

Retailing

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Introduction

- Retail Marketing is not just buying and selling but also rendering all other personalized consumer services.
- It is the Second largest employment area, the first being agriculture.
- Retailers act as intermediaries between wholesalers and consumers.

Meaning of Retailing

- It is the **timely delivery of goods and services** demanded by consumers at reasonable prices.
- Retailing involves a **direct interface with the customer** and the coordination of business activities from end to end- right from concept stage to its delivery.
- Retailer is that **merchant intermediary** who buys goods from preceding channel members in small lots and **sells them in the lot requirements of final users.**

Origin of the word 'Retailing'

- A 'Retailer' is a businessman whose primary business is sale of products directly to ultimate consumers for non-business use.
- The term 'Retail' is derived from the **French word 'Retailer'** which means **'to cut a piece off or to break bulk'**
- It implies a first-hand transaction with the customer

DEFINITION

Retailing embraces the **direct-to-customer sales activities** of the producer, whether through his own stores by house-to-house canvassing or by mail order business. Different marketing experts have explained this concept as,

“Retailing consists of the activities involved in selling, directly to the ultimate consumer for personal, non-business use.”

-Prof. William Stanton

“Retail marketing involves all those activities which are related to the sale to ultimate consumer”

-American Marketing Association

CHARACTERISTICS OF RETAILER

- **Direct sales to ultimate consumers:** Retailer has a direct and close contact with ultimate consumers.
- **Buy from Wholesaler or Manufacturer:** Retailer makes the purchases from either wholesalers or manufacturers to supply to customers.
- **Sales for personal use:** Sales are made to satisfy personal and domestic requirements of customers.

CHARACTERISTICS OF RETAILER

- **Investment of Limited Capital:** Retail trade can be established with the minimum capital as limited quantities of goods are needed.
- **Cash and Credit Sales:** They extend credit to certain selected regular customers for a short period of time.
- **Services to Buyers:** They provide auxiliary services like delivery, installation of products at residents' homes.

CHARACTERISTICS OF RETAILER

- **Trading in Variety of Products:** They deal in variety of products to satisfy all day-to-day needs of consumers.
- **Outside and Inside Decoration:** It is essential for a retailer to decorate the shop to attract more customers.
- **Emphasis on Customer Satisfaction:** Retailer provides special attention to personal needs of customers in order to satisfy their needs.

FUNCTIONS OF RETAILING:

- **Buying and Assembling:** Retailers deal in purchase and sale of products from different manufacturers and wholesalers.
- **Warehousing:** Retailers are needed to hold stocks of products in order to match the gaps between demand and supply.
- **Selling:** Retailers are also called as the 'Buying agent of Consumers'. This requires them to master the art of salesmanship tactics.

- **Risk-handling:** Retailers bear the risks of physical deteriorations of goods while laying in stores, obsolescence, dynamic market trends etc. as they store quantities of goods with them.
- **Grading and Packing:** Retailers are responsible secondary grading and packing which is left after manufacturers and wholesalers in order to divide products into small lots.
- **Financing:** They perform the task of financing by granting of credit on liberal terms, investment in stocks, salaries and wages which require sufficient funds with them.

- **Advertising:** Retailers perform advertising through shop display, distribution of sales literature. They are the best agents for advertisements.
- **Supply of Market Information:** They remain in close and constant touch with consumers. Retailers supply significant market information as they,
 - a) Keenly observe customers
 - b) Study consumer behavior
 - c) Pass information to manufacturers

SERVICES

SERVICES TO:

- ***MANUFACTURERS***
- ***WHOLESALERS***

SERVICES TO:

- ***CONSUMERS***

Services to Manufacturers and Wholesalers

- **Offer Opportunity** of presenting products.
- A **big relief** from head breaking odd job of retailing
- **Provision of information** about consumers
- **Reduce the risks** of losses and excessive stock piling.

Services to consumers

- **Largest choice** by providing several varieties of products.
- **Relief from Storage** by storing on behalf of customers.
- **Extra Services** like door delivery, telephone orders, credit sales.
- **Supply of Information** by introducing new and better products.

Types of Retailers

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graph TD; Title[Types of Retailers] --> Small[SMALL SCALE RETAILERS]; Title --> Large[LARGE SCALE RETAILERS]; Title --> Travelling[TRAVELLING RETAIL TRADERS]; Small --> Description1[•Dealings with fewer customers at small shops.]; Large --> Description2[•Dealing at large establishments and buildings.]; Travelling --> Description3[•Dealing at large establishments and buildings.];
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**SMALL SCALE
RETAILERS**

•Dealings with fewer customers at small shops.

**LARGE SCALE
RETAILERS**

•Dealing at large establishments and buildings.

**TRAVELLING
RETAIL TRADERS**

Travelling Retail Trade

- These traders sell their goods by **carrying them either in baskets or in shoulder bags** from one place to another.
- These are the most ground level and most temporary retailers who keep on moving.
- There are various types of travelling retail traders which are given below-
 - a) **Peddlers**
 - b) **Street Traders**
 - c) **Vendors and Hawkers**
 - d) **Operators in special festivals**

Small Scale Retailers:

- **Street stalls**

These retailers have limited space but they are permanent in character. These are constructed on any space available in busy streets of major cities.

- **Stalls in Markets or Bazaars**

These are small shops which are situated in specially constructed markets like Crawford Market of Bombay. Consumers are the passers by roaming in market.

Small Scale Retailers:

- **Co-Operative Store**

In these stores, Consumers invest their own capital in order to make purchases for the store which is exclusive to the member group forming it and sell at concessional prices.

- **Independent Retailers or Sole Traders**

These include grocers, bakers, greengrocers, shopkeepers, Booksellers who deal with demand of miscellaneous goods.

Small Scale Retailers:

- **Second hand dealers**

These traders usually deal with books, furniture, motor-cars which have already been used by others and cater to needs of those who cannot afford new goods

- **One-Jim Stores**

These stores only sell goods of different types of sizes, design, shapes of a single product line. It helps them in specializing in their services.

- **Franchise**

Under this contract, special powers are provided to retailers to deal in particular product or service.

Large Scale Retailers

- **Multiple or Chain shops**

These chains aim at opening large number of small shops in different localities under a manager and directing them through a central post. These are the natural extension of a Departmental store.

- **One Price Shops**

In these shops, All the products are sold at same price. No Price Negotiations or discounts are allowed for. It may be a permanent establishment or temporarily opened.

Large Scale Retailers

- **Mail Order Business**

Mail order houses conduct business through mail and thus, reach a wider territory. But the dealings are limited to literate and urban people. They usually operate through websites and with help of pamphlets.

- **Departmental Stores**

Various departments are opened, each one selling a specialized product. It is treated as a separate unit with a manager heading the department.

Large Scale Retailers

- **Self-Service Stores and Supermarkets**

These stores sell well-known goods in convenient packages that demand no assistance of the salesman. The shopper can pick up the goods, put them in a wire trolley and take it to check out counter.

- **Co-Operative Retail stores**

Consumers have set up their own stores to eliminate the middlemen. They invest capital to make bulk purchases and sell to members at lesser rates.

Large Scale Retailers

- **The Auto market of the Future:**

In the future, the shopping will be done by pressing some buttons on a machine and require no human staff at all. Vending machines are an example, and in future, many more products are expected to be sold by automated machines.

Conclusion

Retailers have become **an essential part** of daily life of consumers. Retailers act as **middlemen** between wholesalers and ultimate customers and cater to the needs of final consumption. They remain in **close touch with consumers** and gather **valuable information** about demand trends and help in demand forecasting.