

Study Material

Class - B. Com Hons Sem VI

Subject Code – BCH- 6.2

Subject – Principles of Marketing

Topic – Retailing – 4 (Features, Characteristics, Functions)

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Learning outcome from this lecture note:

- Definition of Retailing
- Features of Retailing
- Characteristics of Retailing
- Importance to National Economy
- Major Functions of Retailing

“A set of business activities carried on to accomplishing the exchange of goods and services for purposes of personal, family, or household use, whether performed in a store or by some form of non-selling.” – American Marketing Association

“Retailing includes all the activities involved in selling goods or services to the final consumer for personal, non-business use.” – Philip Kotler

According to Candiff and Still, “Retailing consists of those activities involved in the selling directly to ultimate consumers.”

From the above definitions, the followings important features of retailing come into light:

1. Retailing is essentially an economic activity.
2. It includes sales of goods as well as services.
3. It involves earning profits through customer satisfaction and retention.

4. It aims at increasing the number of customers.
5. It is very dynamic by nature.
6. It is customer oriented.
7. It involves lesser quantity in terms of the goods sold.
8. It involves personal touch with the customer.
9. It is the last link in the distribution channel.
10. It attracts customers by using various methods such as discounts, vouchers, lucky draw schemes, coupons, etc.
11. It includes the customers who buy the articles for non-business purposes.

Characteristics of Retailing and Retailers

- 1) There is direct end-user interaction in retailing.
- 2) It is the only point in the value chain to provide a platform for promotions.
- 3) Sales at the retail level are generally in smaller unit sizes.
- 4) Location is a critical factor in retail business.
- 5) In most retail businesses services are as important as core products.
- 6) There are a larger number of retail units compared to other members of the value chain. This occurs primarily to meet the requirements of geographical coverage and population density.
- 7) Retailing brings goods and services closer to the consumers.

- 8) A Retailer is the last link in the distribution channel.
- 9) Retailers buy in large quantities but sell in individual units.
- 10) There are large number of retailers as compared to manufacturers and wholesalers.
- 11) Retailing can be organised (branded chain stores) or un-organised (that is normal stores that we find in our neighbourhood).
- 12) Retailing provides a direct contact with the customers.
- 13) Retailing is the function that keeps an eye on the pulse of the customers.
- 14) Retailing can also be done through online stores, and
- 15) Provides a variety of products at a single place.

Retailing – Main Features

- a) Sale to the final consumer – The most important characteristic of retailing is that it involves the sale of the product or service to the final consumer.
- b) Various channels – In retailing the goods and services can be sold either in person, through mail, through telephone, through vending machines or the internet.
- c) Small order size – The order size handled by a retailer is much smaller as compared to the wholesaler.
- d) Large number of orders – The retailer handles a large number of orders.
- e) Wide variety of customers – The retailer handles a wide variety of customers.

- f) Keeps a large assortment of goods – The retailer keeps a wide variety of goods.

Retailing – Importance to the National Economy

Retailing is important to the national economy for the following reasons:

- a. A big part of our personal income is spent on retail goods.
- b. It is a major source of employment.
- c. In the distribution system, retail is the link to the ultimate consumers.
- d. The level of retail sales indicates the consumer's purchasing power, thus it becomes the basis for determining the economic status of the people of a country.
- e. It adds value to the product because it creates time, place and possession utility.
- f. It accounts for a major portion of marketing costs.
- g. Taxes from retail store add income to our national treasury.

Retailing – Major Functions

Retailing constitutes the final link in the distributive chain. Therefore, it is responsible for the performance of several important marketing functions.

Some of these functions are:

- i. Assembling of goods from various wholesalers.
- ii. The physical movement and storage of goods for the supply to the final consumers to meet their needs and requirements.
- iii. The providing information concerning the nature and use of goods to the wholesalers and producers. It also inform as about the market trend.

- iv. The standardisation, grading and final processing of goods which have been left in graded or un-standardised by wholesalers.
- v. The provision of ready availability of goods of various qualities and of various manufacturers.
- vi. The assumption of risk concerning the price, nature and extent of demand of goods as long as they remain unsold.
- vii. The financing of inventory and the extension of credit to consumers for a short period.