

Retailing

According to Lamb, Hair & McDaniel, (2011):

“Retail (or retail) sales, i.e. all activities directly related to the sale of goods and services for the final consumption of personal, non-business use, have improved the quality of our daily life. When we buy groceries, hair items, clothing, books and various goods and services, we participate in retail sales”.

The millions of goods and services that retailers provide reflect the needs and styles of American society.

Retail sales affect us all directly or indirectly. The retail industry is one of the largest employers; more than 1.6 million U.S. retailers employ more than 24 million people, nearly one in five U.S. workers.

Retail accounts for 11.6% of all U.S. employment and nearly 13% of all businesses are considered retailers under the North American Industry Classification System (NAICS). At the store level, retail sales are mostly small family businesses. Nearly 9 out of 10 retailers employ fewer than 20 workers and, according to the National Retail Federation, more than 90% of all retailers run only one store.

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Classification of Retail Operations

A retail establishment can be classified according to the property, service level, product variety and price.

Specifically, retailers use the last three variables to position themselves in the competitive market.

Ownership

Retailers can be broadly classified by form of ownership: independent, part of a chain or a franchise establishment. Retailers owned by a person or company and not operated as part of a larger retail institution are independent retailers. Worldwide, most retailers are independent, operating one or more stores in their community. Local florists, shoe shops and ethnic food markets usually fall into this ranking.

Store chains belong to an organization and are handled as a group. Under this form of ownership, the parent office handles numerous administrative tasks for the entire chain. The office also buys most of the merchandise sold in stores. Gap and Starbucks are examples of chains.

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Franchises belong to and are operated by individuals, but are licensed by a larger backup organization, such as Subway or Quiznos. Franchising combines the advantages of independent ownership with those of the chain store organization.

Level of Service

The level of service that retailers provide can be categorized along a continuous line from full service to self-service. Some retailers, such as exclusive clothing stores, offer high levels of service. They provide arrangements, credit, delivery, consulting, liberal returns policies, term purchases, gift wrapping and personal purchases.

Discount stores generally offer fewer services. Retailers, such as factory distributors and warehouse clubs, offer virtually no services.

Product Assortment

The third base used to position or rank stores is by the coverage and depth of their product line. Specialty stores, such as Best Buy, Toys "R" Us or GameStop, have the most concentrated product ratings, usually carry simple or limited product lines, but with considerable depth. On the other side of the spectrum, full-line discount stores handle wide varieties of goods with limited depth. For example, Target handles auto parts, home cleaning products and pet food. Although it usually handles only four or five brands of dog food. In contrast, a specialty pet shop, such as PetSmart, can handle up to 20 brands in a variety of flavors, shapes and sizes.

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Other retailers, such as factory distributors, can carry only part of a single product line. Nike stores sell only certain products of their brand. Specialty discount stores, such as Home Depot and Rack Room Shoes, handle a wide variety of concentrated product lines such as construction and home or footwear items.

Price

Price is the fourth way to position retail stores. Traditional and specialty department stores generally set the "suggested retail price". In contrast, discount stores, factory distributors and discount retailers use low prices as a major attraction for shoppers.

Choosing the Retailing Mix

Retailers combine elements of the sales mix into detail to devise a sales method that appeals to the target market. The mix of retail is the six p calls: the four Ps of the marketing mix (product, place, promotion and price) in addition to the presentation and staff.

The combination of the six Ps projects the image of a store, which influences consumer perceptions. Through these store impressions, shoppers' position one store in front of another. A retail marketing manager must ensure that the positioning of the store is compatible with the expectations of the target customers. Retail stores can be positioned in three broad dimensions: the

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service provided by the store staff, the variety of products, and the price. Management must use everything else (square, presentation and promotion) to fine-tune the basic positioning of the store.

REFERENCE:

Lamb, C., Hair, J. and McDaniel, C. (2011). Marketing. Ohio: Cengage Learning.