is highly recommended for students interested in careers in

- Retailing and consumer goods industry
- Businesses like banking, consulting and information technology that provide services to retail firms
- Manufacturing companies that sell their products through retail firms

The course will be highly interactive, using case discussions in more than half of the classes. All retail formats will be considered – bricks and mortar, e-tailing and bricks and clicks. A variety of product segments will be considered, including food, shoes and apparel, books and music, and personal computers. We will have guests from the retail industry in a number of the class sessions. Teams of students will chose two retail stores and which they will visit and benchmark against each other.

## PROGRAMME

### I. RETAIL STRATEGY

SESSION 1: Fashion Retail Strategy

Case: ZARA: Responsive, High Speed, Affordable Fashion (London Business School 305-308-1)

SESSION 2 Non-Food Retail Strategy

Case: Wal-Mart (HBSP Case 9-794-024)

T.N. Interview Lee Scott (ECR Journal; Available from Professor)

SESSION 3: Food Retail Strategy

Case: ALDI GmbH & Co oHG (London Business School 307-089-1)

### II. RETAIL ASSORTMENT and INVENTORY MANAGEMENT

SESSION 4 Matching Supply and Demand

Case: Sport Obermeyer (HBS 695022):

T.N. M. Fisher, A. Raman, W. Obermeyer, J. Hammond: Making Supply meet Demand in an Uncertain World (HBS 94302).

SESSION 5 Assortment Planning

Case: Nine West (HBS 698098)

T.N. Barry Schwartz: Navigating Complexity (ECR Journal; available from professor)

SESSION 6 : Inventory Management

Case: David Bermann (HBS 605081)

T.N. Various Clippings (available from professor)

### III. RETAIL STORE OPERATIONS

SESSION 7 Store Operations

Case: Wawa (Wharton Case)

T.N.: M. Fisher: To you it's a store, to me it's a factory (ECR Journal; Available from Professor)

SESSION 8 Information Technology and RFID  
Case RFID at the Metro Group, (HBSP Case 9-606-053)  
T.N. D. Corsten, T. Gruen: Stock-outs cause Walk-outs (HBSP Article F0405E)

#### IV. GLOBAL RETAILING

SESSION 9: Retailing in Asia  
Case: Metro Cash & Carry (HBS 707505)  
T.N. The Economist Clipping (available from professor)

SESSION 10 : China Sourcing  
Case: Luen Thai (Wharton Case)

#### V. RESPONSIBLE and SUSTAINABLE Retailing

SESSION 11 : Responsible Sourcing  
IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor (A) and (B) HBS 906414 and 906415)

SESSION 12: Sustainable Retail Supply Chains  
MIGROS: Sustainable Supply Chain Strategy A) and (B): London Business School (606-045-1 and 606-046-1)

#### VI. RETAIL TRANSFORMATION

SESSION 13 Managing Supplier Relationships  
Case: SAINSBURY'S (B): SUPPLY CHAIN PERFORMANCE MEASUREMENT (INSEAD 103-057-1)  
T.N. D. Corsten, N. Kumar: PROFITS IN THE PIE OF THE BEHOLDER, (HBR F0305D)

SESSION 14 Retail Transformation  
Case: SAINSBURY'S (A): TRANSFORMING THE SUPPLY CHAIN (INSEAD 603-020-1)  
T.N. Interview with Sainsbury's CEO Justin King (ECR Journal; Available from Professor)

#### VII. SESSION Wrap-Up and Group Presentations

SESSION 15 Wrap-Up and Group Presentations

#### EVALUATION CRITERIA

Grades are based on (1) class participation (2) group presentation of store visit benchmarking, and (3) a report on visits done in teams of 3-5 to two stores in the same segment, ideally head to head competitors e.g. Mango and Zara.

## BIBLIOGRAPHY

Bibliography will be handed out to students.

### OTHER INTERESTING DATA

"How to manage relationships between people, customers and suppliers and organizations in general is at the heart of my work which spans supply chain management, marketing and more recently finance" says Daniel who spent more than a decade investigating business models in different industries such as automotive, software and computers.

A founding academic of the Efficient Consumer Response Initiative, the biggest collaborative movement in the world, Daniel has researched and consulted Procter & Gamble, Unilever, Wal-Mart, Migros, Sainsbury and many other consumer and retail companies to help them improve customer service, lower cost, reduce out-of-stock level and create sustainable supply chains.

"Working with a diverse group of students or executives is what I love" says Daniel who - before joining IE - taught or researched at St. Gallen (Switzerland), Bocconi (Italy), INSEAD (France and Singapore), London Business School (UK) and Wharton (USA). He directed many programmes and received several awards for his teaching and his case studies.