

ECONOMIC IMPACT OF CORPORATE RETAILING: CASE STUDY OF DIFFERENT FORMS OF RETAILERS

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ABSTRACT

*Retail Organization exhibit great variety and new forms keep emerging. There is store retailer, non store retailer, and retail organizations. Consumers today can shop for goods and services in a wide variety of stores. The most important retail store types is described as under perhaps the best known type of retailer is the department stores .Japanese department stores such as **Takashimaya** and **Mitsukoshi** attract millions of shoppers each year . These stores feature art galleries, cooking classes, and children's playgrounds. One reason that new stores types emerged to challenge old store types is given by the wheel of retailing hypothesis. Conventional retail store types typically increase their services and raise their price to cover the cost. These higher costs provide an opportunity foe new store types to emerge offering lower prices and less services.*

INTRODUCTION

There are many types of corporate retailers which are described as under:

1. Departmental Stores,
2. Multiple Chain Shops,
3. Super Bazaar,
4. Co-operative Stores,&
5. Other Corporate Retailers :
 - (a) Specialty Store,
 - (b) Convenience Stores,
 - (c) Discount Department Stores,
 - (d) Off-Price Retailers,
 - (e) Super Stores,
 - (f) Combination Stores,
 - (g) Hyper Markets,
 - (h) Catalogues Showroom,
 - (i) Category Killer,
 - (j) Outlet Stores,
 - (k) Warehouse Clubs,
 - (l) Super Warehouse Stores,
 - (m) Limited Assortment Stores,
 - (n) Whole Sale Club,
 - (o) Dollar Stores,
 - (p) Corporate Chain Stores,
 - (q) Voluntary Chain,
 - (r) Retailer Corporative,
 - (s) Franchise Organization,
 - (t) Merchandising Conglomerate,

- (u) Mail Order Houses,
- (v) Fixed /One Price Shops,

Above forms of Corporate Retailers are described as below:

DEPARTMENTAL STORES

The origin of departmental store took place in France. The first departmental store '**Bon Marche**' was started in Saint - Germain **Paris in 1850-1852**. These days, departmental stores have become very popular in almost all the countries. There after many departmental stores are established in **Europe** and **United States of America**.²

In the US, A.T.Stewart established the **Marble Dry Goods Palace**, where he offered retail merchandise at fixed prices, on a variety of dry goods and advertised a policy of providing a "free entrance" to all potential customers' similar developments were underway in London & in other parts of the world. By 1890, a new world of retailing had been created as department stores had a clear market position as universal providers. Some popular Departmental Stores in India are **Ampair stores in Delhi**, **Army and Navy stores in Madras**, **Kamllaya Stores in Kolkata,etc.**

It is a very oldest big form of retailer .when the idea of big retailing came to the businessmen they established a thought that there should be a place where the customer get maximum number of there necessary items as well as luxurious items and from that point of view they established a big retail store name Departmental Stores wherein from niddle to car will be sold for the facility of the customers where they get all the items their necessities under one roof.

In this several product-lines typically clothing, home furnishings and household goods with each line operated as a separate department managed by specialist buyers or merchandisers, Examples, Sears, JC Penny Nordstrom Bloomingdale's.

Meaning or Definition of Departmental Stores—

A departmental store is a large scale retail organization having a number of different departments under the same roof. Every department confines its activities to a particular line of business. These departments are centrally organized and controlled to form a single establishment or firm. The management of the entire department is centralized, but the stock of each department is handled separately.

MULTIPLE CHAIN SHOPS OR STORES

This is also a form of big retailing, the corporate produce their items and exhibit their produce in multiple chain shops .These shops are established in every cities of the states and these are controlled by single operating system and managed by corporate houses.

A multiple shops system may be defined as "a system of branch shops operating under a centralized management and dealings in similar lines of products." The multiple shops receive supply from the central office and remit the sale proceeds regularly to the central office. Each shop is allowed to retain a small amount of cash on imprest basis to meet its day-to-day expenses. Purchasing, pricing and advertising are done centrally. There is only decentralization of selling. The chain stores display goods in an identical manner and sell the same standardized merchandise. Bata, Mafatlal, DCM, and Tata shops are some of the examples of chain stores in India. Unlike departmental Stores, Multiple Stores deal only in a limited variety of products. For instance, DCM retail store deals in textiles only.

SUPER MARKET OR SUPER BAZAAR

It is also a form of corporate retailing wherein large scale sales are perceived large volume of sales are kept in mind or the bulk purchaser are encouraged to come to the market. In this market heavy machineries for production purpose and small items for small consumer purpose both are exhibited as to invite large as well as small consumers to purchase the items. Relatively large ,low cost, low margin,

high volume, self service operation designed to serve total needs for food, laundry and household maintenance products. Super Market earn an operating profit of only about 1% on sales and 10% on net worth, example, Kroger, Safeway, Jewel.

A super market or bazaar is a large retailing business unit selling only food and grocery items on the basis of low-margin appeal, wide variety and assortments, self-service and heavy emphasis on merchandising appeal.

A super market deals mostly food and grocery items and convenience goods like household goods, hosiery items, cosmetics, medicines and drugs, etc.

It is generally situated at the main shopping centre. Goods are kept in open racks, and the price and quality are clearly labeled on the goods. A consumer can make selection of goods moving from counter to counter and pick up the selected goods and place them in a trolley. After he has completed his selection, the trolley will be carried to the exit where the person computes the total charge and the buyer makes payment to the cashier and then takes delivery of goods. Thus, super market follows the policy of 'self-help' by the customers. The customer was not pressurized by the salesmen. That is why; many people are attracted towards the super markets.

Super market is organized on departmental basis and a customer can buy various types of goods under one roof. Super-Market can be differentiated from departmental store on the main ground that there are no salesmen at the super bazaar to deal with the customers. The customer are free to choose the commodities of their choice moreover, a super market does not offer certain services which are usually provided by a departmental store. For instance, a super market does not allow credit sales and does not provide free home delivery services.

Relatively large, low cost, low margin, high volume, self-service, operation designed to serve total needs for food, laundry and household maintenance products. Super markets earn an operating profit of only about 1 percent on sales and

10 percent on net worth. Example: Kroger, Safeway, Jewel.

CO-OPERATIVE STORES

Some big stores in the form of co-operative stores are prevalent in society this is actually not the establishment of corporate. These are established by a society of consumers covered under society Act. In this form of society of number of consumers is established. The society forms number of consumers as its member and the goods are sold to the members at cheap and suitable rates at one place. The members may purchase goods at reasonable price in one place eliminating the middlemen. The management of these stores is patronized by state government in mostly rural and semi-urban areas of the state fertilizers, seeds, agricultural tools and small machineries and other green crop items as well as commercial crop items.

Consumer's co-operative stores are organized under the co-operative societies Act and is owned and operated by the consumers themselves. The capital of the store is provided by the shareholders. The membership of the store is voluntary. The aim of the store is to provide service to the members and not the maximization of profit. The establishment of consumer's co-operative store is an attempt to eliminate middlemen who increase the cost of product to the consumers at reasonable prices. Since there are no middlemen, the consumers get products of good quality at cheaper rates.

The profits earned by the consumer's co-operative stores during a year are utilized for strengthening its reserve funds, for declaring a bonus to the members according to the value of purchases made by them. A part may also be utilized for social purposes.

"Consumer's co-operative stores are voluntary economic associations of consumers which are managed democratically for selling products and services relating to their democratic use."

-Prof. Rao.

CASE STUDY OF DIFFERENT FORMS OF RETAILERS

(a) Specialty Stores -

Narrow product line with a deep assortment, such as apparel stores, furniture stores, florists and bookstores. A clothing store would be a single line store, a men's clothing stores would be a limited line store and a men's custom shirt store would be a super specialty store. Internationally, most specialty retailers would operate in an area under 8,000 sq.ft. Some International examples, Athlete's foot, Tall Men, The Limited, The Baby Shop, The Gap, Ikea, High & Mighty, Big & Tall, etc. In India, specialty stores is one of the fastest emerging formats. Examples specialty stores in India include retail chains like Proline Fitness Station & Gautler Furniture.

(b) Convenience Store –

The most widely used definition is a store with a selling area of between 400 sq.m. & 2,500 sq.m. selling at least 70% food stuffs & every day commodities⁶. These are relatively small stores located near residential area open long hours seven days a week and carrying a limited of high-turnover convenience product at slightly higher prices. Many have added take sandwiches, coffee and pastries. The food marketing institutes defines this format as a small local stores selling mainly groceries, open until late at night or even 24 hours per day and is some times abbreviated to C. Stores⁷. The store size is ranges from 3,000 to 8,000 sq.ft. and they are targeted at customers who want to make their purchase quickly. Though convenience stores per se, do not exist in India the retail sector that have started coming up at petrol pumps in major Indian cities like HP Speed Mart and In & Out can be termed as convenience stores. A point to be pondered upon in the Indian context is whether our local baniya is similar to convenience stores. International Example of retailers who operates convenience stores like 7-Eleven, Circle K, Albert Heijn & SPAR.

(c) Discount Department Store –

Standard merchandise sold at lower prices with lower margin and higher volumes. True discount stores regularly sell merchandise at lower prices and offer mostly national brands. Discount Department Stores ranging from 80,000 sq.ft. to 1,30,000 sq.ft. offer a wide variety of merchandise including automotive parts & services, house holds, home furnishings apparels and beauty aids. Discount retailing has moved into specialty merchandise stores such as discount sporting-goods stores, electronics stores, and book stores. Ex. All purposes, Wall-Mart, Kmart, Specialty Circuit City, Crown Book Stores.

(d) Off-price Retailers –

Merchandise bought at less than regular wholesale prices and sold at less than retail; often left over goods over runs, and irregulars obtained prices from manufacturers or other retailers. Factory outlets are owned and operated by manufacturers and normally carry the manufacturer's surplus discontinued or irregular goods. Ex. Mikasa (dinnerware), Dexter (Shoes), Ralph Lauren (upscale apparel). Independent off price retailers is owned and sum by entrepreneurs or by division of large retail corporations. Ex. Filene's Basement, Loehmann's TJ Maxx.

(e) Super Store –

Average 35,000 square feet of selling space traditionally aimed at meeting consumer's total needs for routinely purchased food and non-food items. Usually offer the services such as laundry, dry cleaning, shoe repair, check cashing and bill paying. A new group called "Category Killer". Carry a deep assortment in a particular category and knowledgeable staff. Ex. Borders Books and Music, Petsmart, Staples, Home depot, IKEA.

(f) Combination Stores -

Combination Stores are a diversification of the supermarket stores into the growing drug and prescription field. Combination food and drug stores average 55,000 square feet of selling space. Ex. Jewel and Osco store.

(g) Hyper Market –

The word hypermarket is derived from the French word *hypermarche*, which is a combination of a supermarket and a departmental store. This retail business format have evolved since its invention by retailer Carrefour in Sainte Genevieve des Bois near Paris, in the year 1963⁸. A retail store with a sales area of over 2,500 sq.m. with at least 35% of selling space devoted to non-grocery products, is termed as a hypermarket⁹. Hyper Markets-range between 80,000 sq. ft. and 2, 20,000 sq. ft. and combine supermarkets, discount and warehouse retailing principles. Product assortment goes beyond routinely purchased goods and includes furniture, large and small appliances, clothing items and many other items, bulk display and minimum handling by store personnel, with discount offered to customers who are willing to carry heavy appliances and furniture out of the store. Hypermarket originated in France. Ex. Carrefour and Casino (France), Pycra, Continent and Alcampo (Spain), Meijer's (Netherland).

(h) Catalogue Showrooms –

Catalogue retailers usually specialize in hard goods such as house ware, jewellery and consumer electronics. A customer walks into this retail showroom and goes through the catalogue of the products that he would like to purchase. Some stores require the customer to right out the product code number and hand it over to the clerk, who then arrange for the product to be brought out from the warehouse for the inspection and purchase. Some of the popular catalogue retailers in the world includes: Agros, Service Merchandise and Best Products.

(i) Category Killer –

A Category Killer is a specialty retailer who offers a very large selection in the chosen product category and economical prices. Category Killers are successful because they focus on one category, they stock deep (e.g. Toy's RUs has 10,000 toy items in a store as compare to 3,000 in a departmental store), they buy and sell cheap and finally, they dominate the category. Internationally, the size of category killer ranges from 20,000 sq. ft. to 1,20,000 sq. ft.

Toys RUs and Staples are good examples of international category killers. As also the Chandana Bros saree chain in Nalli's in Chennai can be termed as a category killer in sarees Andhra Pradesh and Toys Kemp in Bangalore. Mumbai has one such category killer. The Loft 15,000 sq. ft. store catering to footwear alone.

(j) Outlet Stores –

Warehouse clubs ranging from 20,000 sq. ft. to 80,000 sq. ft. are typically the discount arms of major departmental stores such as Nordstrom, Rack and JC Penny outlet.

(k) Warehouse Clubs –

Warehouse clubs ranging from 1, 04,000 sq. ft. to 1,70,000 sq. ft. offer a variety of goods, in bulk, at wholesale prices. However warehouse club provide a limited number of product items (5,000 or less). This group includes retailers such as; Costco Wholesale, Pace and Sam's Club.

(l) Super Wholesale Store –

A hybrid warehouse / super store with 50,000 plus items and the full range of service departments, featuring high quality perishables and reduced prices.

(m) Limited Assortment Store –

A low price outlet with minimum service and fewer than 2,000 items. It features numerous private label products and is popular among food stamp recipients, seeking to stretch their limited dollars.

(n) Wholesale Clubs –

A retail / whole sale hybrid that offers consumers and small business, a limited and economical selection of food and non-food products. These measure about 1,20,000 sq. ft. ; 60-70% of the space is devoted to bulk sizes of both Grocery and GM/HBC Products.

(o) Dollar Stores –

A traditional format that sells 20-80% of groceries and other consumable products at discounted price¹¹.

(p) Corporate Chain Store –

Two and more outlets commonly owned and controlled employing central buying and merchandising and selling similar of merchandise. Strongest in Department Stores, variety stores, food stores, drug stores, shoe stores and women's clothing stores. Their size allows them to buy in large quantities at low prices, and they can afford to rise corporate specialist to deal with pricing, promotion, merchandising, inventory control and sales forecasting. Ex. Tower Record, Fayva, Pottery Bars.

(q) Voluntary Chain –

A wholesaler sponsored group of independent retailers engaged in bulk buying and common merchandising. Ex. Independent Grocers Alliance (IGA), True value Hardware.

(r) Retailer Corporative –

Independent retailers who set up a central buying organization and conduct joint promotion effort. Ex. Associated Grocers, ACE Hardware.

(s) Franchise Organization –

Contractual association between a franchiser (manufacturer, wholesalers, service organization) and franchisees (independent business people who buy the right to own and operate one or more unit in the franchise system). Franchising has been prominent in dozens of product service areas. Ex. MC. Donald's, Subway, Pizza Hut, Jiffy Lube, Meineke Mufflers, 7-eleven.

(t) Merchandising Conglomerate –

A free form corporation that combines several diversified retailing lines and forms under central ownership, along with some integration of distribution of distribution and management. Ex. Allied Domeq PLC operates Dunkin Donuts and Baskin-Robins, plus a number of British retailer and a wine and spirits group.

(u) One Price Shop or Fixed Price Shop –

A shop where price(s) of all the articles are the same is known as one price shop. Such shops keep a large variety of articles all of which are to be sold at the

same price. The customer is assured of being charged only a particular price per article and he is left free to choose whatever article he likes. This psychological approach greatly appeals to customers and succeeds with fairly good results.

The interest of the small shopkeepers may not hurt because in such a big country like India the strength of small shopkeepers is quit a great number and government considers that the existence of the small shopkeepers may prevail along with big corporate retailers in brief these corporate retailers are called in different names such as departmental stores, multiple stores, multiple chain shops, super bazaar, corporative stores, super stores, hyper markets, dollar stores, retailer corporative, franchise organisation, fixed price shop.

The brief discussion regarding these stores have been given in this chapter and the case study by different corporate houses such as ITC, Reliance, Bharti, Future Groups, Pantaloons, Bata has been provided to strengthen the discussion in detail and to cover the study more effective in practical sense. From the discussion it can be concluded that the corporate retailers working in different names doing the similar business in different names to cater the needs of poor, middle and rich. From the discussion it can be concluded that industrial form of retailers is prevailed all over the world in different names providing the same services to producers, customers, suppliers and different government agencies.

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