

One Year Diploma, Retail Examination 2014
Model Answer

Subject:- Retail Formats

Paper Code:- 408104

Sets (I) / (II)

Q.1

Q.No.	Answer.
(i)	d
(ii)	a
(iii)	b
(iv)	d
(v)	c
(vi)	a
(vii)	d
(viii)	c
(ix)	c
(x)	b

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Sets (I) / (II)

2 (1) store format in retailing.

Retail format describes the nature of a retailer's operation. The type of merchandise and services offered by a retail operator are described under retail format. The resources of retailers and retail mix are ~~concept~~ analysed under retail format in order to satisfy the needs of its target market. So retail format is termed as a combination of various elements of retail mix. It is the interface between the retailer and customer. It is defined as the business model of a retailer. There are different retail formats for different needs of the customer. A shopper customer is interested in entering a particular retail format where those goods are found which he needs.

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2 (ii) Difference between departmental store and speciality store :-

A department store is retail format which carry a broad variety and large assortment of goods. It offers a pleasing ambience. ~~by~~ ~~organised~~ It is organised into different departments such as apparel, housewares, cosmetics, footwear, jewellery, toys sports items, watches etc. ~~It has~~ departmental stores are active participants in multi channel retailing.

~~Speciality stores~~

Speciality Stores is type of retail format which specialises in a specific range of merchandise and its related goods. It caters a specific requirement of goods. Speciality stores carry a narrow but deep assortments in a chosen category. So such retail format formulates strategy for a given product market. Many manufacturers open their own speciality stores.

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2(iii) Non-store retailing : its benefits

The term non-store retailing means that type of retail format where there is no proper location of the retail store. Non-store retailer attracts business by broadcasting of commercials, use of internet, publishing of catalogues, door-to-door direct selling and vending machines. Electronic (internet) retailing has been one of the most successful non-store retail format. There are many benefits of non-store retailing. Non-store retailers can avoid heavy capital investment on stores, inventory holdings etc. The ~~cost~~^{cost} maintenance of retailing is less in non-store format. Customers feel convenience for many items while purchasing through non-store format.

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3 (i) difference between store retailing and non-store retailing.

Store retailers operate from fixed point-of sale locations to attract a high volume of customers. Retail stores format have extensive displays of merchandise and use mass media advertising to attract customers. Customers can be comfortable in making purchases because they can feel the product ~~by~~ and verify various specifications of the product.

A non-store format does not provide the product in physical form before making a purchase. The ^{features of} products are displayed on internet, ~~best~~ catalogues, advertisements in T.V, etc. There is possibility of making a wrong decision. But non-store format provides a customer much more comforts because the customer can buy goods from their home by ordering through internet or phone calls.

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3(ii) classification of retailers on the basis of ownership of retailing :

There are different ownership structure in retailing :

- (a) Independent single ownership : Under this an individual person or corporate entity owns and operate a single retail unit. These stores operate in an independent manner.
- (b) corporate chain stores. A retail chain ~~store~~ consists of multiple retail outlet spread over various cities. The owner is a common one.
- (c) Franchising : Franchising refers to the business relationship between two organisations where a franchisor who is owner of a brand name permits a franchisee to use its brand. For this franchisor charges some contract fees.
- (d) leased stores : Big departmental stores give space on lease to some other retailers.

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3 (iii) service retailing, two examples of service retailing:

When a retailer sells service rather than physical goods then such retailers are known as service retailing. There are many organized outlet which provide customer ~~for~~ various services which a customer demands. service retailers are an important part of retail market such as cineplexes, health centres, consultancy services, Courier services etc.

The examples of service retailing may be VLCC (beauty clinics), Wave cinemas, Cox and Kings (tour operator) make my trip.com, etc.

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(4) Franchising : its benefits

Franchising is an arrangement between two business partners where one is known as franchisor and a franchisee. A franchisor is one who owns a brand or manufacturer of a product and permits the franchisee to use the name of brand & sell the products of franchisor. The franchisee pays some fees and may also pay certain percentage of gross sales for the use of rights to sale. Small business owner gain by being a part of a large, established brand name.

Franchising is one of the most successful marketing concepts. Franchisee outlets ~~account for~~ are growing very fast due to economic liberalisation.

There are many benefits of Franchising.

A franchisor can rapidly expand business without investing itself. In fact franchisee has to invest on land, building, equipments etc.

A franchisor makes use of local relationship and knowledge of the franchisee for better capture of

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of markets. *

The franchisor can grow rapidly through franchising and achieve economies of scale and undertake national level advertising and promotion. A small retailer may not afford this.

Franchising is also beneficial to franchisees because ~~to~~ it can use a famous brand name and sell ~~as it~~ it without making any investment on advertising and other selling promotions.

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(6) main difference between single channel retailing and multichannel retailing :

Under single channel retailing there is a single mechanism that single retail format used for selling. It is operated during fixed hours and the place is also fixed. The catchment area for consumer is also confined to the periphery of the store that is the consumers and visitors of the store generally come from a radius of few kilometers of the store. The variety of goods are also limited in nature because of the limited space of retail store. The cost of operation of business - in terms of rent, human resource cost, ^{cost on} visual merchandising, lightings, fixtures etc, are very high. The ~~the~~ single channel retail store has to be opened in a viable locality where purchasing power of the surrounding ~~area~~ must be considered.

In case of multichannel retailing a retailer uses more than one channel for selling goods and

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services. ~~it is called~~ The same retailer ~~also~~ uses internet, kiosks, catalogues, vending machines besides store-based format for selling its goods. The multichannel retailers are independent of time and place for their operations. The area that they cater is also very wide and not limited to few kilometers because through use of internet any consumer at any place of the world can be contacted. The location of operation can be any place which is less costly. The supply chain cost ~~has to be taken care of~~ and advertisement cost may be ~~more~~ very high since these are the main pillar of multichannel retailing. The product variety are also very wide as ~~only~~ the number of units of product can be stored in smaller number because there is no need of visual merchandising. Thus this format is getting lot of popularity due to consumer friendly retailing.

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