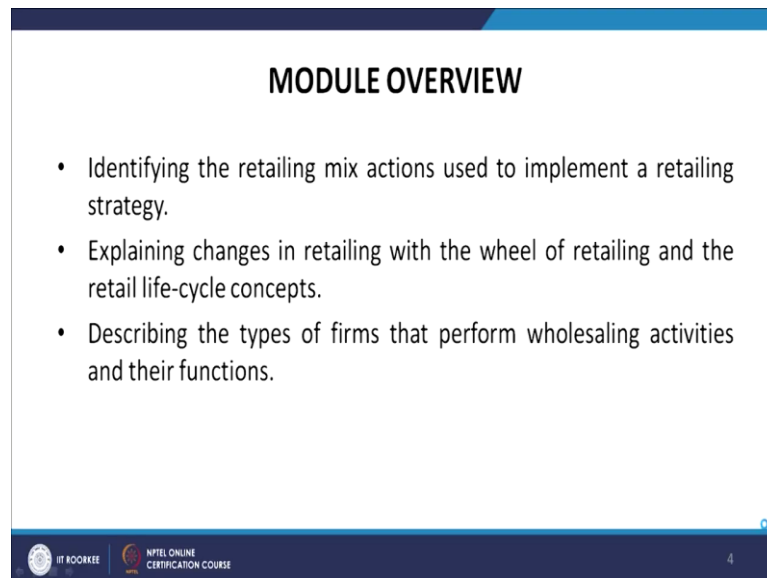


Introduction to Marketing Essentials
Prof. Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture – 30
Retailing and Wholesaling - II

Welcome to Introduction to Marketing Essentials. Now, we will talk about module 30. As you can see from this slide, these two modules 29 and 30 is Retailing and Wholesaling. So, we have talked about lot of retailing in module 29. Now, let us shift to module 30.

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MODULE OVERVIEW

- Identifying the retailing mix actions used to implement a retailing strategy.
- Explaining changes in retailing with the wheel of retailing and the retail life-cycle concepts.
- Describing the types of firms that perform wholesaling activities and their functions.

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And in this module, we will identify the retailing mix action used to implement a retailing strategy. Then we will explain changes in retailing with the wheel of retailing and the retail life-cycle concepts. Thereafter, we will describe the type of firms that perform wholesaling activities and their functions.

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INTRODUCTION

- Retailing mix actions are used to manage a retail store and the merchandise in a store.
- In this module we will describe how a retailer develops and implements a retailing strategy.
- In developing a retailing strategy, managers work with the retailing mix, which includes activities related to managing the store and the merchandise in the store.
- It is similar to the marketing mix and includes retail pricing, store location, retail communication, and merchandise.

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So, retailing mix actions are used to manage a retail store and the merchandise in a store. In this module we will describe, how a retailer develops and implement a retailing strategy. In developing a retailing strategy, managers work with the retailing mix, which includes activities related to managing the store and the merchandise in the store. It is similar to the marketing mix and includes retail pricing, store locations, retail communication, and merchandise.

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RETAILING STRATEGY

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graph TD; RS[Retailing strategy] --> RSP[Retail store positioning]; RSP --> RM[Retailing mix]; RM --> MM[Merchandise management]; RM --> SM[Store management]; MM --> RP[Retail pricing]; MM --> SL[Store location]; SM --> RC[Retail communication]; SM --> M[Merchandise];
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Figure 30.1: Retailing strategy is related to store positioning and the retailing mix. Note the similarity between the retailing mix and the marketing mix.

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

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Now, this is the retailing strategy. So, here is where do the company wants to locate the retail store positioning, then comes the retailing mix. Now, retailing mix consists of two things; first is merchandise management, and the second is the store management. And both of them deal with retail pricing, store location, retail communication and merchandise; so this is how this retailing strategy is made.

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**RETAILING STRATEGY
(RETAIL PRICING)**

- In setting prices for merchandise, retailers must decide on the markup, markdown, and timing for markdowns.
- The markup refers to how much should be added to the cost the retailer paid for a product to reach the final selling price.
- Retailers decide on the original markup, but by the time the product is sold, they end up with a maintained markup.
- The *original markup* is the difference between retailer cost and initial selling price.

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Now, let us look at each one of them. So, what is this retail pricing? In setting prices for merchandise, retailers must decide on the markup, markdown, and timing for those markdowns. The markup refers to how much should be added to the cost the retailer paid for a product to reach the final selling price.

Retailers decide on the original markup, but by the time the product is sold they end up with a maintained markup. The original markup is a difference between retailers cost and initial selling price. The maintained markup is the difference between the retailers cost and final retailing price, which is also called the gross margin.

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**RETAILING STRATEGY
(RETAIL PRICING)**

- The *maintained markup* is the difference between the retailer cost and final selling price, which is also called the gross margin.
- When products do not sell as quickly as anticipated, their price is reduced.
- Discounting a product, or taking a markdown, occurs when the product does not sell at the original price and an adjustment is necessary.
- Often new models or styles of a product force the price of existing models to be marked down.

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When products do not sell as quickly as anticipated, their price is reduced. Discounting a product, or taking a markdown, occurs when the product does not sell at the original price and an adjustment is required and necessary. Often new models or styles of a product force the price of existing models to be marked down. So, in order to sell new models the prices of old models are reduced.

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**RETAILING STRATEGY
(RETAIL PRICING)**

- Discounts may also be used to increase demand for complementary products. For example, retailers might take a markdown on the price of cake mix to generate frosting purchases.
- The timing of a markdown can be important. Many retailers take a markdown as soon as sales fall off to free up valuable selling space and cash.
- However, some stores delay markdowns to discourage bargain hunters and maintain an image of quality. For example, stores selling luxury products.

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purchases. The timing of a markdown can be important. Many retailers take a markdown as soon as sales fall off to free up valuable selling space and cash. However, some stores delay markdowns to discourage bargain hunters and maintain an image of quality. For example, stores selling luxury products.

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RETAILING STRATEGY
(RETAIL PRICING)

- Timing of a markdown has serious implications for sales and retailers must consider how the timing might affect future sales.
- Research indicates that frequent promotions increase consumers' ability to remember regular prices.
- Although most retailers plan markdowns, many retailers use price discounts as a part of their regular merchandising policy.
- Walmart and Big Bazaar, for example, emphasize consistently low prices and eliminate most markdowns with a strategy often called *everyday low pricing* (EDLP).

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Timing of a markdown has serious implications for sales and retailers must consider how the timing might affect future sales. Researchers have indicated that frequent promotions increases consumers ability to remember regular prices. Although most retailers plan markdowns, many retailers use price discounts as a part of their regular merchandising policy. Walmart and Big Bazaar, for example, emphasize consistently low prices and eliminate most markdowns with a strategy often called everyday low pricing that is EDLP.

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**RETAILING STRATEGY
(RETAIL PRICING)**

- Another strategy, *everyday fair pricing*, is advocated by retailers that may not offer the lowest price but try to create value for customers through service and the total buying experience.
- Consumers often use the prices of *benchmark* or *signpost items*, such as a can of Coke, to form an overall impression of the store's prices.
- In addition, price is the most likely factor to influence consumers' assessment of merchandise value.

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Another strategy is that of everyday fair pricing, is advocated by retailers that may not offer the lowest price, but try to create value for customers through service and the total buying experience. Consumers often use the price of benchmarks or signpost items, such as a can of coke, to form an overall impression of the store prices. In addition, price is the most likely factor to influence consumer assessment of merchandise value.

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**RETAILING STRATEGY
(RETAIL PRICING)**

- *Off-price retailing* involves selling brand-name merchandise at lower than regular prices.
- The difference between the *off-price retailer* and a *discount store* is that off-price merchandise is bought by the retailer from manufacturers with excess inventory at prices below wholesale prices.
- The discounter, on the other hand, buys at full wholesale prices but takes less of a markup than traditional department stores.

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Then there are some off-price retailing, so that involves selling brand-name merchandise at lower than regular prices. The difference between the off-price retailers and discount

store is that off-price merchandise is bought by the retailer from the manufacturer with excess inventory at prices below wholesale prices. The discounter on the other hand, buys at full wholesale price, but take less of a markup than traditional departmental stores.

So, you see that this off-price retailers they are buying excess inventory and then selling that to the customers while discount stores; they pass on some amount of discount that they earn to the customer. So, these are the difference between off price retailers and the discount stores. Another important element of this retailing strategy is the store location.

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**RETAILING STRATEGY
(STORE LOCATION)**

- A second aspect of the retailing mix involves deciding where to locate the store and how many stores to have.
- While a retailer can change his merchandise mix, adjust prices, improve communication with consumers and offer better service, it is fairly difficult to change the store location once it has come into existence.
- Moving from one location to another may result in loss of customers and employees.

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So, the second aspect of the retailing mix involves deciding where to locate the store and how many stores to have. While a retailer can change his merchandising mix, adjust prices, improve communication with customers and offer better service, but it is fairly difficult to change the store location once it has come into existence, because that becomes very costly. Moving from one location to another may result in loss of customers and also the employees, and also lots of fixed cost is incurred in that.

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**RETAILING STRATEGY
(STORE LOCATION)**

- A store location may be classified as follows:
 1. Freestanding/Isolated Store
 2. Part of Business District
 3. Part of Shopping Centre

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So, a store location may be classified in the following three ways; the first is freestanding that is isolated store, then it can be a part of a business district or it can be part of a shopping centre.

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**RETAILING STRATEGY
(STORE LOCATION)**

1. Freestanding/ Isolated store:

- A freestanding location is a store located along a major traffic artery, without other competitive retailer around.
- The biggest advantage of such a location is that due to lack of competition rents are usually low.
- Gas stations, hotels, dhabas and fast food restaurants on the highway are some examples of freestanding stores.
- IKEA follow this strategy when making decision about store location.
- However, in cities like Mumbai and Delhi where average travelling time across the city is high, this might not be preferred by customers.

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Now, let us look at what are these freestanding isolated stores. A freestanding location is a store located along a major traffic artery, without other competitive retailers around. The biggest advantage of such a location is that due to lack of competition rents are usually low. Gas stations, hotels and dhabas and fast food restaurant on the highway are

some examples of free standing stores. IKEA follow this strategy when making decisions about store locations. However, in cities like Mumbai and Delhi where average traveling time across the city is high, this might not be preferred by the customers.

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RETAILING STRATEGY
(STORE LOCATION)

2. Part of Business District:

- A business district is the place of commerce in the city, which is developed historically as the center of trade and commerce in the city.
- It can further be classified into Central Business District (CBD) i.e. the oldest and most heavily trafficked area of the city and Neighborhood Business District i.e. an unplanned shopping area that has developed to serve the needs of the neighborhood.
- An example of CBD in New Delhi could be Connaught Place. The shopping area in a CBD is usually different from the main office area.

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Another is the store maybe part of a business district. A business district is the place of commerce in the city, which is developed historically as the center of trade and commerce in the city.

It can further be classified into central business district that is the oldest and most heavily trafficked area of the city; and neighborhood business district that are an unplanned shopping area that has developed to serve the needs of the neighborhood. An example of CBD in New Delhi could be Connaught place. The shopping area in a CBD is usually different from the main office area.

The third is being part of a shopping center. A shopping center can be defined as a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property.

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**RETAILING STRATEGY
(STORE LOCATION)**

3. Part of Shopping Center:

- A shopping center can be defined as a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property.
- The International Council of Shopping Centers has defined eight basic types of shopping centers.
- These include (1) regional shopping centers, (2) community shopping centers, (3) neighborhood shopping centers, (4) super regional shopping center, (5) specialty center, (6) power center, (7) theme center and (8) outlet center.

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The international council of shopping centers have defined eight basic type of shopping centers. And they are regional shopping centers, community shopping centers, neighborhood shopping centers, super regional shopping centers, specialty center, power center, the theme center, and outlet center.

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**RETAILING STRATEGY
(STORE LOCATION)**

- While choosing a location, retailer needs to first identify the market that is suitable for his range of products and then evaluate the market potential and identify the most attractive sites for the store.
- The many retailing formats described here allows retailers to offer unique benefits and meet the particular needs of various customer groups.

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While choosing a location, retailers need to first identify the market that is suitable for his range of products and then evaluate the market potential and identify the most

attractive sites for the store. The retailing formats described here allows retailers to offer unique benefits and meet the particular needs of various customer groups.

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**RETAILING STRATEGY
(STORE LOCATION)**

- While each format has many successful applications, retailers in the future are likely to combine many of the formats to offer a broader spectrum of benefits and experiences and to appeal to different segments of consumers.
- These multichannel retailers will utilize and integrate a combination of traditional store formats and non-store formats such as catalogs, television, home shopping, and online retailing.

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While each format has many successful applications, retailer in the future are likely to combine many of the formats to offer a broader spectrum of benefits and experience; and to appeal to different segments of consumers. These multichannel retailers will utilize and integrate a combination of traditional store formats and non-store formats such as catalog, television, home shopping, and online retailing. Another component of retailing strategy is retail communication.

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RETAILING STRATEGY
(RETAIL COMMUNICATION)

- A retailer's communication activities can play an important role in positioning a store and creating its image.
- Deciding on the image of a retail outlet is an important retailing mix factor that has been widely recognized and studied since the late 1950s.
- *Image* has been found to include impressions of the corporation that operates the store, the category or type of store, the product categories in the store, the brands in each category, merchandise and service quality, and the marketing activities of the store.

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A retailers communication activities can play an important role in positioning the store and also thereby creating its image. Deciding on the image of a retail store is an important retailing mix factor that has been widely recognized and studied since the late 1950s. Image has been found to include impressions of the corporation that operates the store, the category or type of store, the product categories in the store, the brands in each category, merchandise and service quality, and the marketing activities of the store.

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RETAILING STRATEGY
(RETAIL COMMUNICATION)

- Pierre Martineau described image as "the way in which the store is defined in the shopper's mind," partly by its functional qualities and partly by an aura of psychological attributes.
- In this definition, functional refers to mix elements such as price ranges, store layouts, and breadth and depth of merchandise lines.
- The psychological attributes are the intangibles such as a sense of belonging, excitement, style, or warmth.

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Pierre Martineau described image as the way in which the store is defined in the shoppers mind, partly by its functional qualities and partly by an aura of psychological attributes. In this definition, functional refers to mix elements such as price ranges, store layout, and breadth and depth of merchandise lines. The psychological attributes are the intangible such as a sense of belonging, excitement, style, or warmth.

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RETAILING STRATEGY
(RETAIL COMMUNICATION)

- Closely related to the concept of image is the *store's atmosphere or ambience*.
- Many retailers believe that sales are affected by layout, color, lighting, music, and other elements of the retail environment.
- This concept leads many retailers to use **shopper marketing**—the use of displays, coupons, product samples, and other brand communications to influence shopping behavior in a store.
- In addition, the physical surroundings also influence a store's employees.

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Closely related to the concept of image is the stores atmosphere or ambience. Many retailers believe that sales are affected by layout, color, lighting, music, and other elements of the retailing environment. This concept leads many retailers to use shopper marketing - the use of displays, coupons, product samples, and other brand communications to influence shopping behavior within a store.

In addition, the physical surroundings also influence a store's employees. So, shopper marketing can also influence behavior in an online shopping environment and when shoppers use smart phone apps to identify shopping needs or make purchase decisions.

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**RETAILING STRATEGY
(RETAIL COMMUNICATION)**

- Shopper marketing can also influence behavior in an online shopping environment and when shoppers use smartphone apps to identify shopping needs or make purchase decisions.
- By creating the right image and atmosphere, a retail store tries to attract a target audience and fortify beliefs about the store, its products, and the shopping experience in the store.
- Store image perceptions can exist independently of shopping experiences, but consumers' shopping experiences also influence their perceptions of a store.

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By creating the right image and atmosphere, a retail stores tries to attract target audience and fortify belief about the store, its product, and the shopping experience in the store. Store image perceptions can exist independently of shopping experience, but consumers shopping experience also influence their perception of a store.

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**RETAILING STRATEGY
(MERCHANDISE)**

- A final element of the retailing mix is the merchandise offering.
- Managing the breadth and depth of the product line requires retailers who are familiar with the needs of the target market and availability of the alternative products produced by different manufacturers.
- A popular approach to managing the assortment of merchandise today is called **category management**.

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Now, the final element of this retail mix is the merchandise offerings. Managing the breadth and depth of the product line requires retailers who are familiar with the needs of the target markets and availability of the alternative products produced by different

manufacturers. A popular approach to managing the assortment of merchandise today is called as category management.

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**RETAILING STRATEGY
(MERCHANDISE)**

- The category management approach assigns a manager the responsibility for selecting all products that consumers in a market segment might view as substitute.
- In this approach the objective is to maximize sales and profits in the category.
- For example, a category manager might be responsible for shoes in a department store or paper products in a grocery store, and would consider trade deals, order costs, and the between-brand effects of price range changes to determine brand assortment, order quantities, and prices.

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What is this category management? So, this category management approach assigns a manager, the responsibility for selecting all products that consumers in a market segment might view as substitutes. In this approach, the objective is to maximize sales and profits in that particular category. For example, a category manager might be responsible for shoes in a department store or paper products in a grocery stores; and would consider trade deals, order cost and the between-brand effects of price range changes to determine brand assortment, order quantities, and prices.

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**RETAILING STRATEGY
(MERCHANDISE)**

- Retailers have a variety of marketing metrics that can be used to assess the effectiveness of a store or retail format.
- First, there are measures related to customers such as the number of transactions per customer, the average transaction size per customer, the number of customers per day or per hour, and the average length of a store visit.
- Second, there are measures related to products such as number of returns, inventory turnover, inventory carrying cost, and average number of items per transaction.

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Retailers have a variety of marketing metrics that can be used to assess the effectiveness of a store or retail format. First, there are measures related to customers such as the number of transactions per customer, so that is one; number of transactions per customer. The second is the average transaction size per customer, the number of customers per day or per hour, and the average length of a store visit; so these are some of the measures available. Second, there are measures related to products such as number of returns, inventory turnover, inventory carrying cost, and average number of items per transaction.

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**RETAILING STRATEGY
(MERCHANDISE)**

- Finally, there are financial measures, such as gross margin, sales per employee, return on sales, and markdown percentage.
- The two most popular measures for retailers are sales per square foot and same-store sales growth.

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So, these are some metrics that can be used to evaluate your retailing strategy. Finally, there are financial measures, such as gross margins, sales per employees, return on sales, and markdown percentages. The two most popular measures for retailers are sales per square foot and same-store sales growth. So, there are these several measures that are related to marketing and finance that can be used to measure the success or the profitability of a store.

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THE CHANGING NATURE OF RETAILING

- Retailing is the most dynamic aspect of a channel of distribution.
- New types of retailers are always entering the market, searching for a new position that will attract customers.
- The reason for this continual change is explained by two concepts:
 - The wheel of retailing
 - The retail life cycle

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 28

Now, let us look at the changing nature of retailing. So, retailing is one thing that is evolving and changing across the world. Retailing is the most dynamic aspect of a channel of distribution. New types of retailers are always entering the market, searching for a new position that will attract customers. And the reason for this continual change is explained by the following two concepts; the first is the wheel of retailing, and the second is the retail life cycle.

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THE CHANGING NATURE OF RETAILING

- **The Wheel of Retailing:**
 - It describes how new forms of retail outlets enter the market.
 - Usually they enter as low-status, low-margin stores such as a drive-in burger stand with no indoor seating and a limited menu (Figure 30.2, box 1).
 - Gradually these outlets add fixtures and more embellishments to their stores (in-store seating, plants, and chicken sandwiches as well as hamburgers) to increase the attractiveness for customers.
 - With these additions, prices and status rise (box 2).

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 29

So, let us look at what this wheel of retailing is. It describes how new forms of retail outlets enter the market. Usually they enter as low- status, low-margin stores such as a drive-in burger stand with no indoor seating and a limited menu, and we are talking of figure 30.2 and box one which will come shortly. Gradually these outlets add fixtures and more embellishments to their stores, in-store seating, plants, and chicken sandwiches as well as hamburgers to increase the attractiveness of customers; with these additions prices and the status they rise, so that becomes box 2.

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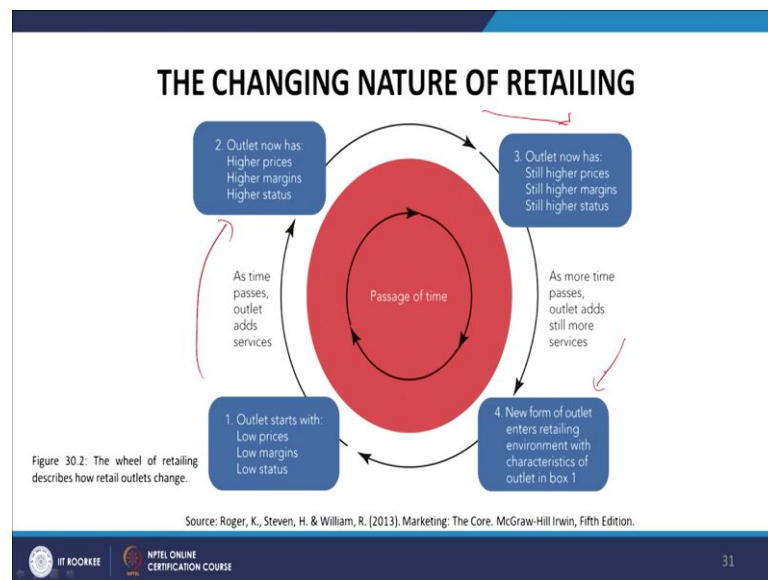
THE CHANGING NATURE OF RETAILING

- **The Wheel of Retailing:**
 - As time passes, these outlets add still more services and their prices and status increase even further (box 3).
 - These retail outlets now face some new form of retail outlet that again appears as a low-status, low-margin operator (box 4), and the wheel of retailing turns as the cycle starts to repeat itself.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 30

But as time passes, these outlets add still more service and their prices and status increases even further, so that becomes box 3. These retail outlets now face some new form of retail outlets that again appears as a low-status, low-margin operators as shown in box 4, and the wheel of retailing turns as the cycle starts to repeat itself.

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Now, this is the changing nature of retailing. So, this is the passage of time the passage, the time is moving on here this outlet is started as a small outlet, low prices. With the passage of time, it adds on the menu items, it add on the product lines, the prices increases. And still it moves on more number of outlet, higher prices, higher margins and then again new forms of retails they enter. So, this is how this wheel of retailing carries on.

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THE CHANGING NATURE OF RETAILING

- **The Retail Life Cycle:**
 - The process of growth and decline that retail outlets experience is described by the retail life cycle.
 - Figure 30.3 shows the retail life cycle and the position of various current forms of retail outlets on it.
 - *Early growth* is the stage of emergence of a retail outlet, with a sharp departure from existing competition. Market share rises gradually, although profits may be low because of start-up costs.



Another important concept that is used to understand the changing nature of retailing is the retail life cycle. The process of growth and decline that retail outlet experience is described by the retail life cycle, and this life cycle is shown in figure 30.3. The retailer life cycle and the position of various current forms of retail outlets are given on that. Early growth is the stage of emergence of a retailing outlet, with a sharp departure from existing competition. Market share rises gradually, although profits may be low because of a start-up cost.

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THE CHANGING NATURE OF RETAILING

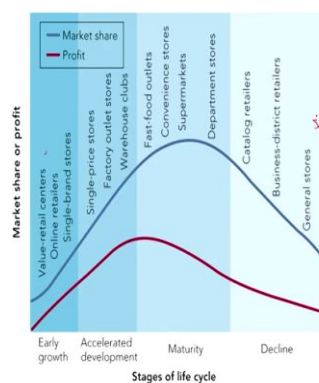



Figure 30.3: The retail life cycle describes stages of growth and decline for retail outlets.

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.



Now, this is the stages of this life cycle in retailing. So, on the Y-axis we have market share or profit and on the x-axis we have stages of life cycle. So, as you can see that as a retail store or retail passes through the various stages, the market share or profits they increases and decreases. And here we have this value retail centers, online retailer, single-brand stores, and then they move on and then they become the general stores.

So, now you see that this value retailing centers are in the introduction stage. Single prices stores are in the growth stage, fast food outlets they are in the maturity; the catalog retailers, etcetera, and general stores they are in decline.

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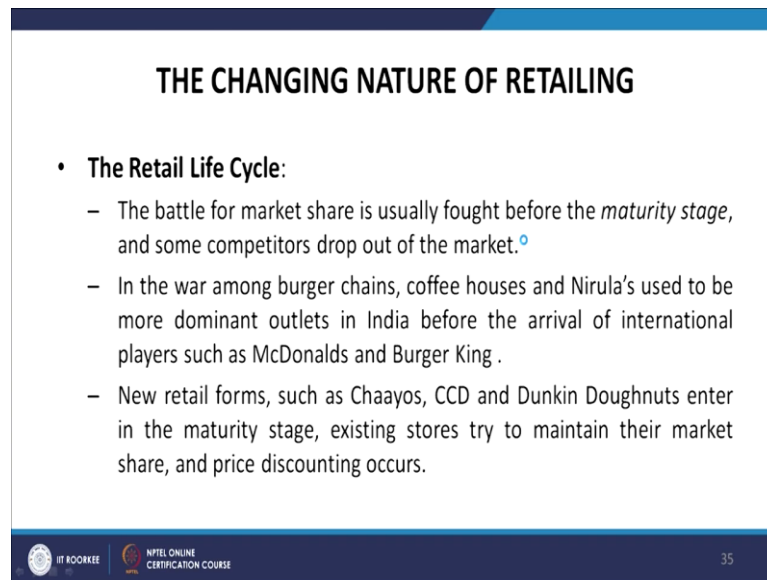
THE CHANGING NATURE OF RETAILING

- **The Retail Life Cycle:**
 - In the next stage, *accelerated development*, both market share and profit achieve their greatest growth rates. ◦
 - Usually multiple outlets are established as companies focus on the distribution element of the retailing mix. In this stage, some later competitors may enter. Wendy's, for example, appeared on the burger chain scene almost 20 years after McDonald's had begun operation.
 - The key goal for the retailer in this stage is to establish a dominant position in the fight for market share.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 34

So, in the next stage of this lifecycle accelerated development, both market share and profit achieve their greatest growth rates. Usually multiple outlets are established as companies focus on the distribution elements of the retailing mix. In this stage, some later competitors may enter. Wendy's for example, appeared on the burger chain scene almost 20 years after McDonald had begun operations. The key goal for the retailer in this stage is to establish a dominant position in the fight for market share.

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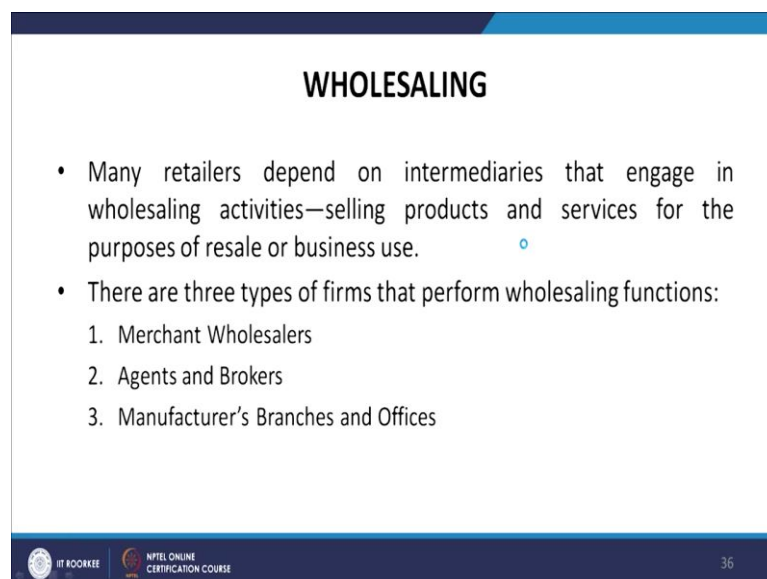
THE CHANGING NATURE OF RETAILING

- **The Retail Life Cycle:**
 - The battle for market share is usually fought before the *maturity stage*, and some competitors drop out of the market.
 - In the war among burger chains, coffee houses and Nirula's used to be more dominant outlets in India before the arrival of international players such as McDonalds and Burger King .
 - New retail forms, such as Chaayos, CCD and Dunkin Doughnuts enter in the maturity stage, existing stores try to maintain their market share, and price discounting occurs.

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The battle for market share is usually fought before the maturity stage, and some companies drop out of the market. In the war among burger chains, coffee houses and Nirula's used to be more dominant outlet in India before the arrival of international players such as McDonald and Burger King. New retail forms, such as Chaayos, CCD, Dunkin Doughnuts enter in the maturity stage, existing stores try to maintain their market share, and the price discounting starts.

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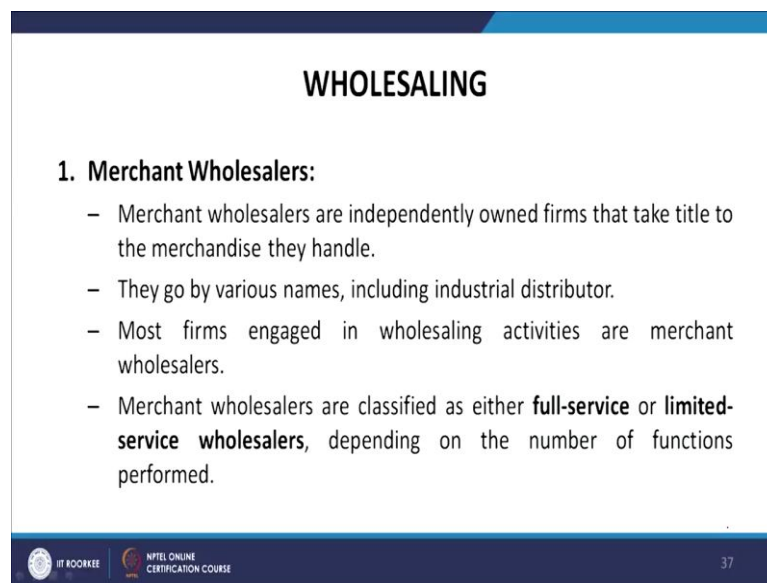
WHOLESALING

- Many retailers depend on intermediaries that engage in wholesaling activities—selling products and services for the purposes of resale or business use.
- There are three types of firms that perform wholesaling functions:
 1. Merchant Wholesalers
 2. Agents and Brokers
 3. Manufacturer's Branches and Offices

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Now, after having understood the details of retailing, let us move on to the wholesaling. Many retailers depend on intermediaries that engage in wholesaling activities that is selling products and services for the purpose of resale or business use. So, there are these three types of firms that perform wholesaling functions; the first is merchant wholesalers, then come agents and brokers followed by manufacturer's branches and offices. What are these merchant wholesalers? So, merchant wholesalers are independent owned firms that take title to the merchandise, they handle.

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The slide is titled "WHOLESALING" in bold black text. Below the title, it lists "1. Merchant Wholesalers:" followed by four bullet points. The first bullet point states that merchant wholesalers are independently owned firms that take title to the merchandise they handle. The second bullet point says they go by various names, including industrial distributor. The third bullet point notes that most firms engaged in wholesaling activities are merchant wholesalers. The fourth bullet point explains that merchant wholesalers are classified as either full-service or limited-service wholesalers, depending on the number of functions performed. At the bottom of the slide, there are logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE, along with the number 37.

WHOLESALING

1. Merchant Wholesalers:

- Merchant wholesalers are independently owned firms that take title to the merchandise they handle.
- They go by various names, including industrial distributor.
- Most firms engaged in wholesaling activities are merchant wholesalers.
- Merchant wholesalers are classified as either **full-service** or **limited-service wholesalers**, depending on the number of functions performed.

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They go by various names including industrial distributors. Most firms engaged in wholesaling activities are merchant wholesalers. Merchant wholesalers are classified as either full service or limited service wholesalers, depending on the number of functions that they perform.

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WHOLESALING

1. Merchant Wholesalers:

- Full Service Wholesalers-
 - i. General Merchandise (or Full-line) Wholesalers:**
 - These wholesalers carry a broad assortment of merchandise and perform all channel functions.
 - This type of wholesaler is most prevalent in the hardware, drug, and clothing industries.
 - However, these wholesalers do not maintain much depth of assortment within specific product lines.

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So, in this full service wholesalers, the first one is general merchandise or full-line wholesaler. These wholesalers carry a wide assortment of merchandise and perform all channel functions. The type of wholesaler is most prevalent in hardware, drug, and clothing industries. However, these wholesalers do not maintain much depth of assortment within the specific product lines.

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WHOLESALING

1. Merchant Wholesalers:

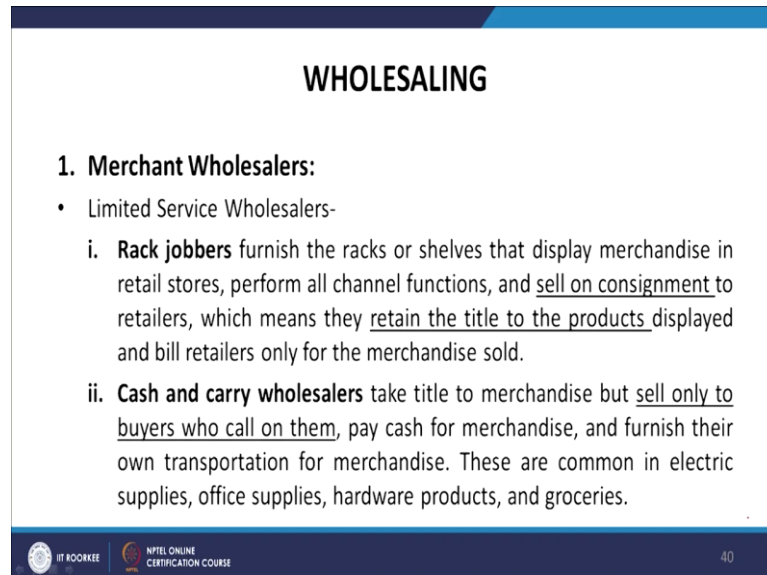
- Full Service Wholesalers-
 - ii. Specialty Merchandise (or Limited-line) Wholesalers:**
 - Specialty merchandise wholesalers offer a relatively narrow range of products but have an extensive assortment within the product lines.
 - They perform all channel functions and are found in the health foods, automotive parts, and seafood industries.

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Another type is that of specialty merchandise or limited- line wholesalers. Specialty merchandise wholesalers offer a relatively narrow range of products, but have an

extensive assortment within the product lines. They perform all channel functions and are found to be in the health food, automotive parts, and seafood industries.

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The slide is titled "WHOLESALING" in bold, black, uppercase letters. Below the title, there is a section header "1. Merchant Wholesalers:" followed by a bulleted list. The first bullet point is "Limited Service Wholesalers-". Under this, there are two sub-points: "i. Rack jobbers" and "ii. Cash and carry wholesalers". The text for "i. Rack jobbers" describes their role in retail stores, channel functions, and consignment sales. The text for "ii. Cash and carry wholesalers" describes their title-taking, cash payment, and transportation. At the bottom of the slide, there are logos for "IIT ROORKEE" and "NPTEL ONLINE CERTIFICATION COURSE", and the number "40" in the bottom right corner.

WHOLESALING

- 1. Merchant Wholesalers:**
 - Limited Service Wholesalers-
 - i. **Rack jobbers** furnish the racks or shelves that display merchandise in retail stores, perform all channel functions, and sell on consignment to retailers, which means they retain the title to the products displayed and bill retailers only for the merchandise sold.
 - ii. **Cash and carry wholesalers** take title to merchandise but sell only to buyers who call on them, pay cash for merchandise, and furnish their own transportation for merchandise. These are common in electric supplies, office supplies, hardware products, and groceries.

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Now, this limited service wholesalers they include rack jobbers, they furnish the racks or shelves that display merchandise in retail stores, perform all channel functions, and sell on consignments to retailers, which means they retain the title to the products displayed and bill retailers only for the merchandise sold.

Then there are some cash in carry wholesalers, they take title of the merchandise, but sell only to buyers who call on them; pay cash for merchandise, and furnish their own transportation for merchandise. These are common electric supplies, office supplies, hardware products, and groceries. The third is the drop shippers or desk jobbers or wholesalers that own the merchandise they sell, but do not physically handle, stock, or deliver it.

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WHOLESALING

1. Merchant Wholesalers:

- Limited Service Wholesalers-
- iii. **Drop shippers, or desk jobbers** are wholesalers that own the merchandise they sell but do not physically handle, stock, or deliver it. Drop shippers are used for bulky products such as coal, lumber, and chemicals, which are sold in extremely large quantities.
- iv. **Truck jobbers** are small wholesalers that have a small warehouse from which they stock their trucks for distribution to retailers. They usually handle fast-moving or perishable products such as bakery items and dairy products.

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Drop shippers are used for bulky products such as coal, lumber, and chemicals, which are sold in extremely large quantities. Then there are truck jobbers that are small wholesalers that have a small warehouse from which they stock their trucks for distribution to retailers. They usually handle fast-moving or perishable products such as bakery items and dairy products.

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WHOLESALING

2. Agents and Brokers:

- Unlike merchant wholesalers, agents and brokers do not take title to merchandise and typically perform fewer channel functions.
- They make their profit from commissions or fees paid for their services, whereas merchant wholesalers make their profit from the sale of the merchandise they own.
- The two major types of agents used by producers are:
 - Manufacturer's agents
 - Selling agents

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Another type of wholesalers are agents and brokers. Unlike merchant wholesalers, agents and brokers do not take title to the merchandise, but typically perform fewer channel

functions. They make their profits from commissions or fees paid for their service, whereas merchant wholesalers make their profit from the sales of the merchandise they own. The two types of agents used by the producers are manufacturer's agent and the selling agents.

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WHOLESALING

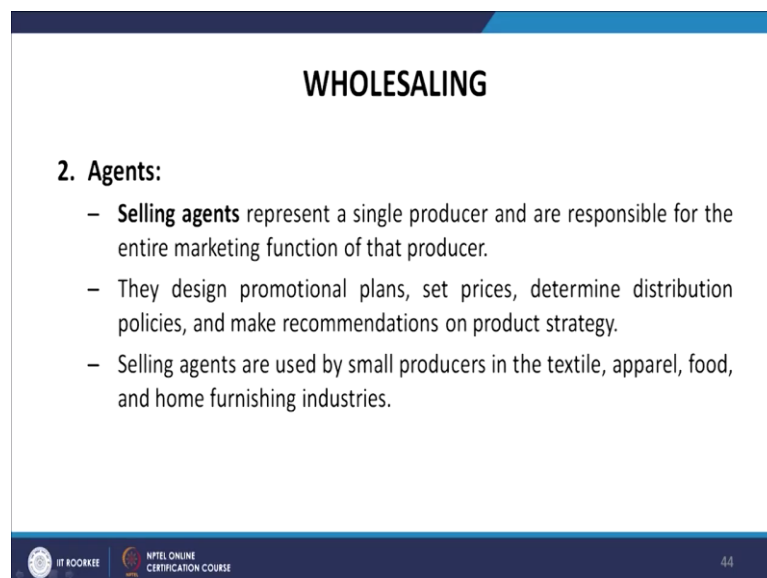
2. Agents:

- **Manufacturer's agents**, or manufacturer's representatives, work for several producers and carry non-competitive, complementary merchandise in an exclusive territory.
- They are used extensively in the automotive supply, footwear, and fabricated steel industries.

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Manufacturer's agents or manufacturer's representative, work for several producers and carry non-competitive, complementary merchandises in an exclusive territory. They are used extensively in automotive supply, footwear, and fabricated steel industries.

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WHOLESALING

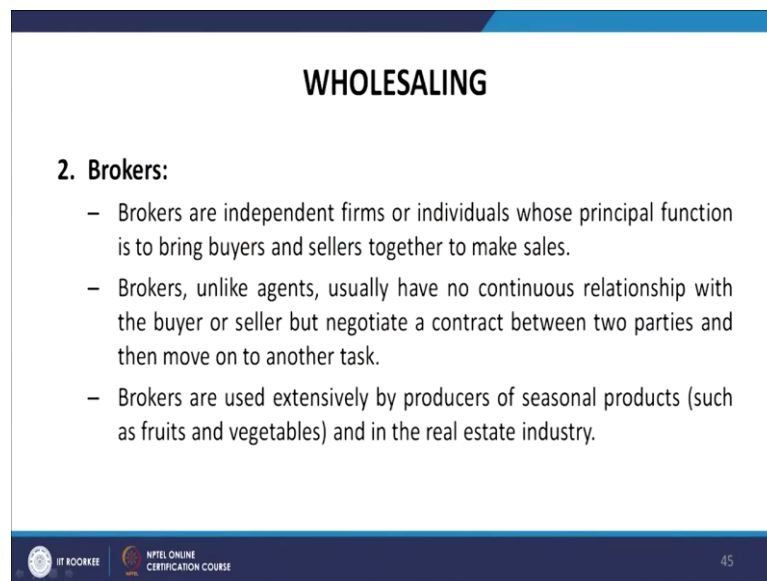
2. Agents:

- **Selling agents** represent a single producer and are responsible for the entire marketing function of that producer.
- They design promotional plans, set prices, determine distribution policies, and make recommendations on product strategy.
- Selling agents are used by small producers in the textile, apparel, food, and home furnishing industries.

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Selling agents represent a single producer and are responsible for the entire marketing function of that producer. They design promotional plans, set prices, determine distribution policies, and make recommendations on product strategy. Selling agents are used by small producers in the textile, apparel, food, and home furnishing industries. Then come brokers. Brokers are independent firms or individuals whose principal function is to bring buyers and sellers together to make a sale.

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The slide is titled "WHOLESALING" in bold black text. Below the title, there is a section header "2. Brokers:" followed by three bullet points. The first bullet point states that brokers are independent firms or individuals whose principal function is to bring buyers and sellers together to make sales. The second bullet point states that brokers, unlike agents, usually have no continuous relationship with the buyer or seller but negotiate a contract between two parties and then move on to another task. The third bullet point states that brokers are used extensively by producers of seasonal products (such as fruits and vegetables) and in the real estate industry. At the bottom of the slide, there is a footer with the IIT Roorkee logo, the text "IIT ROORKEE", the NITEL Online Certification Course logo, the text "NITEL ONLINE CERTIFICATION COURSE", and the number "45".

WHOLESALING

2. Brokers:

- Brokers are independent firms or individuals whose principal function is to bring buyers and sellers together to make sales.
- Brokers, unlike agents, usually have no continuous relationship with the buyer or seller but negotiate a contract between two parties and then move on to another task.
- Brokers are used extensively by producers of seasonal products (such as fruits and vegetables) and in the real estate industry.

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Brokers, unlike agents, usually have no continuous relationship with the buyer or the seller, but negotiate a contract between two parties and then move on to another task. Brokers are used extensively by producer of seasonal products such as fruits and vegetables, and in the real estate industry.

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WHOLESALING

3. Manufacturer's Branches and Offices:

- Unlike merchant wholesalers, agents, and brokers, manufacturer's branches and sales offices are wholly owned extensions of the producer that perform wholesaling activities.
- Producers assume wholesaling functions when:
 - There are no intermediaries to perform these activities,
 - Customers are few in number and geographically concentrated, or
 - Orders are large or require significant attention.

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Then there are manufacturer's branches and offices. Unlike merchant wholesalers, agents, and brokers, manufacturer's branches and sales offices are wholly owned extensions of the producer they perform wholesaling activities.

Producers assume wholesaling functions when, there are no intermediaries to perform these activities, customers are few in number and geographically concentrated or orders are large or require significant attention. A manufacturer's branch office carries a producer's inventory and performs the functions of a full-service wholesaler.

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WHOLESALING

3. Manufacturer's Branches and Offices:

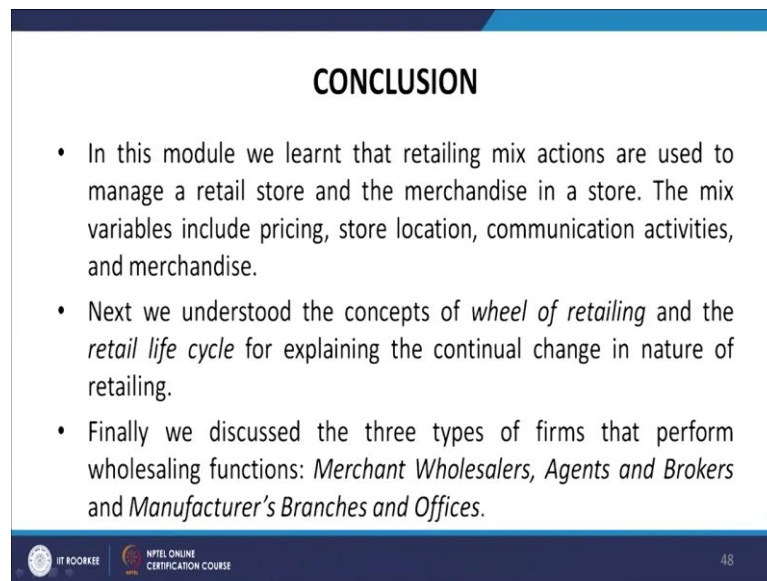
- A *manufacturer's branch office* carries a producer's inventory and performs the functions of a full-service wholesaler.
- A *manufacturer's sales office* does not carry inventory, typically performs only a sales function, and serves as an alternative to agents and brokers.

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A manufacturer's sales office does not carry inventory, typically performs only a sales function, and serve as an alternative to agents and brokers.

So, to conclude, in this module we have learned that retailing mix actions are used to manager retail store and the merchandise in a store. The mix variable include pricing, store locations, communication activities, and merchandise.

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CONCLUSION

- In this module we learnt that retailing mix actions are used to manage a retail store and the merchandise in a store. The mix variables include pricing, store location, communication activities, and merchandise.
- Next we understood the concepts of *wheel of retailing* and the *retail life cycle* for explaining the continual change in nature of retailing.
- Finally we discussed the three types of firms that perform wholesaling functions: *Merchant Wholesalers, Agents and Brokers and Manufacturer's Branches and Offices.*

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Next we have understood the concept of wheel of retailing and the retail life cycle for explaining the continual change in nature of retailing. Finally, we have discussed the three types of firms that perform wholesaling functions; so they are merchant wholesalers, agents and brokers, and manufacturer's branches and offices.

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REFERENCES

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- Kotler, P., & Keller, K. L. (2016). *Marketing Management*. England: Pearson, Fifteenth Global Edition.
- Kurtz, D. L., & Boone, L. E. (2012). *Principles of Contemporary Marketing*. South-Western, Fifteenth Edition.

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These are the three books we used for this module.

Thank you.