

MARKETING MANAGEMENT

UNIT-3 PART-II

Retailing

For retailers it is very difficult to differentiate themselves from the other retailers, therefore they often differentiate themselves with the type of services they provide to the customers. Usually there are four levels of services that can be offered by the retailers which are:

- **Self Service-** in this the customers are ready to carry out and locate and select the goods in order to save money
- **Self-Selection-** customers search for the goods by themselves and can also ask for assistance.
- **Limited Service-** These retailers offer many varieties of shopping goods and the customers demand more information than in the self-selection service.
- **Full Service-** Here the staff assist and help the customers in every phase of the purchase, and this often results in high retailing cost to serve.

Wholesaling

It includes of all the activities in selling the goods or services to those who buy it for the purpose of resale or for the use in business operations, these exclude retailers.

There are many services provided by the wholesalers which are:

- Selling and promotion of goods
- Bulk breaking
- Warehousing
- Transportation

Wholesaling Vs Retailing

Point of Difference	Wholesaling	Retailing
Meaning	A wholesaler purchases products in bulk from a manufacturer.	A retailer purchases products from a wholesaler and sells them further in small quantities to the end customer.
Price	Lower	Higher
Transaction Volume	Larger	Smaller

Business Reach	Broader	Narrower
Competition	Lower	Higher
Product Range	Limited	Wider
Need For Promotion	Less	More
Cost	Lower	Higher
Capital Investment	Huge	Little

Types of Retail Formats – Formats of Retailing

The word retail is derived from French words “re” and “tailer” whose meaning is to “cut again”. retail store works exactly as their name describes. Goods are sold in small pieces to make a profit. Retailing involves various activities to sell to end consumers for their non-business and personal use.

The meaning of retailing is to sell goods from a fixed location such as from kiosk, departmental store, or by post. Goods are sold to consumers in small portions so that consumers can consume them.

A retailer purchase goods from an importer or manufacturer directly or through a wholesaler to sell small portions of goods to final-consumers. Retail stores are also referred to as stores or shops. Retailers are the last element of the supply chain.

The process of retailing is considered as one of the most important parts of their complete distribution strategy.

The role of the retailer in the distribution channel

1) Retailers

A retailer is different from the rest of the elements of the supply chain because only the retailer directly interacts with the end-consumers and sell them goods. You must have observed while shopping that there are different types of retailers. The difference can be made on the basis of the shapes and sizes of the retail stores. Therefore, retailers can be grouped together on the basis of one of the following categories.

2) Ownership

The retail store which is made of brick and mortar irrespective of its size and shape can be categorized as a national chain store, regional chain store, or a franchise.

3) Pricing Philosophy

Retail stores can be classified on the basis of their pricing style. For example, there can be stores which sell products at discounts and there are some stores which sell products at full prices. The stores which sell products on discount have several categories such as consignment stores, factory outlets, specialty discount stores, dollar stores, warehouse membership clubs, etc.

4) Product assortment

The product lines sold by a store depends on the ownership of the store. take the example of an Ann Taylor store. this store sells branded clothes. There are not many types of clothes sold in the store. but it sells the extensive style of products in existing categories. On the other hand, Kmart sells clothes from different brands but it does not have a various variety of clothes of all brands.

5) Service Level

Exclusive and specialized stores provide more types of services such as store-named credit cards, liberal return policies, on-site alterations to their loyal customers.

Functions performed by retailers

1. Offers Two-ways communication.
2. Offers personal services to customers.
3. Commence physical movement and storage of goods.
4. Facilitates grading and standardization.
5. Stock goods to supply to customers on immediately.
6. Assembles goods from various sources.
7. Create demand by the window display.
8. Extend credit facility.

Different formats of Retailing

1) Department Stores

Department stores are large stores which sell different types of products under one roof in different departments. Each department has an individual specialization of merchandise. Each store is handled separately in accounting, management, and location.

Therefore, a department store handles different business units and deals with a variety of merchandise and are organized in different departments for the purpose of accounting control, sales promotion, and store operations.

The latest trend in department stores is to add departments for sports and recreational equipment and automotive along with providing services like travel advice, insurances, and income tax preparations, etc. Department stores can also be referred to as shopping centers.

Different classifications of department stores

Department stores can be classified on the basis of income groups or ownership.

1. **On the basis of ownership** – There are three types of a department store on the basis of ownership
2. **The ownership Group** – Ownership group stores are dependent formally but are combined.
3. **The independent** – This type of department stores is owned by the financial interest which does not own any other similar stores.

Types of Department stores

1. **Chain Department Stores** – This type of stores is owned and managed centrally.
2. **On the basis of income groups** – These stores are designed to serve people with high- and middle-income groups. These stores sell high-quality goods and provide first class services to its customers. there are also stores which are designed to cater to people with low income such as dollar stores.
3. **Leased department stores** – The stores whose operations are given out on lease are called leased department stores.

Various features of Department stores:

1. Merchandises are arranged in different departments in the same store.
2. Department stores are integrated stores which perform operations.
3. department stores are distinguished by the nature of goods sold by them, not by the variety of goods sold by them like drug and variety store.
4. Department stores are designed horizontally in order to provide different merchandises under the same roof.

Location of Department stores

Special consideration should be taken into consideration before choosing the location of a department store. the store should not only provide merchandises only but it also should provide various amusement facilities, facilities in dine-in, and parking, etc.

Advantages of Department stores

1. Department stores usually buy products in bulk which gets considerable discounts. in addition to this, department stores buy directly from the manufacturer therefore, it eliminates any middleman charges results in high profits.
2. Department stores were a big business are in a position to pay for goods being purchased. In this way, quality goods can be purchased on much cheaper rates and also merchandise of the latest style and design can be obtained to be sold in stores.
3. Department stores attract customers because of the convenience offered by them for people of all classes.

4. Because of its large scale of business expert supervision can be provided for each department. In addition to this, various services like liberal credits, expert assistance for shopping, and delivery services can be provided to customers.
5. Department stores can afford to spend on advertising to lure customers to buy more. For example, within department stores, various discount and offer advertisements are placed to make customers purchase more than they plan to buy.

Limitations of Department stores

1. It is very expensive to run a department store as it includes various expenses. For example, a large number of salespersons are needed to handle different departments and cash counters.
2. Because of its large size, personal touch and interaction with customers are missed. Which is not a problem in single line stores.
3. As area required to establish these stores is large, they are usually set up on the outskirts of a city. Hence, these are not much beneficial for the customers as they have to buy urgently required goods from the nearby traders.
4. As the whole control is in the hands of employees such as store managers there are high chances of leak and loss.
5. Many times customers take advantage of “customers are always right” policy.
6. It has been observed that in many stores poor salesperson service is provided because of the low payments given to them.