

**SES'S L.S.RAHEJA COLLEGE OF ARTS AND COMMERCE**

**Course: FYBcom COMMERCE II- Unit: II Introduction to service sector**  
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**Introduction to Retailing**

Retail means to break the bulk.

Retailer is a middleman who sells directly to the ultimate consumers in small quantity.

**Concept of organised and unorganised retailing-**

Organised retailing is a traditional form which includes local stores and sole traders.

Organised retailing is a modern form which includes large retail stores owned by corporate sector.

**What are the features of unorganised Retailing?**

1. Origin-Old
2. Ownership-Sole traders
3. Operating cost-Lower
4. Product range-Limited
5. Promotion-Less expenditure
6. Nature of consumers-Residential, middle and lower class
7. Market share-10 % to 24 %
8. Shopping comfort-Less
9. Investment-Less
10. Technology-Limited use
11. Size-small

**Explain the features of organised retailing.**

1. Origin-New
2. Ownership-Corporate sector
3. Operating cost-Higher
4. Product range-Wide
5. Promotion-Heavy expenditure
6. Nature of consumers-Higher middle and upper class
7. Market share-90 % to 76%
8. Shopping comfort-Pleasant shopping experience
9. Investment-Huge

10. Technology-More use like billing, inventory management

11. Size-huge

**Distinction between organised and unorganised retailing can be done on the basis of above points.**

**Discuss the reasons for the growth of organised retailing in India**

- ✓ Increased purchasing power due to industrialisation and economic development
- ✓ Growth of middle class
- ✓ Entry of corporate sector
- ✓ Easy availability of finance from banks
- ✓ Touch and feel shopping experience
- ✓ Advanced technology
- ✓ Large no of facilities
- ✓ Media explosion
- ✓ Change in consumer behaviour
- ✓ Favourable government policy

**Suggest measures for the survival of unorganised retailers in India.**

- ✓ Consumer research
- ✓ Customer relations strategies
- ✓ Stock strategy
- ✓ Special schemes for royal customers
- ✓ Special services
- ✓ Use of advanced technology
- ✓ Training to staff
- ✓ Scientific purchase strategy
- ✓ Competitive pricing strategy
- ✓ Effective promotion
- ✓ Specialised product category
- ✓ Personalised services

**There are two types of retail formats.**

**Store formats-Retailers own the shops**

**Non-store formats-Retailers do not have the shops**

**Discuss the store formats of retailing.**

1. Malls-large retailing stores with huge area like INORBIT,HYPERCITY,PHOENIX
2. Speciality stores-only specific market segment- like Tanishq, Monginis
3. Discount stores-factory outlets, discount in textile mills
4. Departmental stores-organised in separate departments-Shoppers stop
5. Hypermarkets/supermarkets-combines departmental form and supermarket-Big Bazar
6. Convenience stores-small stores-near residential area
7. Multi-brand outlets-Category killers-single product category-Vijay sales
8. Lifestyle stores-designed to appeal upper class-restaurants, fashion
9. Anchor clients-Ist to enter mall-25 % floor area
10. Food court-in the mall-all brands

**Discuss various types of non-store formats of retailing.**

1. Automatic vending machines-coffee, tea, trophies
2. Electronic retailing-online, e-commerce-pure click companies like AMAZON and FLIPKART
3. Tele shopping
4. Mobile-marketing
5. Mail order

**What is Store planning? What are the factors influencing design and layout?**

- ✓ Location
- ✓ Lighting and music
- ✓ Floor layout-straight floor plan, Diagonal floor plan ,Angular floor plan ,mixed floor plan
- ✓ Flooring and ceiling
- ✓ Fixtures
- ✓ Signage
- ✓ Colour
- ✓ Arrangement of merchandise
- ✓ Trial rooms
- ✓ Mannequins
- ✓ Entrance and exit
- ✓ Security and safety of consumers
- ✓ Other factors like CCTV, security, billing, packing, logistics, depositing bags

## **What is Mall Management? Explain its areas.**

Mall is a large size of retailing organisation owned and managed by corporate sector. Mall management includes planning, organising, controlling and coordinating the activities of the mall.

- ✓ Positioning the mall-distinct image in the mind of customers-trendy, elite
- ✓ Zoning-allotting floors on the basis of category
- ✓ Promotional activities like food festivals, cultural evenings, games, celebrity visits
- ✓ Facility management-infrastructure, ambience, traffic
- ✓ Finance Management
- ✓ HR management
- ✓ Logistics management

## **Discuss the careers in retailing.**

- ✓ Marketing manager
- ✓ Stores manager
- ✓ Retail Manager
- ✓ Retail merchandiser
- ✓ Visual merchandisers
- ✓ Logistics managers
- ✓ HR manager
- ✓ Finance manager
- ✓ Customer Relationship manager

## **Retail Franchising**

Franchising is a contract between two parties from the same country or from different countries where the franchisor agrees to transfer a package of rights and resources to the franchisee like

Production requirements

Standard operating procedures

Patents ,trade marks

Promotion Management

## **Explain advantages of retail franchising.**

### **Advantages to Franchisor**

- ✓ Royalty
- ✓ Goodwill
- ✓ Reduces burden on franchisor
- ✓ Expansion of business
- ✓ Global market
- ✓ Foreign exchange
- ✓ Sharing/reducing risks in business

### **Advantages to the Franchisee**

- ✓ Package of rights and resources
- ✓ Access to technology
- ✓ Effective marketing
- ✓ Training to staff
- ✓ Customer royalty
- ✓ Facing competition
- ✓ Higher revenues

### **Write a note on FDI in retailing.**

- ✓ 100% IN SINGLE BRAND
- ✓ 51% IN MULTI-BRAND
- ✓ Reduction in wastages in agriculture produce
- ✓ Reduction in price disparity
- ✓ Efficient distribution
- ✓ Impact on employment
- ✓ Boost to industrial sector
- ✓ Control of inflation
- ✓ Benefits to farmers and manufacturers
- ✓ Innovativeness

**OBJECTIVES ON MODULE II****OBJECTIVES ON MODULE II**

Fill in the blanks.

1. At present, FDI is up to ----- percent in single brand retailing. (51,74,100)
2. ----- is an important element of mall management. (towing, zoning, bidding)
3. Under franchising, the franchisor transfers ----- to the franchisee. (fixed assets, current assets, rights and resources)
4. ----- IS A NON-STORE FORMAT OF RETAILING.  
(DEPARTMENT STORES, HYPER MARKET, TELEMARKETING)

State whether following statements are true or false.

1. The operating cost of organised retailing is less than unorganised retailing
2. Franchising benefits only franchisor.
3. Mannequins are used in garment stores.
4. Hyper market is a combination of departmental store and supermarket.
5. Personal element is an important factor in organised retailing.