

Study Material

Class - B. Com Hons Sem VI
Subject Code – BCH- 6.2
Subject – Principles of Marketing
Topic – Retailing – 7 (Super Market)

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Learning outcome from this lecture note:

- Meaning and Characteristics of Super Market
 - Feature of Super Market
 - Advantages of Super Market
 - Limitations of Super Market
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Super Markets

A **supermarket is a large retailing shop** where goods are displayed in such a way that buyers select products for themselves. Buyers collect their product off the shelves invariably in a trolley and get them billed by the counter clerk.

A large retailing business unit, selling mainly food and groceries on the basis of the low marginal gain. It has a wide variety and varied assortment of goods. It lays emphasis on self- service.

These are large, self-service stores that carry a broad and complete line of food and non-food products. They have central check out facilities.

Kotler defines supermarket as 'a departmentalised retail establishment having four basic departments viz. self-service grocery, meat, produce and dairy plus other household departments, and doing a maximum business. It may be entirely owner operated or have some of the departments leased on a concession basis.'

Characteristic of Super Markets

Chief characteristic features of supermarkets include the following:

1. They are usually located in or near primary or secondary shopping areas but always in a place where parking facilities are available.
2. They use mass displays of merchandise.
3. They normally operate as cash and carry store.
4. They make their appeal on the basis of low price, wide selection of merchandise, nationally advertised brands and convenient parking.
5. They operate largely on a self-service basis with a minimum number of customer services.

Supermarkets came into existence during the depression in U.S.A. At that time they sold only food products, and their principal attraction was the low price of their merchandise. As super markets increased in number day by day they also expanded into other lines of merchandise.

Features of a supermarket

A supermarket has the following characteristics:

1. It operates on self- service basis.
2. Prices are comparatively lower.
3. Credits are not extended to customers.
4. It offers large varieties of goods.
5. The profit margin is lower.
6. Customer service is minimum.
7. Sales are not compelled.
8. Neat display of goods is quite attractive.

Advantages of supermarkets

1. Large turnover because of the large variety of merchandise which is offered to the customers.
2. Low overheads, particularly selling overheads.
3. Low prices and high profits because of quick turnover.
4. Situated at convenient places and within reach of buyers.

5. Avails economies of large scale operation.
6. The buyer is perfectly free as to what he should buy.
7. Super markets have the advantage of convenient shopping, permitting the buyer to purchase all his requirements at one place.
8. Super markets also stock a wide variety of items.
9. These markets can sell at low prices because of their limited service feature, combined with large buying power and the willingness to take low percentage of profit margins.
10. Shopping time is considerably reduced.

Limitations of Super Markets

1. The large and extensive area required for a super market is not available cheaply in important places.
 2. The products which require explanation for their proper use cannot be dealt in through the super markets.
 3. Customer services are practically absent.
 4. Another limitation of the super market is the exorbitantly high administrative expenses.
 5. As supermarkets are located at important centres, rent for its premises is higher.
 6. Operating costs are higher.
 7. Supermarket service may not be suitable to villages and small towns.
 8. Huge capital is needed.
 9. There is scope for mismanagement.
 10. Due to low pay, employees leave the job in search of better prospects. High employee turnover prevents the supermarkets from building personal relationship with customers.
 11. All goods cannot be displayed. It is difficult to sell some goods in pieces.
 12. People's ignorance and lack of education act against the functioning of the supermarkets.
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