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## An overview of retailers

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### Abstract

Retail is the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Retailers satisfy demand identified through a supply chain. The term "retailer" is typically applied where a service provider fills the small orders of a large number of individuals, who are end-users, rather than large orders of a small number of wholesale, corporate or government clientele. Shopping generally refers to the act of buying products. Sometimes this is done to obtain final goods, including necessities such as food and clothing; sometimes it takes place as a recreational activity. Recreational shopping often involves window shopping and browsing; it does not always result in a purchase. Retail markets and shops have a very ancient history, dating back to antiquity. Some of the earliest retailers were itinerant peddlers. Over the centuries, retail shops were transformed from little more than "rude booths" to the sophisticated shopping malls of the modern era.

Most modern retailers typically make a variety of strategic level decisions including the type of store, the market to be served, the optimal product assortment, customer service, supporting services and the store's overall market positioning. Once the strategic retail plan is in place, retailers devise the retail mix which includes product, price, place, promotion, personnel and presentation. In the digital age, an increasing number of retailers are seeking to reach broader markets by selling through multiple channels, including both bricks and mortar and online retailing. Digital technologies are also changing the way that consumers pay for goods and services. Retailing support services may also include the provision of credit, delivery services, advisory services, stylist services and a range of other supporting services.

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### Introduction

Retail refers to the activity of selling goods or services directly to consumers or end-users. Some retailers may sell to business customers, and such sales are termed *non-retail activity*. In some jurisdictions or regions, legal definitions of retail specify that at least 80 percent of sales activity must be to end-users.

Retailing often occurs in retail stores or service establishments, but may also occur through direct selling such as through vending machines, door-to-door sales or electronic channels. Although the idea of retail is often associated with the purchase of goods, the term may be applied to service-providers that sell to consumers. Retail service providers include retail banking, tourism, insurance, private healthcare, private education, private security firms, legal firms, publishers, public transport and others. For example, a tourism provider might have a retail division that books travel and accommodation for consumers plus a wholesale division that purchases blocks of accommodation, hospitality, transport and sightseeing which are subsequently packaged into a holiday tour for sale to retail travel agents. Some retailers badge their stores as "wholesale outlets" offering "wholesale prices." While this practice may encourage consumers to imagine that they have access to lower prices, while being prepared to trade-off reduced prices for cramped in-store environments, in a strictly legal sense, a store that sells the majority of its merchandise direct to consumers, is defined as a retailer rather than a wholesaler. Different jurisdictions set parameters for the ratio of consumer to business sales that define a retail business.

### Importance of Retailing

The retailer is an intermediary in the marketing channel because he is both marketer and customer, who sells to the last man to consume. He is a specialist who maintains contact with the consumer and the producer; and is an important connecting link in a complex mechanism of marketing. Though producers may sell directly to consumers, such method of distributing goods to ultimate users is inconvenient, expensive and time consuming as compared to the job performed by a specialist in the line. Therefore, frequently the manufacturers depend on the retailers to sell their products to the ultimate consumers. The retailer, who is able to provide appropriate amenities without an excessive advance in prices of goods is rewarded by larger or more loyal patronage.

### Different Types of Retail Stores

Here are some examples of the different types of retail stores where consumers can purchase products for immediate use or consumption.

- **Department Stores:** Sell a wide range of merchandise that is arranged by category into different sections of the physical retail space. Some department store categories include shoes, clothing, beauty products, jewelry, housewares, etc. Examples of department store retailers include Macy's, Nordstrom, and JCPenney, to name just a few.

- **Grocery Stores and Supermarkets:** Sell all types of food and beverage products, and sometimes also home products, clothing, and consumer electronics as well.
- **Warehouse Retailers:** Large no-frills warehouse-type facilities stocked with a large variety of products packaged in large quantities and sold at lower-than-retail prices.
- **Specialty Retailers:** Specialize in a specific category of products. Toys 'R' Us, Victoria's Secret, and Nike are examples of specialty retailers.
- **Convenience Retailer:** Usually part of a retail location which sells gasoline primarily, but also sells a limited range of grocery merchandise and auto care products at a premium "convenience" price from a brick-and-mortar store.
- **Discount Retailer:** Sell a wide variety of products are often private labeled or generic brands at below-retail prices. Discount retailers like Family Dollar, Dollar General, and Big Lots will often source closeout and discontinued merchandise at lower-than-wholesale prices and pass the savings onto their customers.
- **Mobile Retailer:** Uses a smartphone platform to process retail transactions and then ships the products that were purchased directly to the customer.
- **Internet Retailer:** Sells from an Internet shopping website and ship the purchases directly to customers at their homes or workplaces and without all the expenses of a traditional brick-and-mortar retailer, usually sell merchandise for a lower-than-retail price.

#### General services

##### The general services which a retailer provides are

1. The retailer anticipates the wants of the consumers and then supplies them the right kind of goods at reasonable price. His job is to make the consumers buying as easy and convenient as possible i.e. he acts as a consumers' agent.
2. He performs the service of bulk-breaking i.e. dividing large quantities into small units, such as individual cans, bottles, boxes, wrappers, packages, appropriate for consumer use.
3. He offers a large assortment of merchandise, of suitable size, colour, design, style and seasonal items-ranging from domestic utensils, household requisites to speciality goods.
4. He creates time and place utility by storing the products in off season and by transporting these goods to the places where they can be readily available as and when needed by the consumer.
5. He also assumes risks by guaranteeing the goods he sells to the consumer.
6. He also offers free delivery of goods, credit on open accounts, free alteration, liberal exchange facilities, instructions in the use of goods, revolving credit plans, and long term instalment programmes.
7. He adds to the convenience and ease of consumer purchasing by offering convenient shopping locations, market informations and other services such as free parking privileges, lessons on product use and a multitude of other facilities may be offered and found sufficiently desired to result in increased patronage.
8. He helps the producers in distributing their products by using advertisement display and personal selling.
9. The level of retail sales is one of the most useful barometers

Of the nations economic health. For example when sales of cycles pick-up, sales of steel and components also increase, as does employment and thus increasing purchasing power. But when sales go down, manufacturers cut back production, unemployment increases and retail sales also goes down.

#### Six strategies to help retailers navigate industry disruption

To stay competitive, many retailers have shifted their investment strategies over the past 10-20 years. They've moved from growth via new stores to growth via big investments in all areas of the business—for example, launching new digital sales models, acquiring other businesses, or transforming their fulfillment processes. The cost to increase market share continues to grow, and many retailers find themselves in a precarious position as they try to figure out how to win battles on multiple fronts.

Where should retailers focus their strategies in 2019 to help move to the right side of the tipping point? Those who can synchronize their bets to create harmony across the organization may be best prepared for what is to come.

#### Loyalty: Emotional vs. transactional

Retailers should look beyond tiered programs built around traditional loyalty and benefits—points, dollars off, gifts, mailers—that at best elicit “transactional” loyalty. In an industry shifting toward experience-based models, retailers should look to make emotional connections, not just transactional ones. With a genuine approach to driving consumer loyalty, retailers can optimize loyalty programs and make them even more valuable. Aligning the program with the values and the consumer conversation is imperative. Recently, loyalty programs have been expanding to focus on convenience (with home delivery or issue resolution) and experience (with exclusive events and limited-edition products).

#### Digital startups and funding

Digital startups are no longer playing in the shadow. They're addressing chronic issues faced by the retail industry through innovative offerings, personalization, authentic engagement, differentiated fulfillment, and more. And the amount of capital flowing to retail tech startups is allowing these companies to realistically compete with established players. To help offset the early gains made by these startups, traditional retailers will have to push ahead, blurring the lines between business development and corporate strategy. To acquire the next big idea, they might have to seek out guidance from specialists or through a scouting approach.

#### Emerging technologies

Gone are the days when IT strategy was limited to architecture, modernization, and enterprise resource planning (ERP) systems. Investment options, technologies, and vendors number in the thousands, making it challenging to navigate and hone in on the next big thing. Ultimately, retailers should figure out how to scale these solutions and embed them into their way of doing business. To leverage the true power of next-generation technologies, retailers should make some significant changes. They should be able to consistently mine the data they collect, transform their operations to deliver on the brand promise, and adapt to the future of work.

### **Leadership lessons from China**

To build a competitive advantage, retailers should consider looking at global cross-industry trends and build capabilities that can shape consumer experiences. For example, in China, consumers and the retail market have skipped a generation of technology: Next-gen technologies in the United States are yesterday's technologies in China. Retailers should be looking at the leaders in China to better understand the art of the possible in emergent areas such as online-to-offline, last-mile delivery, supply chain as a service, social commerce, and the implications of advanced public and private infrastructure.

### **Privacy by design**

For retailers, consumer data is a must-have. For years, the industry struggled with how to create and use data. Now companies are on the hook for what data they have and what it says about individuals. With regulation after regulation hitting the market, it's time retailers had their privacy compliance road maps in place. But compliance can also be a catalyst for reinventing personalization and having honest conversations with consumers. Integrity matters in creating loyalty, especially when it comes to dealing with personal identity.

### **Supply chain as a differentiator**

The supply chain is quickly becoming a way for retailers to offer consumers a differentiated service. But making the supply chain faster, more predictable, and cheaper is a difficult triad to manage simultaneously. As retailers buckle down and prepare for potentially challenging times ahead, supply chain improvements can be a significant growth driver. But rather than just investing in trends like automation smart packaging in reaction to competitors, retailers should think about accumulating long-term competitive advantages through wider supply chain strategies.

### **Retail strategy**

#### **Overview**

In the last two lessons, we have seen the meaning of retailing, functions and importance of retailing, and the overview of retailing. Further we have also seen various types of In - store and non store retailing in general and department stores chain stores and franchise in particular. In this lesson we will look into the function of strategy, elements of retail strategy, and achieving competitive advantage and positioning. Function of a strategy The primary purpose of a strategy is to provide a method, route, way or channel with the clear direction to follow in managing a business over the planning period. A successful strategy should satisfy three requirements.

- (i) First, a strategy must help to achieve coordination among various functional areas to the organisation.
- (ii) Second, strategy must clearly define how resources are to be allocated. At any level of the organisation, resources are limited. Strategy entails allocating resources to achieve the goals set with in the time frame.
- (iii) Third strategy must show how it can lead to a superior market position. A good strategy takes cognizance of existing and potential competitors and their strengths and weaknesses.

### **Retailers classified by marketing Strategies**

Whatever its form of ownership, a retailer must develop marketing mix strategies to succeed in its chosen target markets.

In retailing, the marketing mix, emphasizes product assortment, price, location, promotion and customer services designed to aid in the sale of a product. They include credit, delivery, gift wrapping, product installation, merchandise returns, store hours, parking and- very important personal service. We will now describe the classification of retail stores, paying particular attention to the following three elements of their marketing mixes:

- Breadth and Depth of Product assortment
- Price Level
- Amount of customer services.

### **Competitive advantage with special reference to physical facilities**

Another competitive advantage of retailers will be how they create physical facilities which represent the distribution element of a retailer's marketing mix. Some firms engage in non-store retailing by selling on hire or through catalogs or door to door, for example-but many more firms rely on retail stores. Firms that operate retail stores must consider four aspects of physical facilities.

#### **Location**

It is frequently stated that there are three keys to success in retailing: Location, Location, Location! Although overstated, this axiom does suggest the importance that retailers attach to location. Thus a stores site should be the first decision made about facilities. Considerations such as surrounding population, traffic and cost determine where a store should be located.

#### **Size**

This factor means the total square footage of the physical store, not the magnitude of the firm operating the store. These are much different factors. A firm may be quite large with respect to total sales, but each of its outlets may be only several thousand square feet in size.

#### **Design**

This factor refers to a stores appearance, both interior and exterior over its competitor.

#### **Layout**

The amount of space allocated to various product lines, specific locations of products and a floor plan of display tables and racks comprise the store's layout. As would be expected, the location, size, design and layout of retail stores are based on where consumers live and how they like to go about their shopping. Consequently, the bulk of retail sales occur in urban, rather than rural, areas. And suburban shopping areas have become more and more popular, where as many down town areas have declined

#### **Conclusion**

Competitive analysis is an important component of strategy development. Here retail positioning also play a vital role in the development of competitive strategy. Many approaches have been discussed and this lesson provides a framework that integrates several of these. The key ingredient in this lesson is evolving retail strategy and how it should be used to achieve competitive advantage over its rival retail shops.

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