

Retail Formats

- **Non Store based Retailers**
- **Service Retailers**

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Non-Store Based Retailers

- ⦿ Non-store retailing is a form of retailing in which sales are made to consumers without using physical stores.
- ⦿ Non-store retailers are known by the medium they use to communicate with their customers, for example, direct marketing, direct selling, vending machines, and e-tailing.
- ⦿ Non-store retailing is patronized by time conscious consumers, consumers who can not easily go to stores, and compulsive buyers.
- ⦿ Most non-store retailers offer consumers the convenience of buying 24 hours a day, seven days a week and delivery at a location and time of their choice.

Non-Store Based Retailers

☉ Advantages of Non Store Retailing

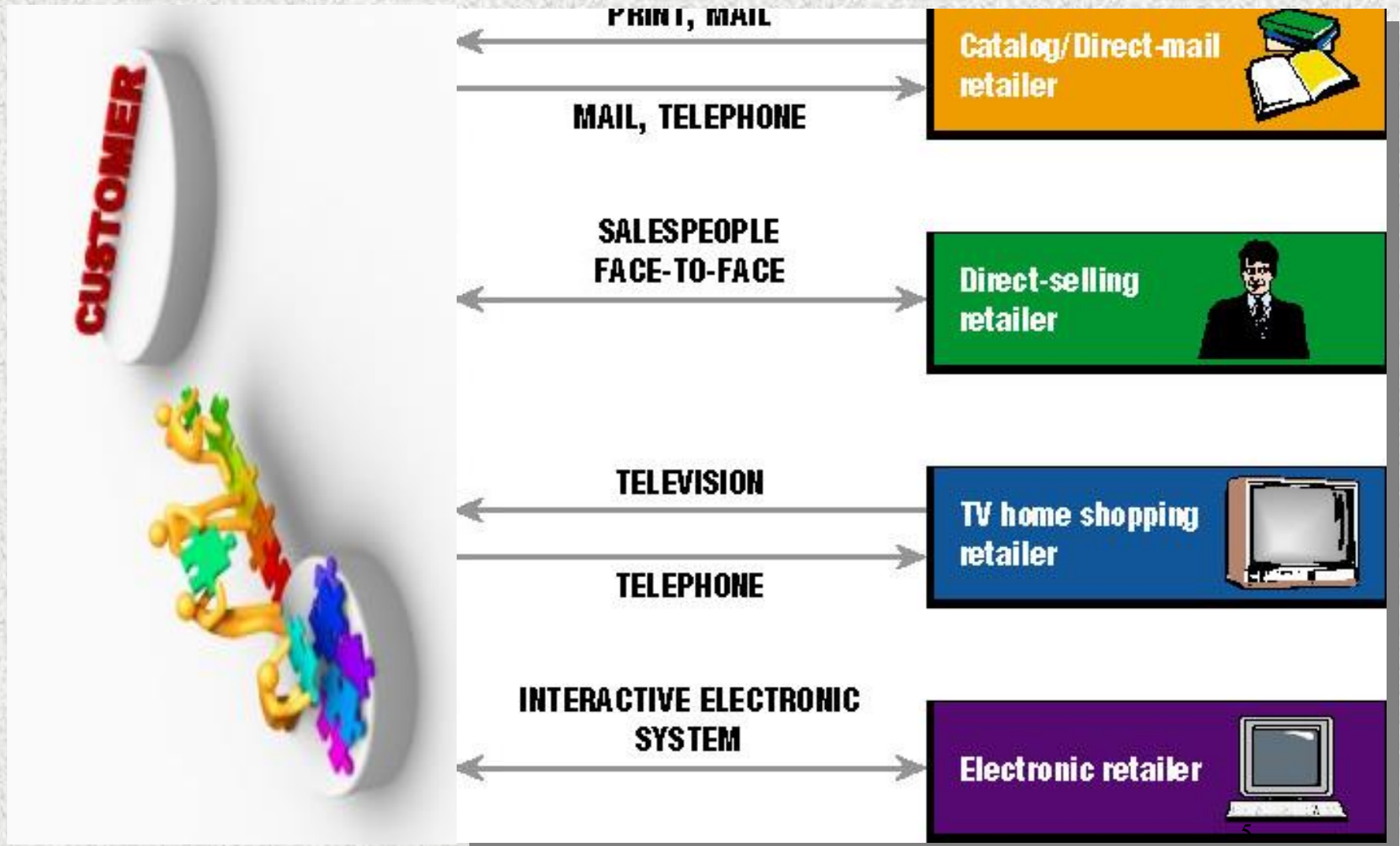
- Its freedom from a physical retail presence.
- The high fixed costs of operating retail outlets are eliminated.
- The breadth of customer coverage is considerably wider than is possible with an individual retail location.
- Companies do not have to spend large sums or dilute stock building new locations or acquiring them.
- This truly gives the non-store retailer a global market from a cheap, centralized location

Non-Store Based Retailers

⦿ Disadvantages of Non Store Retailing

- There is also the fear of credit card abuse and mail fraud, both related to the sense of detachment that not holding a prospective purchase brings.
- Deal with painfully slow connections.

Types of Non Store Retailers



Catalogue or Direct mail Retailing

Catalogue Retailing

- Customers view products from printed or online catalogues in the store and fill out an order blank.
- An associate arranges to retrieve the items from the warehouse or assures to deliver the same at 'Call and Collect' centre of customer's choice upon receipt of payment.



Catalogue Retailing

- ◉ Evolution of Multi-Channel Offering
- ◉ Hard to compete with large well established firms
- ◉ Increasing Mail Costs
- ◉ Consumers must place orders without seeing or touching the actual merchandise. To off-set this, direct marketers must offer liberal return policies.
- ◉ Price changes and new products can be announced only through supplementary catalogues or brochures.
- ◉ Direct marketing's future is difficult to forecast, given the rise of the Internet.
- ◉ Clutter from other Catalogs
- ◉ General merchandise catalogues like JC Penney over 1400 pages offering a broad variety of merchandise to over 16million customers
- ◉ Specialty Catalogues focus is on specific categories of merchandise like JC Whitney, Victoria Secret



Direct mail Retailing

- Communicate with the customers with letters and brochures



ellure plus *esante* *ellageo* *ellegante²*

15% off SALE
on any purchase of \$300. or more

baby lock

Baby Lock Store
181 S Plank Rd.
Newburgh, NY 12550
(845)565-5678

Offer valid until April 1st, 2009 9

Direct Selling

Direct Selling

- Direct selling is also defined as personal contact between a sales person and a consumer away from a retail store.
- This type of retailing has also been called in home selling
- The two kinds of direct selling are*
 - > Door to door
 - > Multi level Marketing

Direct Selling



Telemarketing

Telemarketing

Sometimes called telephone selling, telemarketing refers to a sales person initiating contact with a shopper and closing a sale over the telephone.



Television Home Shopping

Television Shopping

Customers at the comfort of their homes watch a TV program which demonstrates merchandise and then place orders and then place orders over telephone



Television Shopping

- Consumers watch cable stations, infomercials or direct response ads

Few consumers watch regularly

- Most purchases made by small proportion of viewers
- Customers can't examine merchandise
- Customers must wait for merchandise to come on
- Sells mostly jewelry, apparel, cosmetics, kitchenware, exercise equipment

Online Retailing

Online Retailing

When a firm uses its website to offer products for sale and then individuals or organizations use their computers to make purchases from this company, the parties have engaged in electronic transactions (also called on line selling or internet marketing).

Thus online retailing is one which consists of electronic transactions in which the purchaser is an ultimate consumer.



Autonomic Vending Machine Retailing

Vending Machines



The sale of products through a machine with no personal contact between buyer and seller is called automatic vending.

The large majority of automatic vending sales comes from the "4 C's" : cold drinks, coffee, candy and cigarettes.

Advantages and disadvantages:

- Vending machines can expand a firm's market by reaching customers where and when they cannot come to a store.
- Vending equipment is found almost everywhere, particularly in schools, work places and public facilities.
- Automatic vending has high operating costs because of the need to replenish inventories frequently.
- The machines also require maintenance and repairs.

E-Retailing

E-Retailing

◎ Bottlenecks Faced By E-Retailing in India:

➤ *(1) Problems with the Payment System*

- People in India are not used to the online shopping system and moreover the online payment system through the credit card is also totally alien to them.
- Different payment options should be made available to them like the credit card, cash on delivery and net banking to give them further assurance.

➤ *(2) Problems with Shipping:*

- The customers using the online shopping channel should be assured that the products that they have ordered would reach them in due time.
- For this the retail companies have resorted to private guaranteed courier services as compared to postal services

E-Retailing

◎ Bottlenecks Faced By E-Retailing in India:



(3) Offline presence:

- The customers should be assured that the online retailers are not only available online but offline as well.

(4) Products offered at discounted rates:

The online retailers save on the cost of building and employee salaries.

The customers should be conveyed this message that they are getting the products at a discounted price.

(5) Language Problem:

- Most internet retail shops use English as their mode of communication. English may not be comprehensible to the majority of the Indian population.
- To increase the customer base, content in the online retail shops should be provided in local language.

E-Retailing

- ◎ Another reason why the concept of e- retailing or online retailing has not gained prominence in India is that the Indians prefer to touch the products physically before buying them.
- ◎ This facility is provided through the multi-brand outlets, not available online.

Service Retailing

Service Industries

- ◎ Health Care
 - > hospital, medical practice, dentistry, eye care
- ◎ Professional Services
 - > accounting, legal, architectural
- ◎ Financial Services
 - > banking, investment advising, insurance

Service Industries

- ⊙ Hospitality

- > restaurant, hotel/motel, bed & breakfast,
- > resort, rafting

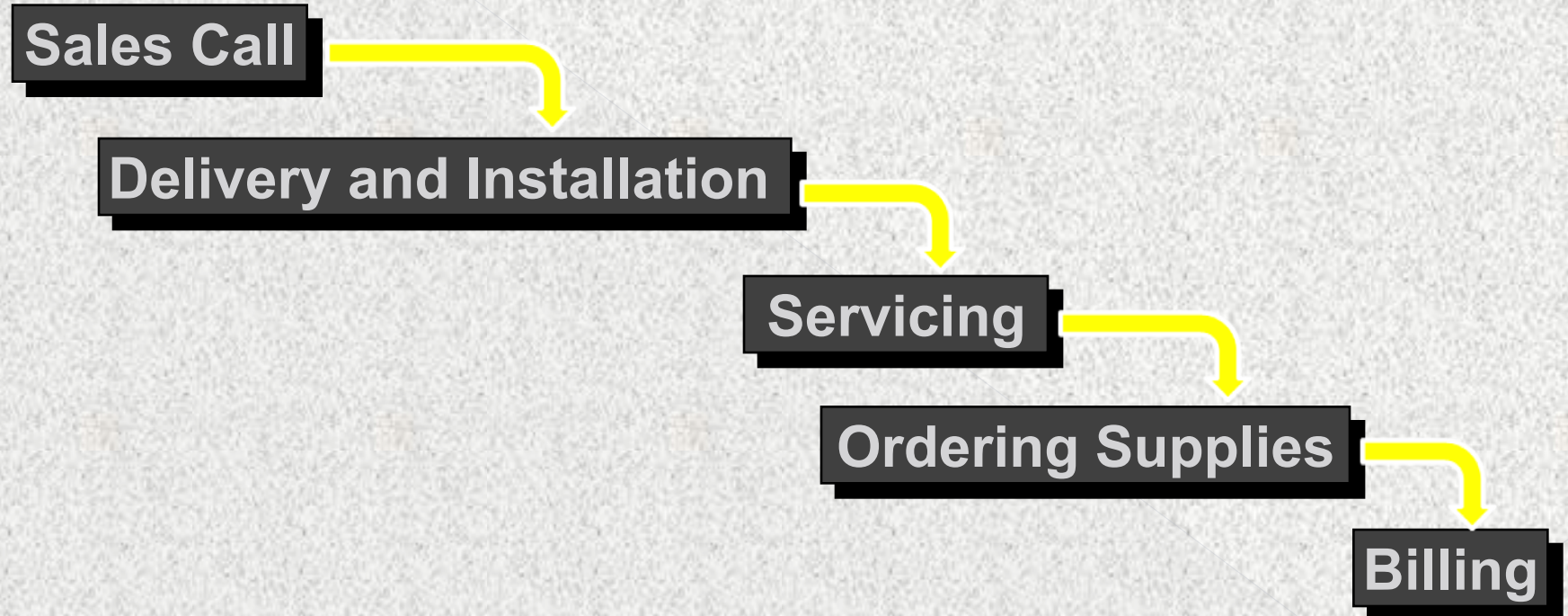
- ⊙ Travel

- > airlines, travel agencies, theme park

- ⊙ Others:

- > hair styling, pest control, plumbing, lawn maintenance, counseling services, health club

A Service Encounter Cascade for an Industrial Purchase



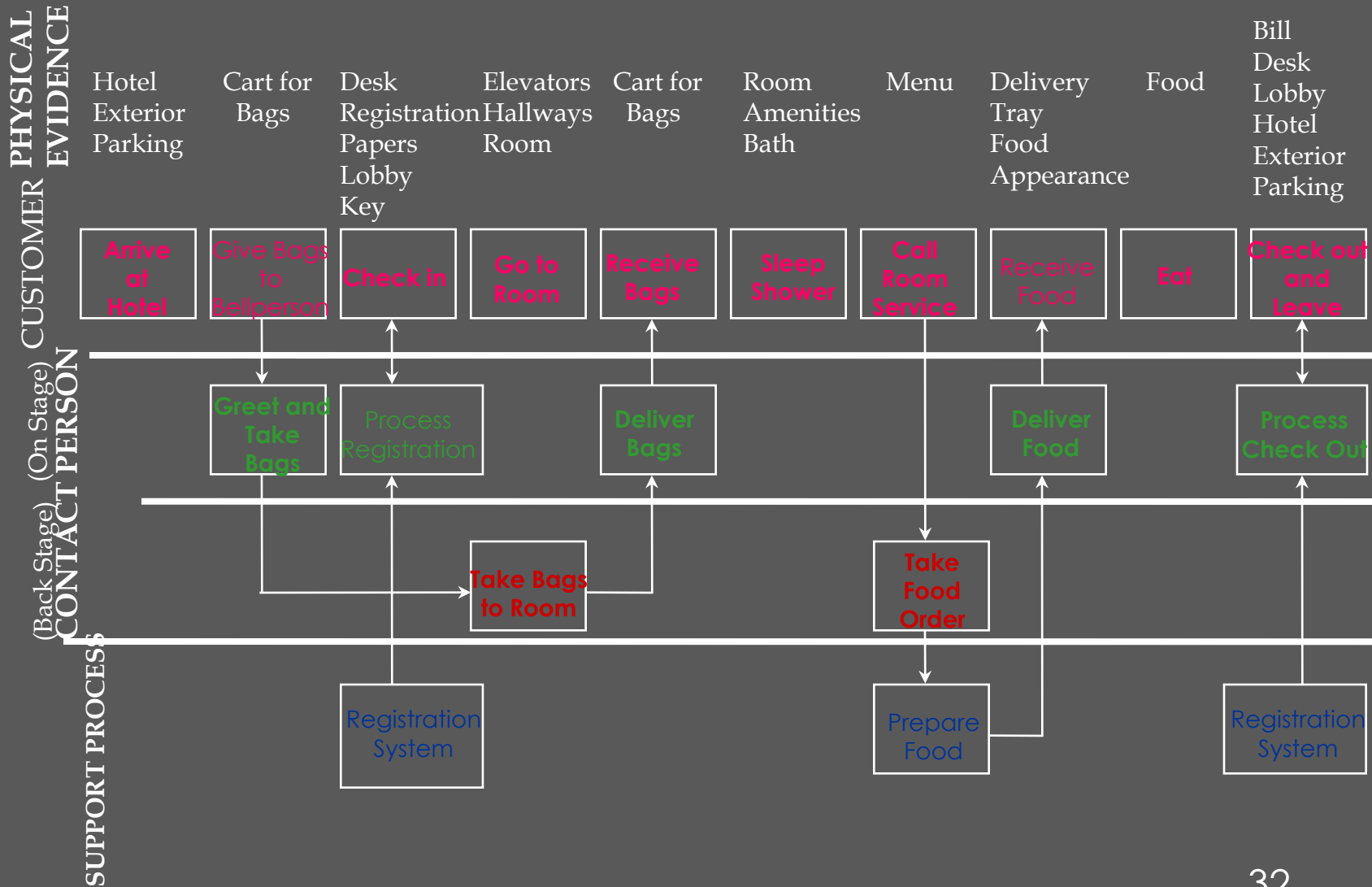
Overnight Hotel Stay

Trace the steps to an overnight hotel stay

A Service Encounter Cascade for a Hotel Visit



Overnight Hotel Stay



Differences between Services and merchandise retailers

Services vs. Merchandise Retailers

- **Intangibility**
 - -Problems in Evaluating Service Quality
 - -Performance of Service Provider
- **Simultaneous Production and Delivery**
 - -Need to create and provide for the services then and there
- **Perishability**
 - No Inventory, Must Fill Capacity
 - Cannot be saved, stored or resold
- **Inconsistency of the Offering**
 - -Importance of HR Management

Merchandise/Service Continuum

