

Study Material

Class - B. Com Hons Sem VI

Sub Code – BCH- 6.2

Sub – Principles of Marketing

Topic – Retailing -1(Store based and Non store based)

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Learning outcome from this lecture note:

- Meaning and definition of Retailing
- Functions of Retailer
- Types of Retailing

Retailing

Retailing includes all activities involved in selling goods or services to the final consumers for personal, non-business use.

– Phillip Kotler

Any organization that sells the products for consumption to the customers for their personal, family, or household use is in the occupation of retailing.

Definition: Retailing is a distribution process, in which all the activities involved in selling the merchandise directly to the final consumer (i.e. the one who intends to use the product) are included. It encompasses sale of goods and services from a point of purchase to the end user, who is going to use that product.

Any business entity which sells goods to the end user and not for business use or for resale, whether it is a manufacturer, wholesaler or retailer, are said to be engaged in the process of retailing, irrespective of the manner in which goods are sold.

Retailer implies any organization, whose maximum part of revenue comes from retailing. In the supply chain, retailers are the final link between the manufacturers and ultimate consumer.

Functions of a Retailor

Retailor provides the goods that customer needs, in a desired form, at a required time and place.

- A retailer does not sell raw material. He sells finished goods or services in the **form** that customer wants.
- A retailer buys a wide range of products from different wholesalers and offers the best products under one roof. Thus, the retailer performs the function of both **buying** and **selling**.
- A retailer keeps the products or services within easy reach of the customer by making them available at appropriate **location**.

Types of Retailing

- **Store Retailing:** Department store is the best form of store retailing, to attract a number of customers. The other types of store retailing includes, speciality store, supermarket, convenience store, catalogue showroom, drug store, super store, discount store, extreme value store. Different competitive and pricing strategy is adopted by different store retailers.
- **Non-store Retailing:** It is evident from the name itself, that when the selling of merchandise takes place outside the conventional shops or stores, it is termed as non-store retailing. It is classified as under:
 - **Direct marketing:** In this process, consumer direct channels are employed by the company to reach and deliver products to the customers. It includes direct mail marketing, catalogue marketing, telemarketing, online shopping etc.
 - **Direct selling:** Otherwise called as multilevel selling and network selling, that involves door to door selling or at home sales parties. Here, in this process the sales person of the company visit the home of the host, who has invited acquaintances, the sales person demonstrate the products and take orders.
 - **Automatic vending:** Vending machines are primarily found in offices, factories, gasoline stations, large retail stores, restaurants etc. which offer a

variety of products including impulse goods such as coffee, candy, newspaper, soft drinks etc.

- **Buying service:** The retail organization serves a number of clients collectively, such as employees of an organization, who are authorized to purchase goods from specific retailers that have contracted to give discount, in exchange for membership.
- **Corporate Retailing:** It includes retail organizations such as corporate chain store, franchises, retailer and consumer cooperatives and merchandising conglomerates. There are a number of advantages that these organizations can achieve jointly, such as economies of scale, better and qualified employees, wider brand recognition, etc.

With the emergence of new forms of retailing, competition is also increasing between them. It is one of the fast-growing and challenging industry.