

MODULE - IV

Buying, Selling and Distribution



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RETAIL TRADE

You need a variety of goods for use in your day-to-day life. Where do you get all those goods? Are they all available in your local market? If not, then you must be buying those goods from the markets of the nearby town or city. Generally to buy goods as per your own choice you move from shop to shop and market to market. You may think why all these goods are not available in a single shop? Why are these goods not available at our doorstep? Yes, there are certain shops from where you can buy a variety of goods of different types as per your convenience. Goods of your choice can also be made available at your doorstep. You can also buy goods of your choice from the shops having no salesperson either to guide you or handover the goods to you. Are you surprised? You need not. You will learn how all this happens.



OBJECTIVES

After studying this lesson, you will be able to :

- state the meaning of retail trade;
- identify the different types of retail trade;
- enlist the various forms of different types of large-scale retail trade;
- enumerate the advantages and disadvantages of each type of large scale retail trade; and
- explain the meaning and different types of non-store retailing.

14.1 MEANING OF RETAIL TRADE

Small shopkeepers, who sell goods directly to the consumers, are called retailers. Pedlars, hawkers, one-price-shop or petty shopkeepers are all retailers. A retailer is the last link in the chain of intermediaries. He is an intermediary between the wholesaler and the ultimate consumer. He purchases from the wholesaler and sells in very small quantities to the consumers. He needs capital smaller than the wholesaler and usually, carries trade on cash basis. He does not specialise in any commodity and usually carries a large variety of goods in his stock. His activities are generally confined to the locality in which his shop is situated.

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14.2 TYPES OF RETAIL TRADE

You have learnt about retailers in the previous section. You may be under the impression that Retailers are small shopkeepers trading in the nearby locality. However, you will be surprised to know that starting from hawkers and street traders, to super bazaars, departmental stores and Multiple shops, all undertake retail-trading business in our country. We can classify this retailing Business into two categories.

Small-scale retail trade; and b. Large-scale retail trade.

Small-scale retail trade is one where a limited variety and also limited quantity of goods are sold within a local area. It requires less capital and provides goods to a limited number of customers. On the other hand, large-scale retail trade is one where capital investment is more and it deals with large volume of goods. It caters to the needs of a large number of customers. Super bazars, Departmental stores and Multiple shops are examples of large scale retail trade organization.

In this lesson you will learn the details about small-scale retail trade.

Small-scale Retail Trade

There are varieties of retailers engaged in small scale retail trading. They can be classified as:

- (i) Itinerant Retailing
- (ii) Fixed Shop Retailing

(i) Itinerant Retailing

Itinerant retailing is a type of small-scale retail trade in which retailers move around and sell a variety of items directly to the consumers. They do not have a fixed shop where they can sell. You must have seen them distributing newspapers early in the morning; selling peanuts, bangles, toys etc. in buses and trains; selling fruits and vegetables in your locality using a cart, selling icecream, namkeens etc. on a cycle, selling rice, earthen pots or even carpets by using a cart, etc. You can also see them on pavements in your locality. In towns and cities we come across different type of itinerant retailers. There are traders who sell their articles on fixed days at different market places. In villages these market places are called “Haat” and in towns or cities they are called “weekly bazars”. The itinerant retailing also includes persons selling articles from door to door. In most cases, the price of items is not fixed and mostly settled through bargaining. Moreover, in most cases the items sold are not branded products.

(ii) Fixed Shop Retailing

Here the retailers sell goods and services from a fixed place known as ‘shop’. These shops are usually located at market places or commercial areas or near



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residential localities. These shops normally deal with a limited variety of goods. The goods are stored as well as displayed in the shops.

On the basis of the type of goods which the fixed shops deal in, we can classify this form of retailing as under.

- a. General store or variety store
- b. Single line store
- c. Speciality store

Let us know the details about these stores.

a. General store or Variety Store

These stores, as the name suggest, deal with a variety of items of general use. They sell products mostly required by people for their daily use. For example, in a variety store you can find different items on toiletry, hosiery, biscuits and snacks items, grocery, cosmetic, gift items and stationery, etc. Normally these retailers make direct sale by cash only.



General Store

However, for their regular customers, these retailers may give discount, provide credit facility and also deliver goods at the customer's house free of charge.

b. Single line Store

These stores deal with a specific line of goods. You must have seen medicine shops, bookshops, toy shops, ready-made garment shops, etc. These are all single line stores. They sell goods of different size, brands, designs, styles and quality of the same product line.



Medical Store (Single Line Store)

c. Speciality Store

These stores deal with products of specific brand or company. All varieties of any particular brand or manufacturers are made available in these stores. You must have seen stores, like woodland shoe shops where products starting from shoe to apparel produced by woodland company are made available to the customers.



Ladies Shoe Shop (Speciality)


INTEXT QUESTIONS 14.1

Match the Column A with the statement given in Column B :

Column A

- (i) Super Bazar
- (ii) Itinerant retailer
- (iii) Speciality Store
- (iv) Variety Store
- (v) Single Line Store

Column B

- (a) Deals in goods of one brand only.
- (b) Sell different varieties of the same product line.
- (c) Large variety of goods of general use.
- (d) Large-scale retail trade.
- (e) Sell articles on carts.

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14.3 MEANING OF LARGE - SCALE RETAIL TRADE

Suppose you want to buy new dresses, new shoes, some cosmetics and a number of goods of daily need. You visit one shop in the market to buy your dress, again for shoe, you visit another shop. Like wise, to buy all types of goods of your need you generally move from one shop to another. Sometimes goods of your choice may not be available in a particular shop. Then you need to visit other shops. Sometimes you may also face a heavy rush in the market. These are some general problems you may face in the local market.

To overcome all these problems, some of us may like to go to shops other than the small retail shops in the local market. For example, if we don't have sufficient time to visit different shops to buy the items of our need, we may like to find a shop where we can get most of our requirements and have a choice from different varieties. Or if we are very busy, we may want goods to be available to us at our home. Again, if we are in need of a well-known branded product, it may be convenient for us if there is a shop where we can get it at a reasonable price.

Is there any such shop in your local market where you can get all these facilities?

Actually these facilities are available in some retail shops in big towns and cities. They make available different types of goods under one roof. These shops are normally situated at central places and sell goods to a large number of customers. In some of these shops you will find a variety of goods and in some shops you will find goods of single type like shoes, shirts, etc. made by single manufacturer. All these shops buy goods in large quantities and sell them to individual consumers as retailers do. Sometimes big manufacturers also sell their products directly to the customers by opening their shops in different parts of the country.

Now can you tell what is the meaning of 'Large-scale retail trade'?

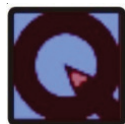


Large scale retail trade is a type of trade in which either single type of goods or a variety of goods are made available to a large number of consumers in a big shop under a single roof or may be made available at the convenience of customers.

FEATURES OF LARGE-SCALE RETAIL TRADE

The followings are some of the common features of large-scale retail trade.

- (i) It deals in a variety of goods of daily need and makes these goods available to the customers at their convenience.
- (ii) It purchases goods in bulk directly from the manufacturers, thus avoiding middlemen in the process of purchase of goods.
- (iii) It provides service to a large number of customers.
- (iv) The size of the shops/stores is comparatively bigger than the local retail shops/stores.
- (v) It requires huge capital investment to start and run the business.
- (vi) It generally sells goods to the customers on cash basis.



INTEXT QUESTIONS 14.2

Fill in the blanks with suitable words :

- (i) Sale of goods and commodities in _____ quantities directly to consumers is called retail trade.
- (ii) When a shopkeeper sells groceries and other items of needs to customers through his shop, he is engaged in _____ activities.
- (iii) When one or more types of goods are sold to customers through big shops it is called _____ retail trade.
- (iv) In large-scale retail trade, shops are located at _____ and sell goods to _____ number of customers.
- (v) Large scale retail shops may be opened by big _____ to sell their products directly to the customers.

14.3 FORMS OF LARGE-SCALE RETAIL TRADES

In India, generally we find the following types of Large-scale retailing business

- (i) Departmental Store
- (ii) Multiple Shops
- (iii) Super Bazar

Let us discuss the details about all these.

14.4 DEPARTMENTAL STORES

A Departmental Store is a large-scale retail shop where a large variety of goods

are sold in a single building. The entire building is divided into a number of departments or counters. In each department specific type of goods like stationery items, books, electronic goods, garments, jewellery etc. are available. All these departments are centrally controlled under one management.

Once you enter such a store you can do all your shopping by moving from one department to another. To encourage people to do all their shopping in one store, these stores also provide facilities like restaurant, telephone, toilets, ATM etc. for the conveniences of customers.



Departmental Store

The departmental stores are very popular in USA and Europe. In our country you can find such stores in big cities. *Ebony* and *Shoppers' Stop* in Delhi, *Spencer* in Chennai, *Kid's Kemp* in Bangalore are some examples of departmental stores.

Features of Departmental Stores

After getting an idea about a departmental store, let us identify its features:

- (i) These are generally located at the main commercial centres of the cities and towns, so that, customers from different localities can easily come to buy goods as per their convenience.
- (ii) The size of the stores is very large and divided into many departments or counters.
- (iii) Each department deals with particular type of goods, say, one department sells electronic goods, another sells ready-made garments, a third keeps food items, and so on.
- (iv) The management and control of all departments is centralised.
- (v) The Departmental Stores allows customers to enjoy shopping. It enables the customers to buy everything under one roof.
- (vi) Facilities such as restaurant, rest rooms, telephone, ATM (Automated Teller Machine), etc. are also made available to customers inside the store.
- (vii) These stores allow the customers to buy goods against a credit card.
- (viii) Customers may also avail of free home delivery facilities from these stores.

Advantages of Departmental Stores

Followings are the advantages of a departmental store:

- (i) **Convenience of shopping:** Since a large variety of goods are sold under one roof, you need not move from one bazaar to another or from one





shop to another to buy goods. It saves your time and effort. Also, for the convenience of the customers these stores provide toilet, restaurant, rest room and telephone service and ATM facility inside the store.

- (ii) **Wide choice of products:** A wide variety of products from different manufacturers are sold in these stores. Thus, a customer has a wide choice of goods from which he/ she can select the best product as needed.
- (iii) **Economies of large-scale purchase and sale:** Departmental stores buy goods on large scale. So it can bypass wholesalers and gets the goods directly from the manufacturers. This way it enjoys the benefits of discounts from the manufacturers. Again, due to large volume of sale, the cost of operations of business is also low.
- (iv) **Mutual advertisement:** While visiting departmental store customers are often attracted by goods displayed in different departments. Hence, there is a chance that the customers may buy goods other than those they originally had in mind. Thus, each department advertises for other departments.
- (v) **Efficient management:** Since these stores are organised on a large scale basis, they normally employ efficient and competent staff to provide best services to the customers. In spite of these advantages, the departmental stores have certain limitation also. Let us make note of these:

Limitations of Departmental Stores

The followings are the limitations of departmental stores:

- (i) **Heavy Investment:** Since departmental stores require large space for storing varieties of goods, huge amount of capital is required to start and manage a departmental store.
- (ii) **Distance from residential areas:** The departmental stores are normally located in places far from the residential areas. Therefore, customers from far away localities find it inconvenient to buy goods from these stores. Again, to buy goods of daily use, people prefer going to small shop situated in their residential areas.
- (iii) **High cost of business operations:** The cost of location (in the form of rent or purchase price of building), decoration of building, employment of large number of employees and provision of various facilities for the convenience of customers increases the operating cost of a departmental store.
- (iv) **High price:** High operating cost and better quality of goods lead to high price being charged for the goods in departmental stores.
- (v) **Lack of personal attention:** In departmental stores there is no direct contact between the owner and the customers. It is the employees of the store who interact with customers. The owners directly do not get information about the tastes and preference, likes and dislikes, of their customers.



INTEXT QUESTIONS 14.3

Whether the following statements relating to Departmental Stores are true or false, write 'T' for true and 'F' for false against each statement :

- (i) A departmental store is a retail shop where different goods are sold at different counters/ departments in the same building.
- (ii) The different departments like electronic goods, garments etc are managed separately for convenience of control.
- (iii) There is direct contact between the customers and the owner of the departmental store through various departments.
- (iv) Departmental Stores offer additional services to customers apart from the goods available for sale.
- (v) These stores are conveniently located in residential areas for the benefit of large number of customers.
- (vi) Departmental stores offer goods at high prices to customers due to the high cost involved in maintaining and operating the store as well as providing various facilities for customers.

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14.5 SUPER BAZAR

Super Bazar is another kind of large-scale retail organisation from where we can buy most of our household requirements for a week or a month on one visit. Let us learn about this form of large scale retailing system in detail.



A picture of Super Bazar

Meaning of Super Bazar

Super Bazar is a large scale consumers' co-operative store, which sells a wide variety of products like food items, vegetables, fruits, groceries as well as durable consumer goods all under one roof. It is formed with the objective of selling goods of daily necessity to its members and also to the general public at a reasonable price by eliminating the middlemen in the process of distribution.



Features of Super Bazar

The features of Super Bazar are:

- (i) These stores are set up in the form of co-operative societies.
- (ii) These are centrally located and also establish their branches near the residential localities. Some Super Bazars have their mobile van, which is taken to the residential areas for sale of goods.
- (iii) It deals in standard quality products only.
- (iv) These stores are often run on self-service basis. You can pick up the goods of your choice from the open shelves and take them to the cash counter for making payment. In some Super Bazars salesmen are also employed to assist the customer in the process of selection of goods.
- (v) These stores are managed by elected members of the co-operative society.
- (vi) Super Bazars purchase goods in bulk from the manufacturers or government agencies and sell them to the members and general public at a reasonable margin of profit.
- (vii) In Super Bazar goods are sold only on cash basis.
- (viii) The capital of Super Bazar is provided by the members of co-operative society.

Advantages of Super Bazar

Following are the advantages of super bazar.

- (i) **Variety of goods:** Super bazars deal with a wide range of goods of daily household need.
- (ii) **Quality goods:** It provides standard quality items to the customers. Chances of adulteration and duplication are not there.
- (iii) **Low Price:** Due to economies of large-scale purchase and avoidance of middlemen the goods are available at a cheaper price in super bazar.
- (iv) **Low operating cost:** In a super bazar normally services of salesmen and shop assistants are not available. This reduces the cost of operation.
- (v) **Benefits to members:** The members of the society get the goods at a concessional rate. In case of surplus or profits they also get dividend according to their share holding.
- (vi) **Freedom of selection:** A customer can find goods of different brands at one place. This makes comparison and selection easy. You can take your own time to select items of your choice.
- (vii) **State control:** In India most of the super bazars are controlled by Central and State Governments. This helps to maintain price and possibilities of creating artificial shortage of goods can be avoided.

Limitations of Super Bazar

Following are some of the limitations of super bazar:

- (i) **Heavy investment:** Super bazars require large amount of capital to start and run them.
- (ii) **Lack of efficient management:** Because of insufficient funds, benefits of professional management are not available to the super bazar.
- (iii) **No credit facility:** Goods are sold to the customers only on cash basis. Credit facility is not available to them.

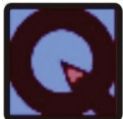


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14.6 DIFFERENCE BETWEEN DEPARTMENTAL STORE AND SUPER BAZAR

Let us see how super bazars are different from the departmental stores.

Basis	Departmental Store	Super Bazar
(i) Ownership	These stores are owned by private individuals	Super bazaars are owned by co-operative societies.
(ii) Facilities	Certain facilities like restaurant, toilet, telephone, etc. are made available to the customers.	No such facilities are made available to the customers.
(iii) Price of goods	Prices of goods are generally higher than market rate	Goods are sold at a cheaper rate in comparison to departmental stores.
(iv) Credit facility	Sometimes goods can be sold on credit basis.	Sales are made only on cashbasis.



INTEXT QUESTIONS 14.4

- I. Indicate whether the following statements about Super Bazar are right or wrong. Write 'R' for a right statement and W for a wrong one:
- (i) Like departmental stores, super bazars also sell a variety of goods in one building only.
 - (ii) They are organised as cooperative societies where the members provide the capital.
 - (iii) Goods are sold on credit basis for the convenience of members of the co-operative society.
 - (iv) Super Bazars cannot afford to hire professional managers leading to inefficiency in their operations.
 - (v) To provide goods at cheaper rates, super bazars offer inferior quality goods for sale.



- II. Identify the type of large scale retail trade the following sentence refer to :
- (i) Sale of goods is through different outlets located at different places.
 - (ii) Goods are generally available at a price higher than its market price elsewhere.
 - (iii) The stores are mostly controlled by a group of consumers.
 - (iv) A number of facilities are offered to customers apart from the product for sale.
 - (v) Goods of the same type are sold to customers.
- III. From the following sentences relating to large scale Retail Trade choose the suitable word(s) from those given in brackets :
- (i) Goods are generally purchased in bulk from _____ (manufacturers, middlemen) for sale to the consumers.
 - (ii) Goods are made available to consumers mostly _____(under same roof, in different shops)
 - (iii) It sells goods to _____(limited, large) number of customers.
 - (iv) Goods are sold on _____ (credit, cash) basis to customers.
 - (v) The amount of capital investment required in large-scale retail trade is _____ (mostly equal to, much greater than) the capital investment in local retail shops.

14.7 MULTIPLE SHOPS

In the previous section, we learnt that in a departmental store, the whole business is carried on in one building and the customers are drawn to it. Now we shall read about multiple shops under which customers are approached by big manufacturers, by setting up shops near customers. Have you ever observed that there are some retail stores running in your town / city having the same name, same design and dealing in the same type of products under a single brand name?



A Picture of Multiple Shops

**Notes**

Yes, you may say, there is Bata Shoe shop, HMT watch shop, McDonalds restaurant, etc. These are the multiple shops. They sell similar range of commodities at the same price in all their shops.

These shops are usually owned and run by big manufacturers / producers. They open a number of branches at different localities in a city or in different cities and towns in a country. Thus, these shops are also called 'Chain Stores'.

Features of Multiple Shops

To make the concept clear about this type of retail selling, let us learn the various features of multiple shops.

- (i) Under the same management and ownership these shops are operated at different places near the customers.
- (ii) All shops are decorated in the same manner to facilitate easy recognition by customers.
- (iii) Multiple shops deal in similar types of goods mostly of everyday use e.g., shoes, textiles, watches, automobile products, etc.
- (iv) The price is uniform in all the shops for similar items. The head office fixes the price. This practice avoids bargaining and cheating.
- (v) All multiple shops are managed and controlled by the head office.
- (vi) All multiple shops generally sell goods on cash basis.
- (vii) The goods are purchased or produced at a central place and then supplied by the head office to different branches for sale.

Advantages of Multiple Shops

The multiple shops offer the following advantages to buyers and sellers. Let us learn about them:

- (i) **Easy identification:** All multiple shops are often built alike. They have similar shop-front, display and decoration. This helps the customers to recognise the shops easily.
- (ii) **Elimination of middlemen:** Multiple shops are generally owned by big manufacturers. So the middlemen are eliminated in the distribution process.
- (iii) **Economies of large-scale:** These shops enjoy the benefits of large-scale purchase or production of goods. Also, due to common advertisement these shops are able to save on the cost of advertising.
- (iv) **Low Price:** The customers can get the goods at a cheaper rate because of low operating cost and elimination of middlemen in the process of distribution.
- (v) **No bad debts:** All sales are strictly made on cash basis. Hence the question of loss due to bad debts does not arise.

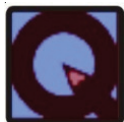


- (vi) **Public confidence:** Standard quality and uniform price of the products help in winning the confidence of customers. The customers get the genuine and standard goods directly from the manufacturer. The chances of duplication of goods and cheating do not arise in these shops.
- (vii) **Convenient location:** These shops are usually located in the main markets and in busy shopping centre. So the customers can buy goods of their choice easily from these shops.

Limitations of Multiple Shops

Inspite of all the above advantages, multiple shops also suffer from some limitations.

- (i) **Limited choice:** These shops deal in limited variety of products. So the choice of the customer is restricted to the brand of goods available in these shops.
- (ii) **No credit facility:** Since the sales are made on cash basis the customer cannot avail of credit facilities from these shops.
- (iii) **No bargaining:** The prices of the products are fixed by the head office. Individual shops have no control over it. So the customer cannot bargain with salesmen while buying the goods.
- (iv) **Lack of initiative:** These shops are generally managed by the branch managers and they follow strictly the instructions of the head office. Hence they generally do not take initiative and do not have any special interest in satisfying the customers.



INTEXT QUESTIONS 14.5

Fill in the blanks with suitable words relating to Multiple Shops:

- (i) Various shops selling similar range of products at _____ price and usually run by big manufacturers are called multiple shops.
- (ii) For easy identification, all multiple shops of the same manufacturer have similar display and _____ .
- (iii) Since all sales are on cash basis there is no risk of _____ .
- (iv) Due to elimination of _____ goods are available to customers at low prices.
- (v) The multiple shops are centrally managed by the _____ leading to lack of initiative on the part of branch managers.
- (vi) Customers get standard quality and genuine goods through multiple shops leading to public _____ in the products.
- (vii) Multiple shops provide _____ variety of products for customers through their branches.

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(viii) These shops provide _____ of location through their presence in main markets and busy shopping centre.

Difference between Departmental Stores and Multiple Shops

You have learnt about Departmental Stores and Multiple Shops as two different types of largescale retail trade organisation. Now you may give the difference between these two types and compare it with the answer given at the end of this lesson.

Basis Departmental Stores Multiple Shops

- (i) Location These stores are located at These shops are located the central places. at different location near the customers.
- (ii) Decoration Adopt different decoration as Uniform, decoration and decided by the owners. appearance as decided by the head office.
- (iii) Varieties of goods Deals in a wide variety of goods Deals in a few items of of different manufacturers. one manufacturer.
- (iv) Price of goods Price of goods is high and differs Price is uniform in all the from one departmental store to shops. another.
- (v) Credit facility Sometimes customer can buy Credit facility is not the goods on credit. available to the customer.

14.8 MALLS

These are the latest mode of retail trade. Here not only the consumer can purchase various goods and services but also get the facility of entertainment. He/She can spend his/her time there. The meeting for various purpose can be held here. Now a days these are also being used for arranging the reception party for marriages, birthdays, etc. These are the one place shop for various products and services.



A Picture of a Mall

Malls are basically buildings with many shops, selling different products to the consumers. Malls are generally associated for exquisite shopping experience they provide to the consumers. But there's more than just shopping to the malls. Malls these days are equipped with state of art of architecture comprising spacious shops which boasts of selling almost all kind of products of world renowned brands, be it clothing, crockery, toys, electronic equipment, there is no dearth of products in malls. These days malls stock up multitude of products and come up with



innovative strategies to sell them to the customers. Besides shopping there's are various facilities which are provided to customers.

14.9 OUTLETS

An **outlet store** or **factory outlet** is a store in which manufacturers sell their stock directly to the public. Traditionally, a factory outlet was a store attached to a factory or warehouse, sometimes allowing customers to watch the production process like in the original. In modern usage, outlet stores are typically manufacturer-branded stores where customers can buy goods at a low price as mediator are eliminated and goods are sold directly to customers. These stores provide a feeling of assured quality together will economy in purchase to customer.

14.10 NON-STORE RETAILING

You have learnt how Departmental Stores, Multiple Shops and Super Bazar, Malls and Outlets sell goods to large number of customers. In all these types of retailing you have to go to the shops in the market and buy goods as per your need. They have fixed business hours and you, as a customer have to come to buy within those hours. Do you think why not all goods of your choice are available at any time throughout the day? Why should you wait till the shopkeepers come and open their shop at 9 or 10 o'clock in the morning? Again you may also like to have the goods delivered at your doorstep.

Yes, all this is possible now-a-days because of technological advancement and better communication facilities. If you want to avail of all these facilities then the following retailing systems can help you.

- (i) Mail order business
- (ii) Tele-shopping
- (iii) Sale through automatic vending machine
- (iv) Internet shopping

Let us know the details of all these systems now:

Mail Order Business

If you want to buy some durable items it is not always necessary that you go to a fixed shop and get the goods from the seller. Look what is happening in the following pictures.





Procedure of buying goods through mail

An advertisement in the newspaper attracts the attention of a person to certain goods. He fills up the coupon and sends it to the seller. The seller receives orders and packs the goods. The seller sends the goods through the post office. The buyer receives the goods from the postman by paying the required amount. The seller later collects the money from the post office.

This is a system of sale by post and is known as Mail Order Business. It is also called shopping by post. It is a method of selling goods by producers or traders directly to the customers through post office. The seller advertises the products through newspapers, magazines, television, booklets, catalogues etc. to make the customer aware about the product. The advertisement contains detailed particulars about the goods and is designed in an attractive way to create an interest in the mind of the customers to buy it. The advertisement may contain an order form or coupon, which the customer has to fill up and send at the address of the mail order house. After receiving the order, the mail order house packs the goods properly and sends them through the post office. The post office delivers the goods at the buyer's place and collects the money from the buyer. Then it remits the money to the seller or sender of the goods.

Features of Mail Order Business

The followings are the features of mail order business.

- (i) The entire process is carried out through the postal system.
- (ii) Buying and selling takes place without any face-to-face contact between the buyer and the seller.
- (iii) Seller advertises the products giving detailed description of the goods, mode of payment, terms of sales, etc. in the newspapers, magazines, letters, catalogues, etc.
- (iv) Seller receives order from the buyer by post.
- (v) Seller sends the properly packed goods to the buyer through value payable post.



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- (vi) The seller receives payment through post office.
- (vii) No middleman is involved in the process.

Now you have some idea about this system of buying goods through mail. Do you think, you can purchase all varieties of goods through mail? Let us see which goods are suitable for mail order business.

Goods Suitable For Mail Order Business

Goods possessing following qualities are usually suitable for this kind of business:

- (a) Light weight goods and the ones that occupy less space. Bulky goods cannot be sold by this way.
- (b) Durable and non-perishable goods.
- (c) Goods having high demand in the market.
- (d) Goods having delivery charges relatively lower than their price.
- (e) Goods that are easy to handle.

Advantages of Mail Order Business

This system offers the following advantages:

- (i) The customers can easily purchase the goods while sitting at their place. It saves time and effort of the customers.
- (ii) Mail order business can be started with small amount of capital, as the businessman does not require to hold large stock of goods.
- (iii) Generally it assures the customers that they can get back their money if they are not satisfied with the product. This creates confidence in the minds of the customers.
- (iv) Mail order business is done on cash basis. There is practically no risk of bad debts.
- (v) It serves a wide market with a large number of customers.

Limitations Mail Order Business

The following are the main limitations of mail order business:

- (i) Credit facility is not available to customers.
- (ii) This type of business is not suitable for illiterates.
- (iii) The buyers do not have any option to check the goods before making payment.
- (iv) The place of the buyer should be connected through postal services.
- (v) This system requires wide spread advertising.

Tele Shopping

Today telephone has become an indispensable means of communication in business. You must have observed that the businessman near your locality

gives order for purchase of goods and also receives orders from the customers to send the goods to their home. This may happen in case of a fixed shop near your locality. But there are certain big business houses where all transactions take place through telephone. They contact the prospective buyers through telephone and persuade them to buy their products. In some cases they advertise their product on television or other media. They clearly explain the features and also make live demonstration of the products.



The price and code number (if any) of the products and the telephone number of the sellers are displayed on the screen. As a customer, you are supposed to dial the telephone number and give your order. They will deliver the goods at the desired place on receipt of the payment. This is tele shopping. Asian sky shop and tele-brands are the examples of those doing tele-shopping business in our country. Let us see what are the advantages of this system.

Advantages of Tele Shopping

- (i) It saves time, money and effort in placing a written order to buy the goods.
- (ii) It is a convenient method of shopping for people who are busy and do not have much time for shopping.
- (iii) It eliminates the role of middlemen in the process of distribution.
- (iv) Buyers can inquire about the terms and conditions of sale, mode of payment, packaging etc. from the sellers without visiting the seller's place.

Limitations of Tele Shopping

The following are the limitations of tele shopping:

- (i) Since orders are received orally on telephone, there is no record of dealings. Thus, disputes over terms and conditions of sale may be difficult to resolve.
- (ii) No facility is available for inspection of goods offered for sale. Hence the risk of fraud and dishonesty is unavoidable.
- (iii) The seller may provide misleading information regarding products to attract the customers.
- (iv) Credit facility is not available to the buyers.



**Notes**

Sale of Goods Through Automatic Vending Machine

Sale through automatic vending machine is another technique of selling goods. It provides round the-clock facility to the customers for purchase of goods. These machines are normally placed at convenient location, near railway stations, bus terminals, busy shopping centres etc. By inserting a coin or token in the automatic vending machines, you can buy certain specified goods. This system of retailing is popular in foreign countries through which chocolates, milk, ice cream, soup, newspaper, etc. are sold to a large number of customers. In India this system is not very popular.



Advantages of Automatic Vending Machine

- (i) Operation of this machine is very simple. Even an illiterate person can operate it.
- (ii) The buyer gets specified quality in uniform weight at a fixed price.
- (iii) There is no risk of fraud and manipulation by the seller.
- (iv) It helps in saving time and effort of the seller.
- (v) No advertisement is required.
- (vi) The entire sale is for cash, hence there is no risk of default in payment by the buyer.

Limitations of Automatic Vending Machine

- (i) Initial investment in a machine is very high.
- (ii) The machine requires regular repairs and maintenance.
- (iii) Since the stock holding capacity of the machine is limited, it requires frequent loading of stock.
- (iv) The coins or tokens used for this machine are required to be collected periodically.

Internet Shopping

Shopping through Internet or Internet Shopping is a system of retailing of goods through the Internet. The seller or manufacturers provides all information regarding the product, its specification, uses, etc. through its website. As a customer you have to access the website and view different products according to your need. Then you can compare the price of similar products available and also give special instructions to the seller regarding the goods. You have to make all payments through your credit card. On receiving





your, order the supplier or seller delivers the goods at your place through postal service or courier. Thus, you can visit a world market, make best choice of goods and buy the goods of your need just by sitting at your home. For all these you need to have a computer at your home with Internet connection. You can also give order from the *cyber cafes*.. This type of retailing is also called 'on-line shopping'. This is suitable for selling books, magazines, journals, software, health and beauty care items, etc.

Advantages of Internet Shopping

- (i) Goods from international market can be purchased sitting at home.
- (ii) It saves time and effort of the customers.
- (iii) It is the quickest mode of retailing.
- (iv) The sellers find it economical because there is no need to keep large stocks of goods in their stores.
- (v) This system is very useful in foreign trade.

Limitations of Internet Shopping

- (i) It is not useful for those people who do not have knowledge of using a computer.
- (ii) It does not allow physical inspection of goods.
- (iii) Payments are required to be made through credit card, which the common man cannot afford to have.
- (iv) The pleasure of personal shopping is absent.



INTEXT QUESTIONS 14.6

- I. Whether the following statements are True and False, Wwrite 'T' for true statements and 'F' for false statements.
- (i) In mail order business, the seller approaches the customer through catalogues, magazines, television etc. to tell him/her about the product.
 - (ii) Mail Order Business can be successfully operated through telephone and television channels and does not require use of postal services.
 - (iii) Goods like jewellery, fruits and vegetables, foodgrains generally use mail order business for sale to customers.
 - (iv) Teleshopping saves time and effort as order can be placed over the telephone.
 - (v) Exchange of goods is easily possible in case of teleshopping.
 - (vi) Risk of fraud and dishonesty is present in Teleshopping as the consumer does not get the opportunity to inspect the goods before purchase.



- II. Fill in the blanks with suitable word(s).
- (i) To buy goods any time during the day or night, a convenient mode is _____ .
 - (ii) The desired goods can be bought by inserting _____ in the automatic vending machine.
 - (iii) Credit cards are used for purchase of products through _____ .
 - (iv) To buy books or magazines from anywhere in the world, _____ may be the preferred system of retailing.
 - (v) Advertisement about the product is not required in _____ .
 - (vi) Time and effort of _____ is saved in on-line shopping.
 - (vii) The limitation of automatic vending machine is that the _____ is very expensive.
 - (viii) Knowledge of computers is required to buy goods through _____ .
- III. Multiple Choice Questions
- i. The type of trade which is totally dependent up on advertisement is called :-
 - (a) Departmental Store (b) Mail Order Business
 - (c) Cooperative Stores (d) Multiple Store
 - ii. Which business deals in variety of goods under one roof and one management
 - (a) Departmental Store (b) Cooperative Store
 - (c) Multiple Shops (d) None of these
 - iii. The place where different types of shops are available within one building is called :-
 - (a) Multiple Shops (b) Departmental Store
 - (c) Super Bazar (d) Wholesale Market
 - iv. There is no need of salesman in
 - (a) Automatic Vending Machine
 - (b) Internet Shopping
 - (c) Departmental Stores
 - (d) Malls
 - v. Teleshopping is done through
 - (a) Telephone (b) T.V.
 - (c) Personal Visit (d) None of these

**WHAT YOU HAVE LEARNT**

- Retailers are the middlemen who buy goods from wholesalers or producers and sell them to consumers. They deal in goods in small quantities.
- Retailers perform the functions of buying, assembling and storage of goods, provide credit facility, render personal services, take risk, display the goods in stores or showrooms and also provide market information to the producers.
- Retail trade may be classified as small-scale retail trade and large-scale retail trade.
- Small-scale retail trade includes itinerants retailing or fixed shop retailing.
- Large-scale retail trade includes Departmental store, multiple shops and super bazaar where transactions take place in large volume.
- Retail the different types of fixed shop retail trade.
- Large scale retail trade is a process of trade in which either single type of goods or a variety of goods is made available to a large number of customers in a big shop under a single roof or may be made available at the convenience of customers. The main types of Large-Scale retailing business in India are (i) Departmental Stores, (ii) Multiple shops, and (iii) Super Bazar.
- A departmental store is a large-scale retail shop selling a variety of goods through different departments or counters in a single building. They are located at commercial centres in big cities and towns. Besides selling variety of goods these stores also offer facilities like restaurant, telephone, ATM, etc. for the convenience of customers.
- Multiple shops are shops of a single brand name selling similar range of commodities at the same price in all their shops. All shops are decorated in the same manner for easy identification and are centrally managed from the head office.
- Super Bazar is a large scale consumers' co-operative store where a wide variety of goods of daily household needs are sold under one roof to consumers at a reasonable price. They purchase goods in bulk directly from manufactures or government agencies and offer standard quality goods to consumers.
- Non-store retailing may be in the form of : (a) Mail Order Business (b) Tele shopping (c) Sale through Automatic Vending Machine and (d) Internet Shopping

Notes



- Mail Order Business is a method of sale of goods by producers or traders directly to customers by post. The seller reaches the customer through advertisements and the goods are delivered to the customer through post. This is suitable only for light weight, nonperishable goods that are easy to handle.
- Tele shopping involves contacting the customer over telephone or through television advertising, to inform about the product and its use. The customer places the order for the product over the telephone. This method of shopping saves time and effort of buyers. There is risk of fraud and dishonesty as the buyer cannot inspect the goods offered for sale.
- Goods may be purchased round-the-clock through automatic vending machines. Sellers place the machines at convenient locations like, bus terminals, shopping centres, etc. Customers can buy goods simply by inserting coins or tokens in the machine.
- Internet shopping involves getting information about the product from internet websites and placing the order over the internet. Goods may be delivered through post or courier and payment is made through credit card. Goods can be bought from any where in the world sitting at home through Internet shopping.

**TERMINAL EXERCISE**

1. Define 'Large-Scale Retail Trade'
2. Give two examples each of Departmental Stores and Multiple Shops in India.
3. What is meant by Super Bazar?
4. Give examples of four products that are suitable for sale through Mail Order Business
5. State any four advantages of Multiple Shops to buyers and sellers.
6. Explain any four advantages of Multiple Shops to buyers and sellers.
7. How are Super Bazars beneficial for customers? Explain in about 60 words.
8. Outline the procedure for buying goods through Mail Order.
9. In spite of being a convenient method of buying goods, tele shopping is not used by consumers very often. Why?
10. Explain any six features of Departmental Stores.
11. Distinguish between Departmental Stores and Chain Stores as large-scale retail organisations.
12. Discuss the common features of the different types of large-scale retail trade.



Notes

13. Explain the advantages and limitations of Internet Shopping for customers?
14. Sale of goods through Automatic Vending Machine is a system of retailing that offers a number of advantages to the seller and buyer. Discuss.
15. What is meant by 'Internet Retailing'?
16. Describe the different types of fixed shop retail trade.



ANSWER TO INTEXT QUESTIONS

- 14.1** (i) c, (ii) e, (iii) a, (iv) b, (v) d
- 14.2** (i) Small, (ii) retailing, (iii) large-scale,
(iv) central places, large, (v) manufacturers
- 14.3** (i) True, (ii) False, (iii) False, (iv) True, (v) False, (vi) True
- 14.4** I. (i) True, (ii) True, (iii) False, (iv) True, (v) False
II. (i) Multiple Shops, (ii) Departmental Store, (iii) Super Bazar,
(iv) Departmental Store, (v) Multiple Shops
III. (i) manufacturers, (ii) under same roof, (iii) large,
(iv) cash, (v) much greater than
- 14.5** (i) Same, (ii) decoration, (iii) bad debts, (iv) middlemen,
(v) head office, (vi) confidence, (vii) limited, (viii) convenience
- 14.6** I. (i) True, (ii) False, (iii) False, (iv) True, (v) False, (vi) True
II. (i) Automatic vending machine,
(ii) Coins/tokens,
(iii) Internet shopping/on line shopping,
(iv) internet shopping/on line shopping,
(v) Automatic Vending Machine,
(vi) Customers, vii. machine,
(viii) Internet shopping /on line shopping
III. (i) b, (ii) a, (iii) b, (iv) b, (v) a

ACTIVITY FOR YOU

Read the newspaper and find out from the articles and advertisements about the products being sold through:

- Departmental Stores
- Multiple Shoppes
- Chain Stores
- Mail Order Business