

Unit



Introduction to Retailing

The retail industry secures the fifth position as an industry and is the second largest employer after agriculture, providing bright and exciting job opportunities in India.

Retail business is undergoing rapid transformation in its marketing practices. Till a few years ago, we bought most of the daily use products from small shops in our neighbourhood or a nearby market. Generally, the shopkeepers sell goods—either individually as a sole proprietor or with the help of a few assistants. In the last few years, however, the concept of large departmental stores and malls has come up, which also provide the same products.

Today, supermarkets, departmental stores, hypermarkets, malls and non-store retailing like multilevel marketing and telemarketing, have replaced or co-exist, transacting with the traditional retail businesspersons, such as hawkers, grocers and vendors, etc. There are various levels at which retail businesses operate—ranging from small, owner-operated and independent shops to those in the national and international market.

An increase in income levels and the need for new products and services, a rise in standard of living, competition in the market and increasing consumption patterns of customers have contributed to the demand for creation of these type of stores.

NOTES

This unit will focus on various aspects of retailing. The first session covers the basics of retailing, the second session deals with organised and unorganised retailing, the third explains store retailing and non-store retailing, and the fourth session discusses the duties of a retail cashier and also discusses the Indian and global retailer.

SESSION 1: BASICS OF RETAILING

Concept of retail

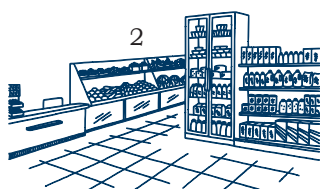
Retail is a business deal in which the seller sells small quantities of goods to the customers as per their needs. A retail store is a retail business enterprise which primarily deals with sales volume in retailing.

In easy terms, the function of retailing is to sell products to final consumers by an individual or a firm.

Functions of retailer

The retailer provides the products and services that the customer needs, in the required quantity, at the right place and time. This activity of the retailer creates value addition or utility to the customers. Do you know, there are four basic functions of the retailer:

- (i) *Breaking bulk into smaller quantities*: To reduce the cost of long distance transportation, producers ship the goods in large quantities; the middlemen, including the retailers, open these large packages and make the product available in much smaller quantities to the consumers, as per the needs.
- (ii) *Providing product and service information to customers*: The retailer or salesperson is an important source of information, especially about the features and working of the different brands available. The salesperson has knowledge about the product being sold.
- (iii) *Providing customer services*: Retailers provide various services to their customers. These may include—free home delivery, gift wrapping, credit facility and after-sales services.



STORE OPERATIONS ASSISTANT – CLASS IX

- (iv) *Creating a convenient, comfortable and pleasant shopping experience for consumers:* The aim of the retailer is to provide products required by the consumer, conveniently. This creates place utility. Also, the number of customers increases when the environment inside the retail stores is friendly and pleasant. Playing soft music, proper lighting, creating a larger space for movement, courteous and well-dressed employees, etc., create a positive environment for the customers.
- (v) *Providing feedback to producers about customer needs:* With their first hand interaction with the customers, retailers have a good understanding of the customers' needs. This information, in the form of feedback can greatly contribute to product improvement by producers.

Essential requirements of retailers

A retailer should:

- establish the shop in a place where customers are attracted.
- stock the goods which are needed by the customers.
- competitive in price and quality of goods to be sold.
- financially sound.
- be cautious of over-stocking or under-stocking of goods.
- be up-to-date with trends in the market and its position.
- ensure window display and counter display to promote sales.
- always be accessible to the customers.

Retailer's services to the customers

- Selling of goods in little quantities as per their need, at reasonable prices.
- Meeting the consumer demand and make available the required stock.
- Providing the consumer-necessary information for buying goods.
- Guiding replacement conditions for the damages.

INTRODUCTION TO RETAILING



NOTES

- Displaying and demonstrating goods to attract the customers.
- Offering credit facility to the regular and reliable customers.

At this point, it is necessary to understand the term wholesaler. A wholesaler is an important intermediary in distribution channels. Wholesale means selling of goods for business use or for resale purpose. In other words, wholesalers resell goods to retailers, not to the consumers. Normally, wholesalers sell large quantities. The wholesaler acts as a link between the manufacturer or the producer, and the retailer.

Practical Exercises

Activity 1

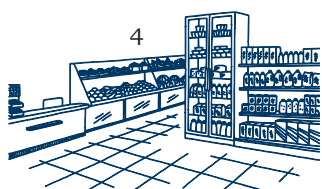
Visit a retail store for studying various sections and basic functions of a retailer.

Materials Required

Notebook, pen or pencil and check list

Procedure

1. Prepare a check list for the points of observation or study, and give it to the students.
2. Divide the student into groups as per the class strength.
3. Reach the store as per schedule.
4. Interact with the shopkeeper or the executive. Greet him/her and enquire:
 - (a) Type of products and services offered for sale;
 - (b) Who are their potential customers?
 - (c) Departments or sections in the retail outlet; and
 - (d) Degree of customer satisfaction.
5. Meet one or two customers present in the shop. Greet them and enquire about:
 - (a) The basic functions that a retailer performs.
 - (b) Their level of satisfaction.
 - (c) Suggestions they would like to offer for improving the quality of buying and selling.
6. Note all the observations, discuss with friends and finalise the report.
7. Confirm with the executive.
8. Prepare report and submit to the subject teacher.



Check your Progress

NOTES

A. Fill in the Blanks

1. The function of retailing is to sell products and services to the final _____ by an individual or a firm.
2. The _____ has to be well informed about the product being sold.
3. The main aim of the retailer is to provide products required by the consumer conveniently, this creates place _____.
4. This information in the form of _____ greatly contributes to product improvement by the producers.
5. Selling of goods to consumers in small quantities as per their need at _____ prices.
6. Wholesalers act as a link between _____ and the retailer.

B. Multiple Choice Questions

1. The purpose of retail business is to _____
 - (a) go for partnership
 - (b) make maximum promotion
 - (c) extend to other localities
 - (d) selling goods to customer
2. A retail store deals primarily with sales _____ in retailing.
 - (a) volume
 - (b) location
 - (c) places
 - (d) value
3. The term 'wholesale' means the selling of goods for business use or for _____ purpose.
 - (a) sale
 - (b) resale
 - (c) post sale
 - (d) None of the above

C. State whether the following are True or False

1. The term 'retailing' refers to a business deal in which the seller sells in large quantities as per the need of the customer.
2. This activity of the retailer does not create value addition or utility for customers.
3. Wholesalers resell merchandise to retailers and not to the consumers.



NOTES

4. Information in the form of feedback can greatly contribute to product improvement by consumer.
5. A wholesaler acts as a link between the manufacturer or producer, and the retailer.

D. Short Answer Questions

1. What do you understand by the term 'Retail'?
2. Which activities of the retailer creates value addition or utility to the customers?

E. Long Answer Questions

1. What are the essential requirements of a retailer?
2. List down the retailer's services to the customer.

F. Check your Performance

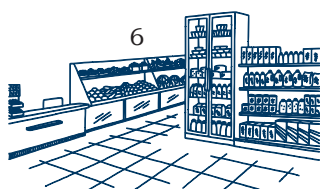
1. Prepare a chart on the basic functions of a retailer.
2. How would you collect information from a kirana shop?
3. Demonstrate the essential requirements of a retailer.
4. Identify the services offered by a retailer to the customers.

SESSION 2: ORGANISED AND UNORGANISED RETAILING

The retail sector is undergoing a rapid growth in India. Earlier, customers used to purchase goods from *kirana* shops, mobile vendors or the *mandis*. Gradually, with a development in standard of living there has been a rise in the retail sector with more departmental stores coming into existence. This reform in the retail sector has led to the beginning of an organised sector. The retail industry is made up of two parts—organised and unorganised retailing.

Unorganised retailing is run as a small family business like *kirana* stores (Fig. 1.1). The features of small family business are:

- Lack of adequate infrastructure
- Lack of modern technology
- Lack of funding



STORE OPERATIONS ASSISTANT – CLASS IX

- Lack of skilled manpower

Unorganised retailing includes retail units which are not registered by any legal or statute body and which are not maintaining accounts on a regular basis. The unorganised sector is small in size and mostly scattered. It has no fixed place for operations. The unorganised sector includes traditional units like *haats*, *mandis*, *melas* or *kiranas* and *paanwalas*, others, such as fruit sellers, vegetable sellers, cobbler, etc.



Fig. 1.1 Unorganised Retailing

Organised retailing is running a business in a systematic and scientific manner (Fig. 1.2). Organised retailing has remarkable benefits for consumers and has potential for employment generation and overall growth of the country's GDP.



Fig. 1.2 Organised Retailing

In organised retailing, all the items are kept under a single roof and a large number of brands and variety of products are also available in one place. Organised retail deals with multiple retail formats, which is typically a multi-owner chain of stores run by a professional management group.

Today, organised retailing is characterised by comfort, style and speed. It offers the customer more variety, convenience and comfort, along with retailing.

Difference between organised and unorganised retail

The difference between organised and unorganised retail has been highlighted in Table 1.1



Table 1.1 Difference between organised and unorganised retail

S. No.	Particulars	Organised Retail	Unorganised Retail
1.	Variety of Items	Large	Few
2.	Size of Retail Outlet	Very Large	Very Small
3.	Size of Employees	Very Large	Very Less
4.	Capital Requirement	Very High	Very Low
5.	Terms of Employment	Regular, Assured & within Control of Government	Small, Scattered and Not in Control of Government
6.	Style	Corporate	Sole Trading
7.	Network of Retailer	Vast and Operates through a Number of Branches	Confined to a Particular Locality in a Single Unit
8.	Retail Sales	Large Quantity	Small Quantity

Practical Exercises

Activity 1

Visit retail shops for understanding the unorganised and organised formats.

Materials required

Pen or pencil, notebook and checklist.

Procedure

1. Prepare a list of the points to be checked in both outlets and give it to the students.
2. Group the students as per needs.
3. Reach the stores as per schedule.
4. Greet and interact with the executive or the shopkeeper. Collect information from them on the
 - variety of items kept for sale.
 - size of business.
 - number of workers employed.
 - capital invested.
 - terms of employment.
 - style of business.
 - network.
 - sales volume.
5. Note down all the observations, discuss with the friends and finalise.
6. Confirm with the executive or shopkeeper.
7. Prepare a report and submit to the subject teacher.



Activity 2

Prepare a chart to distinguish between organised and unorganised retail business

Materials required

Pen or pencil, notebook, sketch pens, chart papers and colours.

Procedure

1. Ask the students to sit in groups.
2. Distribute the materials.
3. Ask them to prepare a chart in a creative way showing the differences between the organised and unorganised retailers based on the facts emerging from their visit.
4. Display charts in the class or lab.

Check your Progress**A. Fill in the Blanks**

1. Unorganised retail is characterised by _____.
2. The *Paanwala* or *kirana* shop comes under _____ retailing.
3. Large numbers of brands are provided in _____ retail outlets.
4. All items are _____ under one roof in organised retailing.

B. Multiple Choice Questions

1. Under organised retailing, the most common feature is _____
 (a) number of brands and products are large
 (b) purchases are on credit basis
 (c) few employees exist
 (d) All (a), (b) and (c)
2. Unorganised retail is mostly confined to a _____.
 (a) particular locality
 (b) different branches
 (c) chain of stores
 (d) None of the above
3. The capital requirement is high in _____.
 (a) unorganised retail
 (b) organised retail
 (c) Both (a) and (b)
 (d) None of the above



NOTES

4. The unorganised retail units operate on the basis of

- (a) partnership
- (b) sole-trader
- (c) chain stores
- (d) All of the above

C. Short Answer Questions

1. Which type of retail deals with multiple retail formats?
2. Comfort, style and speed, how have these changed the business?

D. Long Answer Questions

1. Which reform in the retail sector has led to the beginning of an organised sector?

E. Check your Performance

1. Role-play to demonstrate the activities and procedure of organised and unorganised retail outlet.

SESSION 3: STORE AND NON-STORE RETAILING

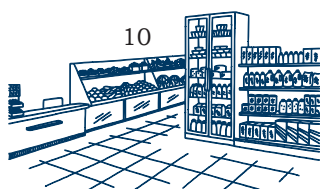
In India, a variety of retail stores exist to deliver different products to the end consumers. Retailing can be classified as store and non-store retailing.

Store retailing

When the goods and services are sold from a physical place or store, it is called store retailing. The basis of classification of store retailing is ownership and merchandise offered.

On the basis of ownership

(a) Independent retailer: A person (Fig. 1.3) who owns and operates with family members or assistants. He/she has direct contact with the customers. For example, the local *baniya/kirana* store owner and the *paanwala*. He/she decides the retail strategy depending on the store location and product mix.



STORE OPERATIONS ASSISTANT – CLASS IX



Fig. 1.3 Independent Retailer

(b) Chain retailer or corporate retail chain: When a significant number of outlets are operated by a single owner, it is called a retail chain (Fig. 1.4). Chain retailers are offered the same type of products, store environment, and sales promotions. For example, Reliance, Bata, Arrow, Louis Philippe, Food World, etc.



Fig. 1.4 Chain Retailer or Corporate Retail Chain

(c) Franchising: A franchise (Fig. 1.5) is a legal contract between a company (franchiser) and the store owner (franchisee), which allows the store owner to conduct business under an established name. For example, McDonald's, Pizza Hut, Van Heusen, etc.



Fig. 1.5 Franchise Operations Source: goo.gl/ETDrh1

(d) Consumer cooperatives: A consumer cooperative (see Fig. 1.6) is a retail store operated by member customers. This type



Fig. 1.6 Consumer Cooperative Store



Fig. 1.7 Convenience Store



Fig. 1.8(a) Supermarket



Fig. 1.8(b) Supermarket

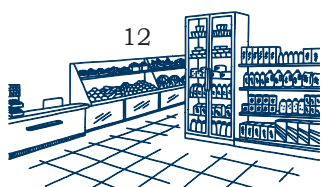
(c) Hypermarkets: A hypermarket (Fig. 1.9) is a combination of a supermarket and a general merchandise store.

arises largely because of dissatisfied consumers whose needs are not fulfilled by existing retailers. For example, Apna Bazaars in Mumbai, etc.

Based on merchandise offered

(a) Convenience stores: These are small-sized stores located in residential areas (Fig. 1.7). They are open for long hours and offer a limited line of convenience products like eggs, bread, milk, vegetables, etc.

(b) Supermarkets: Supermarkets (Figs. 1.8 [a] and 1.8[b]) are large retailing stores selling a huge variety of consumer products, mostly food, items of household use and grocery with a low marginal gain. It operates on a self-service style, but has a high turnover. It offers minimum services and operates on the cash and carry basis.



It is a very large store typically at destination locations. They are designed to attract customers from a significantly large area with their low price offers, unique range and other offers. It follows the self-service style.

(d) Specialty stores: A store specialising in one type of products (merchandise) or single line of goods (furniture, jewellery, household, consumer electronics, sports, domestic appliances, etc.) is termed as a specialty store (Fig. 1.10).

(e) Departmental stores: Departmental stores (Fig. 1.11) are those stores offering a variety of goods under a single roof, located in central places or a busy locality. It requires capital to maintain different departments and huge stock of goods. The profit or loss is calculated on the entire stock. It is a combination of decentralised buying and centralised selling. They establish restaurants inside these stores and also provide home delivery services.

(f) Catalogue showrooms: Catalogue retailers (Fig. 1.12) usually specialise in hard goods (houseware, consumer electronics, etc.). A customer visits the showroom and makes his/her choice of the



Fig. 1.9 Hypermarket



Fig. 1.10 Specialty Store



Fig. 1.11 Departmental Stores



Fig. 1.12 Catalogue Showrooms Source: goo.gl/iuNdwk



Fig. 1.13 Direct Personal Contact Approach



Fig. 1.14 Television Shopping Source: goo.gl/PKLLK7a

products using the catalogue mentioning the code number of the item.

Non-store retailing

When the goods and services are sold without a physical place or store, it is called non-store retailing. Non-store retailing adopts a direct relationship with the consumer. The classification of non-store retailing is direct personal contact and direct response marketing.

Direct personal contact

Direct selling is making a face-to-face (direct) contact with the end consumer (Fig. 1.13). For example, cosmetics, jewellery, home appliances, educational materials, nutritional products, etc.

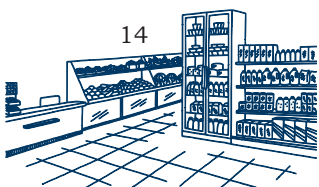
This type of retailing follows the party plan or the multilevel network. They display and demonstrate on inviting to a party or customers act like master distributors appointing their customers on commission basis.

Direct response marketing

The customer becomes aware of the products/services offered through non-personal media such as mail, catalogues, phones; television or the Internet is called direct response marketing. It includes various forms of communication with the consumers like:

(a) Mail order retailing: In retailing customer database is used to develop target catalogues to customers.

(b) Television shopping: In this kind of retailing, the product is



promoted on television with the product features, price, and guarantee or warranty.

Phone numbers are provided for different cities where the products can be ordered from, and home-delivered. For example, Telebrands, a programme which usually presents fitness and health products.

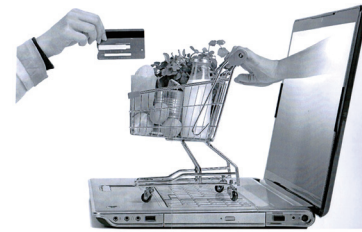


Fig.1.15 E-shopping

(c) E-shopping: This format allows the customer to evaluate and purchase comfortably from his/her home through the websites using the Internet (Fig. 1.15). The products are delivered after online payment.

(d) Telemarketing: Telemarketing (Fig. 1.16) is the communication with customers through telephone, to promote products or services. The company executive contacts customers at a time that is convenient to them. Most companies give their toll-free numbers for customers to contact them. For example, banks selling credit cards, educational institutions seeking admissions.



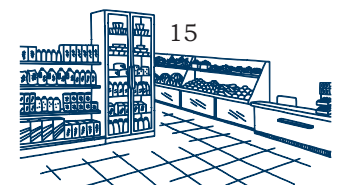
Fig. 1.16: Telemarketing in India
Source: goo.gl/oc8pLD

Differences between store retail and non-store retail

The difference between store and non-store retail has been given in Table 1.2.

Table1.2: Differences between store and non-store retail

Store Retail	Non-store Retail
1. Goods and services are sold from a physical place or store.	1. Goods and services are sold without a physical place or store.
2. The basis of classification is ownership and the merchandise offered.	2. The basis of classification is direct personal contact and direct response marketing.
3. It adopts an indirect relationship with the consumer.	3. It adopts a direct relationship with the consumer.
4. Customer visits the showroom and makes his/her choice of the products.	4. The customer becomes aware of the products or services offered through a non-personal medium, like mail, catalogues, phones, television or the Internet.



5. The retailer arranges the products.	5. Most companies give their toll-free numbers for customers to respond and send the products to their home.
6. Multiple channels are involved.	6. Direct to customer
7. Offers shown visually in stores or marketplace.	7. Offers shown through Internet/online
8. Retailers responsible for exchange of the products.	8. E-retailer responsible for exchange of the products.

Practical Exercises

Activity 1

Prepare a Model/Chart on store and non-store retailing.

Materials required

Chart paper, Thermocol, glue, sketch pen, pencil, eraser, glue stick.

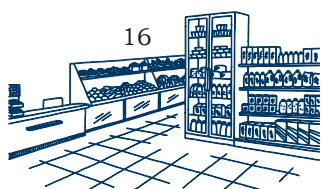
Procedure

1. Divide the class into two groups.
2. One group should be given the topic of store retailing and the other group should be given the topic of non-store retailing.
3. Now ask the students to prepare charts on the given topics.
4. Explain the charts in the class.
5. Display the charts at an appropriate place in the class or laboratory.

Check your Progress

A. Fill in the Blanks

1. When a significant number of outlets are operated by a single owner, it is called a _____.
2. A franchise is a contract between _____ and the store _____.
3. Hypermarket is a combination of _____ and _____ store.
4. _____ offers minimum services and operates on cash and carry basis.
5. In a _____, profit or loss is calculated on the entire stock.



B. Multiple Choice Questions

1. The independent retailer operates his business with _____.
 (a) partners
 (b) professionals
 (c) few locals/ family members
 (d) None of the above
2. Corporate retail chain is also called _____.
 (a) franchise
 (b) chain retailer
 (c) independent retailer
 (d) None of the above
3. Specialty stores have very clearly defined _____.
 (a) producers
 (b) competitors
 (c) target market
 (d) Both (a) and (b)

C. State whether the following are True or False

1. A store specialising in a particular type of merchandise is termed as a departmental store.
2. When the goods and services are sold from a physical place or store, it is called store retailing.
3. Retailers who usually specialise in hard goods are known as catalogue retailers.
4. Communicating with the customers through the telephone comes under E-shopping.
5. Purchasing goods through websites using the Internet is a part of E-shopping.

D. Short Answer Questions

1. Who is an independent retailer?
2. What is franchising?
3. What is a supermarket?
4. What is a departmental store?
5. What is television shopping?

E. Long Answer Questions

1. How do you classify store retailing?
2. Departmental stores are a combination of decentralised buying and centralised selling. Explain in detail.

F. Check your Performance

1. Demonstrate the store selling procedure.
2. Demonstrate the non-store retailing procedure.



SESSION 4: INDIAN AND GLOBAL RETAILERS

The Indian population's purchasing power is increasing with an increase in income, and this has led to an increase in the number of retail outlets. There is a great opportunity for retail players, such as Tatas (Tata Trent), RPG Group (Food World, Music World and Health & Glow), ITC (Life Style), Rahejas (Shoppers Stop), Hiranandani (Haike) in various urban and semi-urban areas.

Some of the leading Indian retail groups/chains

Some of the leading groups operating in the country are as given below.



Fig. 1.17 Pantaloons Outlet

Aditya Birla Fashion and Retail Limited (Pantaloons)

Aditya Birla Fashion and Retail Limited (Pantaloons) mainly deals with clothing, leather products and footwear. It has about 130 retail stores in India (Fig. 1.17).

Future Retail

Future Retail is the flagship company of Future Group, India's retail pioneer catering to the entire Indian consumption space. Future Retail Limited focuses on the large sized, value department stores and small neighbourhood store chains that include, Big Bazaar, Big Bazaar GenNext, HyperCity, fbb, Easyday, Foodhall, eZone, Foodworld, WH Smith and Heritage. Future Retail has about 570 retail stores all over India.

Reliance

Reliance retail is a subsidiary company of Reliance Industries Limited. Founded in 2006 and based in Mumbai, it is the largest retailer in India in terms of revenue. Its retail outlets offer foods, groceries, apparel and footwear, lifestyle and home improvement products, electronic goods, and farm implements and

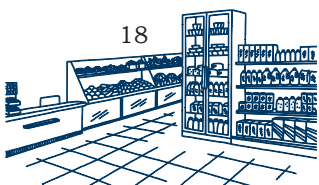




Fig. 1.18 Reliance Retail

inputs. The Company's outlets also provide vegetables, fruits and flowers. Reliance retail focusses on consumer goods, consumer durables, travel services, energy, entertainment and leisure, and health and well-being products, as well as on educational products and services (Fig. 1.18).

Shoppers Stop

Shoppers Stop Limited is a retail company, owned by the K Raheja Corp Group. There are 83 stores across 38 cities in India, with clothing, accessories, handbags, shoes, jewellery, fragrances, cosmetics, health and



Fig. 1.19 Shoppers Stop



NOTES

beauty products, home furnishing and decor products. The Company operates three business segments—Retail operations, Property options and others (Fig. 1.19).

Trent Limited

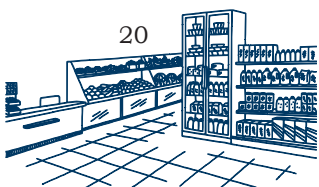
Trent is the retail hand of the Tata group. Started in 1998, Trent operates Westside, one of the many growing retail chains in India based in Mumbai, Maharashtra, and Landmark, a bookstore chain with brick and mortar stores in various locations of India. The company has retail stores in 42 major Indian cities under the Westside brand. Trent also operates the hypermarket Star Bazaar in eight Indian cities (Fig. 1.20).



Fig. 1.20 Westside Outlet

V-Mart Retail Limited

V-Mart Retail Limited worked as value-for-money retail segment as the first retail store in Gujarat in 2003. In 2006, the name was changed to V-Mart Retail Pvt. Limited. V-Mart stores offer apparels, general merchandise and *kirana* goods. They have 179 stores across 149 cities in 14 states and union territories.



Global retail

Globally, retailing is a huge and highly regulated sector (Table 1.3). Global retailers also find opportunities in different countries with strong and emerging markets, such as China and India. Rising GDP growth, burgeoning



Fig. 1.21 Global Retail

population, greater disposable income, and increasing consumer spending are combining to drive the Global Retail industry and opportunities for retail segment players (Fig. 1.21).

Table 1.3 Top 10 Global Retailers

S. No.	Company	Country of Origin
1.	WalMart	USA
2.	Costco	USA
3.	Kroger	USA
4.	Walgreen	USA
5.	Tesco	UK
6.	Carrefour	France
7.	Amazon.com	USA
8.	Metro	Germany
9.	The Home Depot	USA
10.	Target Corporation	USA

Source: Investopedia



NOTES

Two types of retailing exist worldwide: (i) physical retailing, done via retail store or retail outlets like Reliance, Big Bazaar, V-Mart, etc., and (ii) e-retailing like Amazon, Snapdeal, Flipkart, etc. Physical and e-retail work in concert. A retail brand's strong digital presence drives brick and mortar sales and vice versa. When different media and transactional channels work in harmony, the brand is more relevant. When any aspect is unremarkable or creates friction, the brand suffers.

Practical Exercises

Activity 1

Visit Indian and global retailers in a mall.

Materials required

Pen/Pencil, Notebook, Checklist

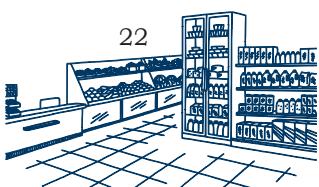
Procedure

1. Make a group of five students and ask them to visit a retail store.
2. Meet the retail store manager and greet him/her.
3. Tell the purpose of the visit and take permission for visiting the retail store.
4. Differentiate between Indian and global retailer based on manufacturing of products and origin of product.
5. Visit three retail stores around your school or home.

Fill in the information in the Table given below:

S. No.	Name of the Store	Name of the Items being Sold	Type of Store	Types of Retailers
1.				
2.				
3.				

6. Also prepare a report and submit it to the subject teacher.



Check your progress

A. Fill in the Blanks

- _____ is the largest growing retail store and revenue generator.
- Shoppers stop _____ is a retail company.

B. Short Answer Questions

- Differentiate between Indian and global retailers.
- List out the major players among Indian retailers.
- Name the top five global retailers.

C. Check Your Performance

- Write the names of five Indian retail stores.
- Write the names of five global retail stores.

NOTES

© NCERT
not to be republished

