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**SEM-III**

**SUBJECT – RETAIL MANAGEMENT**

**SPECIALIZATION- MARKETING**

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**Chapter1. INTRODUCTION TO RETAILING**

# **SUBJECT- RETAIL MANAGEMENT (MARKETING SPECIALISATION)**

## **Unit I**

### **INTRODUCTION TO RETAILING**

#### Retailing Concepts- Introduction

Retailing is a convenient, convincing and comfortable method of selling goods and services.

Retailing, though as old as business, trade and commerce has now taken new forms and shapes.

This is because of new management techniques, marketing techniques and also due to ever

Changing and dynamic consumer psychology.

#### Meaning of Retailing:

Retailing is one area of the broader term, e-commerce. Retailing is buying and selling both goods

And consumer services. With more number of educated and literate consumers entering the

Economy and market, the need for reading the pulse of the consumers has become very essential.

Retail marketing is undergoing radical restructuring. This is because of increase in gross

Domestic product, increase in per capita income, increase in purchasing power and also the ever

Changing tastes and preferences of the people. The entry of plastic money, ATMs, credit cards

And debit cards and all other consumer finances, the taste for the branded goods also added for

The evolution of retail marketing.

Retail marketing is not just buying and selling but also rendering all other personalized consumer

Services. With the RM picking up it has given a new look for various fast moving capital goods

(FMCG) goods. This not only increased the demand for various goods in the market but also

Made retail marketing the second largest employment area, the first being agriculture.

#### Definition and Scope of Retailing:

Retail Industry, one of the fastest changing and vibrant industries in the world, has contributed

To the economic growth of many countries. The term 'retail' is derived from the French word

Retailer which means 'to cut a piece off or to break bulk'. In simple terms, it implies a first-hand Transaction with the customer.

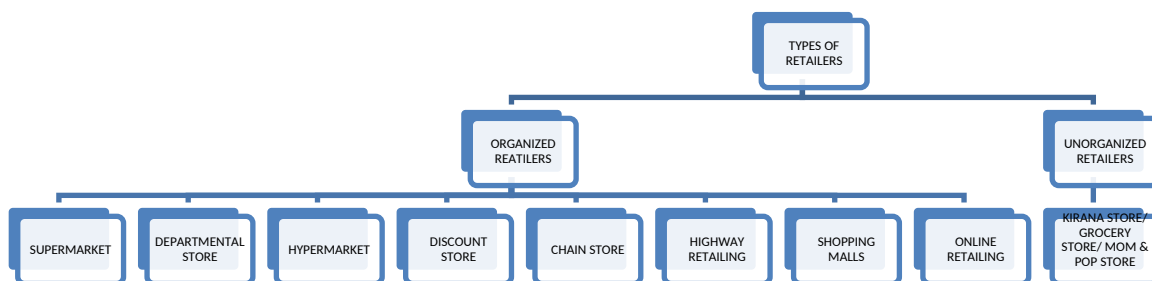
Retailing can be defined as the buying and selling of goods and services. It can also be defined As the timely delivery of goods and services demanded by consumers at prices that are Competitive and affordable.

Retailing involves a direct interface with the customer and the coordination of business activities From end to end- right from the concept or design stage of a product or offering, to its delivery And post-delivery service to the customer. The industry has contributed to the economic growth Of many countries and is undoubtedly one of the fastest changing and dynamic industries in the World today.

#### Types of Retail Operations:

Retail operations enable a store to function smoothly without any hindrances. The significant

Types of retail operations consist of:



## Types of Retailing.

### 1) Unorganized Retailer-

#### i ) Karana stores / Grocery stores/ mom & pop store

This are the small shops dealing in day to day consumer and personal Products such store are located near the residential areas and Colonies the floor size is not than 35 to 400. Ft. area, a sort

### 2) Organized Retailer-

#### Super market-

They are large formal retailers They wide engage competition and store after in operate on off self-service business setup the prices are low and profit margin is also low they, function on cash and carry facility foot Category such as Fruits, vegetables, fish, meat daily products and non-food items such as home Care and personal care like soap toothpaste Cosmetic etc..

#### Departmental stores -

This are the large formal retail store located in the center of a city this store provide large number of... under one roof with unique shopping experience this stores offer various advertising and sales promotion in the form of discount, festival, offer etc. fuming. Reliance, Trends, lifestyle etc.

#### Hypermarkets

They are use multiflora retailer stores that offer wide variety of product Its and brands under one roof they are mostly located in the outskirts of Cities they are also non as destination Stores the stores include food and non- Food items electronics appliances, Cosmetics shoes etc.

E.g. D-mart, Big bazar, store bazar, higher city.

#### Discount stores

As the Name Says the store Says Provide heavy discount offers this store sales branded as well as private brands and bottom price, these stores directly quantities and sale directly to Consumer to

Egg. D-mart, brand factory, Vishal Megha. Mart

#### Chain store

It is a group of the store in Common Such as store layout; design store business chain encompasses many industries. Including clothing electronic goods nesters not see agreement... e.g. chain usually franchise- Mc-donels, Pizza, dominoz, Sony, Samsung.

## Highway retailing

Retailing on highway as a Concept and practice is existed in India the growth development and need for long assistance travel emergency of highway ng retail- these are the Convenience stores foreign Petrol pump, multiplanes, hotels etc.

## Shopping Malls

Shopping malls have become very popular shopping destinations for all age group of consumers. Shopping malls does not only offer product to its customers but also provide a unique shopping experience. There are various retail outlets within a shopping mall including apparel stores, footwear and personal care outlets, spa and salons, gaming zones, multiplex, restaurants and even playing area for kids. Shopping Malls are huge in size and occupy a floor area between 400,000 and 800,000 square feet accommodating more than 50 retail brands with the premise.

## Online Retailing

Emergence of technology, digitalization and wide spread of Internet has accelerated the growth of Online Retailing across World. Online retailing is known by various terms such as Electronic Retailing, E-tailing and Internet Retailing. Online Retailing is a part of Electronic Commerce that enables retailers to conduct various business activities like merchandising, product promotion, customer service, relationship management and sales of products remotely over the internet. Online Retail platform empowers customers to search, select, order and purchase products over internet. Today shopping through various online platforms has become a latest trend among Generation Z and Millennials. E-commerce is expanding steadily in the Indian Economy. Customers find online shopping to be more accessible, convenient and a platform that offers wide range of products and services with discounted prices.

## Retail market segmentation

Market Segmentation is the process of breaking down a large heterogeneous customer market into small homogeneous sub-units, wherein every sub-unit has similar characteristics in terms of customer needs, wants and buying behavior. Retailers disaggregate a large heterogeneous market into small homogeneous groups in order to target markets more effectively. It should also be noted that segments must have an identity of their own and be distinct from one another. Market segmentation enables retailers narrow down its marketing efforts and strategy to more focused group of customers.

### 1) Retail market segmentation-

The main aim of every retailer is to attract customers towards the stores and sale Products with superior shopping. Experience offering right products to the right Customer at right time focus identifying the order to cater to customer segment in their needs and wants.

\* Need for market segmentation:

Market Segmentation helps the marketers to devise appropriate marketing strategies and promotional schemes according to the tastes of the individuals of a particular market segment. A male model would look out of place in an advertisement promoting female products. The marketers must be able to relate their products to the target segments.

Market segmentation helps the marketers to understand the needs of the target audience and adopt specific marketing plans accordingly. Organizations can adopt a more focused approach as a result of market segmentation.

Market segmentation also gives the customers a clear view of what to buy and what not to buy. A Rado or Omega watch would have no takers amongst the lower income group as they cater to the premium segment. College students seldom go to a Zodiac or Van Heusen store as the merchandise offered by these stores are meant mostly for the professionals. Individuals from the lower income group never use a Blackberry. In simpler words, the segmentation process goes a long way in influencing the buying decision of the consumers.

An individual with low income would obviously prefer a Nano or Alto instead of Mercedes or BMW.

Market segmentation helps the organizations to target the right product to the right customers at the right time. Geographical segmentation classifies consumers according to their locations. A grocery store in colder states of the country would stock coffee all through the year as compared to places which have defined winter and summer seasons.

Segmentation helps the organizations to know and understand their customers better. Organizations can now reach a wider audience and promote their products more effectively. It helps the organizations to concentrate their hard work on the target audience and get suitable results.

### **What's the Difference between Retail and Wholesale?**

Wholesalers sell in large bulk quantities, without worrying about many of the aspects of retailing

Those consumers expect like visual merchandising.

Wholesalers do not want to deal with a large number of end-user customers. Rather, their goal is

To sell large quantities to a small number of retailing companies.

It is rare for a wholesaler to sell goods directly to consumers. The exception to that would be

Membership warehouse clubs like Costco, Sam's and Bj's wholesale. This members-only retail

Stores are a hybrid of wholesaling and retailing in that they sell directly to consumers, but they

Sell in large quantities, which often allows them to sell at prices that are lower than other retailers  
That sells in small quantities from impeccably merchandised stores in high-rent shopping districts.  
The big difference between wholesale and retail is in the price. The retail price is always more  
Than the wholesale price. The reason for this is because the added cost of selling merchandise to  
End-user customers - labor, rent, advertising, etc. - is factored into the pricing of the  
Merchandise. The wholesaler doesn't have to deal with such expenses, which allows him to sell  
Goods at a lower cost.

### **How Does The Retail Supply Chain Work?**

The retail supply chain consists of manufacturers, wholesalers, retailers and the consumer (end User). The wholesaler is directly connected to the manufacturer, while the retailer is connected to  
The wholesaler, and not to the manufacturer.

Here are the roles of the key players in a typical retail supply chain:

Manufacturers – Produce the goods, using machines, raw materials, and labor

Wholesalers – Purchase finished goods from the manufacturers and sell those goods to retailers  
In large bulk quantities

Retailers – Sell the goods in small quantities to the end-user at a higher price, theoretically at the  
MSRP (Manufacturers Suggested Retail Price).

Consumer – End user who buys the goods (or “shops”) from the retailer for personal use.

There are exceptions to this traditional supply chain, however. Some of the world's largest retail  
Companies like Walmart, and Amazon.com, for example, are large enough to deal directly with  
Manufacturers, without the need for a wholesaler in the middle of the transaction.

### **The Emerging Sectors in Retailing:**

Retailing, one of the largest sectors in the global economy, is going through a transition phase  
Not only in India but the world over. For a long time, the corner grocery store was the only

Choice available to the consumer, especially in the urban areas. This is slowly giving way to International formats of retailing. The traditional food and grocery segment has seen the Emergence of supermarkets/grocery chains (Food World, Nil iris, Ana Bazaar), convenience Stores and fast-food chains.

It is the non-food segment; however that foray has been made into a variety of new sectors. These include lifestyle/fashion segments (Shoppers' Stop, Globus, Lifestyle, and Westside), Apparel/accessories (Pantaloons, Levis, Reebok), books/music/gifts (Archie's, Music World, Crosswords, Landmark), appliances and consumer durables (Vies, Jain sons, Vasant & Co.), Drugs and pharmacy (Health and Glow, Apollo).

The emergence of new sectors has been accompanied by changes in existing formats as well as The beginning of new formats:

Hypermarts

Large supermarkets, typically 3,500-5,000 sq. ft.

Mini supermarkets, typically 1,000-2,000 sq. ft.

Convenience stores, typically 750-1,000sq. Ft.

Discount/shopping list grocer

The traditional grocers, by introducing self-service formats as well as value-added services such As credit and home delivery, have tried to redefine themselves. However, the boom in retailing Has been confined primarily to the urban markets in the country. Even there, large chunks are yet To feel the impact of organized retailing. There are two primary reasons for this. First, the modern Retailer is yet to feel the saturation' effect in the urban market and has, therefore, probably not Looked at the other markets as seriously. Second, the modern retailing trend, despite its cost-effectiveness, has come to be identified with lifestyles.

In order to appeal to all classes of the society, retail stores would have to identify with different Lifestyles. In a sense, this trend is already visible with the emergence of stores with an essentially `Value for money' image. The attractiveness of the other stores actually appeals to the existing Affluent class as well as those who aspire for to be part of this class. Hence, one can assume that



The retailing revolution is emerging along the lines of the economic evolution of society.

### **Why Is Retailing Is Important?**

Retailers are the final link in the supply chain between manufacturers and consumers. Retailing is important because it allows manufacturers to focus on producing goods without having to be distracted by the enormous amount of effort that it takes to interact with the end-user customers who want to purchase those goods?

Retailers should make the purchase of goods easy for the consumer. That's why retail stores have salespeople, why Internet shopping websites have customer service instant chat popups, and why catalogs have descriptions, photos, and toll-free phone numbers.

Retailing is about displaying products, describing the features and benefits of products, stocking products, processing payments and doing whatever it takes to get the right products at the right price to the right customers at the right time.

Some retailers offer additional services to the retail transaction like personal shopping consultations, and gift wrapping to add something extra to the retail customer experience and exceed the retail customer experience.