

Study Material

Class - B. Com Hons Sem VI

Subject Code – BCH- 6.2

Subject – Principles of Marketing

Topic – Retailing – 8 (Mail Order Houses)

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Learning outcome from this lecture note:

- Meaning of Mail Order Houses
 - Origin and Growth of Mail Order Houses
 - Characteristics of Mail Order Houses
 - Reasons for failure of Mail Order Business in India
 - Methods to improve functioning of Mail Order Business in India
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Mail Order Houses Growth and Characteristics

Meaning of Mail Order Houses

A mail order business is a type of retail trading where business is carried on through post. It may also be described as shopping by post. The buyer does not meet the seller. The seller approaches the customers by advertising the goods through the press, sending circulars, price lists, samples and catalogues. After satisfying himself, the buyer places the order for the goods by post with the seller.

The goods are sent by the seller to the buyer by V.P.P. (value payable parcel) or courier or registered post. Sometimes goods are also sent by railways or road transport. The railway receipt or transporters receipt is sent to the buyer who collects the goods from the delivery offices of railway or transport agencies by presenting the railway receipt or transport Bilti. Post offices couriers play the most significant role in the operation of such business. Without them the mail order business cannot be imagined.

The mail order houses can be defined as “retail trading concerns doing business by mail wherein orders are received by post and goods are despatched by post parcel or railway parcel and payments are made through post.”

Origin and Growth of Mail Order Houses

The mail order business developed during the end of 19th and beginning of 20th century. Countries like the U.S.A. and Canada are considered to be the originators of this system. The main reason responsible for their development in the U.S.A. is that people started living at far away and remote places with very inadequate shopping facilities.

In order to purchase the products of reputed firms, they resorted to mail order shopping. The system of “shopping through post” developed very fast and got itself established. Various departmental stores and big shops also started undertaking this system of supplying the goods to the customers along with their regular trade.

Characteristics of Mail Order Business

Following are the salient features of a mail order business

1. This business does not require much capital.
2. The business can be carried even without owning a shop, sitting at house.
3. In a mail order business there is no need of middlemen, as the goods are directly sent to the customers by post.
4. There is no need of maintaining adequate stocks under this business. On receiving an order, goods can be procured from the market and despatched to the customer.
5. This type of business is suitable in the case of goods which are not perishable in nature or do not get deteriorated during transit.
6. Mail order business is best suited to cater to the needs of customers who are widely scattered.

7. This is also suitable in case of those goods having permanent demand in the market.

Reasons for failure of Mail Order Business in India and Methods to Improve It

There are several reasons of failure of mail order business in India. Some of the major causes are discussed hereunder:

(1) Illiteracy:

Majority of the people in India are uneducated. They cannot read newspapers, magazines and other information. Illiteracy has become the main obstacle of this type of system in India.

(2) Poverty:

Another retarding factor in the way of mail order business is the poverty of the people. Most of the people in our country can manage the necessities of life with great difficulty. They do not possess enough money to purchase articles through mail order business houses.

(3) Fraudulent Dealings:

The mail order business has been adversely affected on account of fraudulent and deceive full dealings of the sellers it has failed to capture the public confidence and faith.

(4) Improper Advertising:

Proper and adequate advertising facilities are vital in carrying mail order business. Advertising and publicity are in the developing stages in India, which have also adversely affected the growth of this type of business.

(5) Careless Handling of Goods by Postal Authorities:

The postal services in India are far from satisfactory in the matter of handling the goods. Thefts, pilferage and breakage of articles during transit are common instances. On accounts of irregularities and carelessness on the part of the postal authorities, there is no smooth growth of mail order business in India.

Methods to improve the functioning of mail order houses in India:

The following suggestions can be put forth to improve the working of mail order houses in India:

1. The sellers should try to win the confidence of the people by resorting to fair dealings and quick service.
2. Proper ways and means should be undertaken to eradicate illiteracy.
3. False publicity and advertising should be checked and the defaulters should be properly penalised.
4. Transportation and communication facilities should be developed.
5. Postal services should be made more effective. Postal charges should be reduced.
6. The sellers should try to establish a continuous and regular contact with the customers by preparing up to date mailing list.
