

## RETAILING

Retailing is the distribution process of retailer getting the goods (either from the manufacturer, wholesaler, or agents) and selling them to the customers for the actual use. OR

In simple terms, retailing is the transaction of small quantities of goods between a retailer and the customer where the good is not bought for the resale purpose. OR

Retailing is the sale of goods to end users, not for resale, but for use and consumption by the purchaser.

Retail involves the sale of merchandise from a single point of purchase directly to a customer who intends to use that product

### **Who is A Retailer?**

A retailer is a person or a business who sells small quantities of goods to the customers for the actual use.

Remember –

- Retail is a channel of distribution
- Retailing is a business process
- Retailer is business person

### **Retailing Types**

Retailing can be divided into **five** types. Here are the types of retailing that exists today –

- **Store retailing:** This includes different types of retail stores like department stores, speciality stores, supermarkets, convenience stores, catalogue showrooms, drug stores, superstores, discount stores, extreme value stores etc.
- **Non-store retailing:** Non-store retailing is a type of retailing where the transaction happens outside conventional shops or stores. It is further divided into two types – *direct selling* (where the company uses direct methods like door-to-door selling) and automated vending (installing automated vending machines which sell offer variety of products without the need of a human retailer).
- **Corporate retailing:** It involves retailing through corporate channels like chain stores, franchises, and merchandising conglomerates. Corporate retailing focuses on retailing goods of only the parent or partner brand.
- **Internet retailing:** Internet retailing or online retailing works on a similar concept of selling small quantities of goods to the final consumer but they serve to a larger market and doesn't have a physical retail outlet where the customer can go and touch or try the product.

- **Service retailing:** Retailers not always sell tangible goods, retail offerings also consists of services. When a retailer deals with services, the process is called service retailing. Restaurants, hotels, bars, etc. are examples of service retailing.

## What Is Wholesaling?

Wholesaling is the sale of merchandise in bulk to a retailer for repackaging and resale in smaller quantities at a higher price.

The buyer of wholesale merchandise sorts, reassembles, and repackages it into smaller quantities for direct retail sale to consumers. Due to the quantities purchased, wholesaler charge less per item.

Wholesaling is the buying/handling of products and services and their subsequent resale to institutional users and in some cases to final consumers.

### FUNCTIONS OF WHOLESALING

- (i) Enable manufacturers and service providers to distribute locally without making customer contacts.
- (ii) Provide a trained sales force.
- (iii) Provide marketing and research supports for manufacturers, service providers and retail or institutional consumers
- (iv) Purchase large quantities, thus reducing total physical distribution costs.
- (v) Provide warehousing and delivery facilities.
- (vi) Provide credit facilities for retail and institutional customers, whenever required.

### TYPES OF WHOLESALING

#### (i) Manufacturer Wholesaling:

In this case a firm has its own sales offices and wholesale activities are done at these offices. Sales office may be conveniently located in a market place. This type of arrangement is preferred when the manufacturer desires more control on marketing and/or customers who may be few in number and each is a key account.

#### (ii) Merchant Wholesaling:

Merchant wholesalers buy, take title and take possession of products for further resale. Merchant wholesalers may perform full range distribution tasks. They provide credit, store and deliver

products, after merchandising and promotion assistance, have a personal sales force, offer research and training support and provide all necessary information to customers and provide installation and after-sales services. This class is very commonly prevalent in durable consumer goods, pharmaceuticals and grocery items etc. Merchant wholesalers demand higher compensation for performing large number of functions

### **(iii) Agents and Brokers**

They perform various wholesale tasks, but do not take title of products, unlike merchant wholesalers. Agents and brokers enable a manufacturer to expand sales volume because of their special expertise and experience in the field.

Such agents and brokers may work for many firms and carry non competitive and complementary products in exclusive territories. Agents have little say on marketing and pricing. This class is prevalent in steel, cement, automobile