

Town and Country

BUSINESS PROGRAM

Retailing Is Everywhere

PURPOSE: To give members a view of retailing as a part of marketing and to observe how it provides employment and marketing services in every community.

- ★ You are thirsty. Your dime disappears through a narrow slot with a familiar click. You hear the reassuring whir from deep within the workings of the machine. The ice-cold bottle of pop is delivered ready to satisfy your wants of the moment for refreshment.
- ★ You study a mail-order catalog carefully. You can fill out an order blank for nearly anything from nails to furniture. Your goods are delivered to your door.
- ★ A door-to-door salesman knocks at your door. He sells directly to you and other residents in the community.
- ★ The service station attendant "fills 'er up" as you make ready for a vacation trip. Except to stretch, you don't have to get out of the car. (You might even use a credit card to defer paying for the gasoline.)
- ★ You casually push a cart down the aisles of a supermarket, stopping at the dairy case, meat counter, and grocery shelves. You select items from thousands of products.

EACH OF THESE examples — from vending machine to supermarket — illustrates a way of selling to the consumer. That's just what retailing is: selling goods and services to the ultimate consumers. You can name hundreds of examples of retailing. Retailing is so common to our everyday lives that we tend to overlook its tremendous contribution to our living. We often are unaware of the possibilities it holds for exciting and profitable careers.

THE RETAILER — Important Middleman

We have learned already that marketing involves the task of getting goods from the producer to the consumer. This complex job is done by middlemen organized into proprietorships, partnerships, corporations, or cooperatives, each being a different way of organizing a "team" for business purposes.

Now let's consider the retailer and the important person he is in today's business world.

The retailer is the last stage in the channel of distribution. He's the man or woman who provides a product or service for the consumer.

Retailing is a "key point" in marketing. It is one of the major institutions in the marketing structure. Usually, when you speak of marketing, you picture the retail store as you see it in your role as a customer. All your life you have been a customer. But now, we're going to look at retailing from another side — the retailer's side.

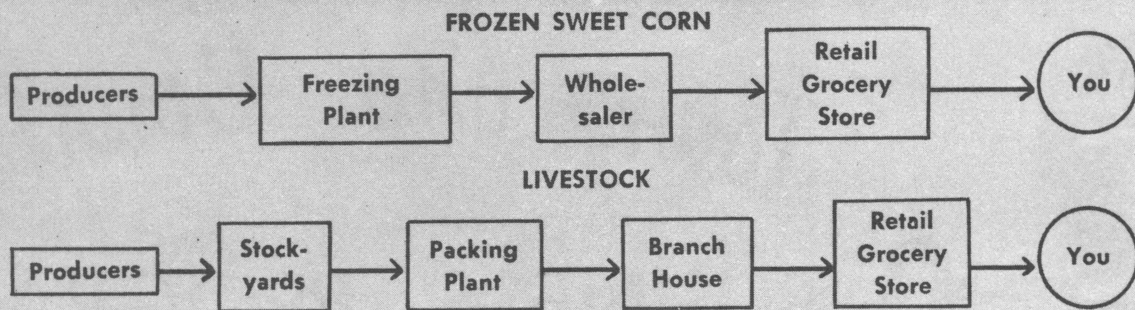
The diagram on the next page shows where retailing fits into the marketing channel, using frozen sweet corn and livestock as examples.

Examples of Retail Establishments

Using examples from your own home town, you'll recognize that the retailer is a merchant who specializes in selling to the consumer. He is also one of the middlemen who fits into the channel of distribution between the producer and consumer.

Let's now consider some of the important types of retail organizations that handle products from our farms.





Direct Sales and Roadside Markets

In certain sections of the country some farmers take their products directly to the consumers as with an egg route, or the consumer may drive out to buy directly at the farm or at the farm's roadside market. Here the producer is the salesman for his own product. The most successful ventures of this kind are located close to heavily populated areas where large groups of consumers are all potential customers. Sometimes, self-harvesting services are offered where consumers come to the farm and gather their own berries, peaches, apples, and vegetables.

Public Markets

In the public markets, groups of farmers display their products for sale to consumers. These markets may be on an open street, under a shed, or in a building. They may sell either wholesale or retail. Public markets are not so popular as a means of selling farm products as they were prior to World War II.

At one time the sellers at public markets were all farmers who displayed their goods on "market days." More recently, however, many of the spaces occupied in the public markets are held by individuals who specialize more in sales than in production.

A very small proportion of the total commodities produced on farms move through either roadside stands or public markets. Most farmers have found they can make more money by spending their time in planning and operating their farms, leaving the selling to other people. Some, however, manage their farm business so they can take advantage of direct marketing systems.

You can see by these examples that the farmer and his wife selling eggs directly to customers on an egg route, at a roadside stand, or in a public market are among the millions of people engaged in the fascinating retail trade.

Independent Stores

The independent store is usually controlled by individual ownership or management in the category of a proprietorship or a partnership. However, some large independent stores are corporations. Even though chain stores are becoming more important every year, independents are quite important in selling food and fiber to consumers.

The independent is especially important among eating places, hardware stores, and farm equipment

dealers. The owner is usually the full manager and may perform all the marketing activities of the business.

Independent stores have the advantage of close personal contact with customers, which is difficult for larger establishments. The "independents" can take advantage of this situation by providing goods and services designed to fit a selected group of consumers.

Voluntary and Cooperative Chain Groups

To take advantage of large-scale promotion for sales and services, popular brands and other management assistance, some independent retailers contract with wholesalers for these types of business aid. These arrangements are known as voluntary chain groups.

Some of the well-known voluntary chain groups handle groceries, hardware, and clothing.

Chain Stores and Chain Store Systems

A chain store is one of the retail units in a chain store system. A chain store system consists of four or more stores which carry the same kind of merchandise, are centrally owned and managed, and are supplied from one or more central warehouses.

Pioneers of retailing like J. C. Penney, F. W. Woolworth, B. H. Kroger, and George H. Hartford found that profitable stores could be developed by selling a large volume of goods at narrow margins. They also learned that savings could be made by operating a number of stores under one management.

As with many other aspects of marketing, chain stores developed to take advantage of specialization. Growing out of the general store, which handled crackers in a barrel and kraut in a keg, the modern chain store specializes in the kind of goods it handles. Even within the store, the departments are specialized. The food store has its special produce, meat, baked goods, and other departments.

Because we buy supplies of food almost every day for home use, we are most familiar with chain stores that sell groceries. But there are chain stores that handle many other kinds of merchandise—Shoes, hardware, drugs, variety merchandise, and auto parts—and they, too, are located in practically every community.

Local and sectional chains also operate in every community. Local chains are ones that have several stores in a single trade area; the sectional chain has stores in a larger geographical area.

Retailers in Your Community

List examples by name of local business firms
to illustrate each type of retailer.

1. Roadside Market _____
2. Public Market _____
3. Independent Grocery Store _____
4. Voluntary Chain _____
Grocery Store _____
5. Cooperative Chain _____
Grocery Store _____
6. Corporate Chain Grocery Store _____
7. Department Store
Chain _____
Independent _____
8. Grocery Supermarket
Chain _____
Independent _____
9. Variety Store
Chain _____
Independent _____
10. Drug Store
Chain _____
Independent _____
11. Restaurant
Chain _____
Independent _____
12. Shoe Store
Chain _____
Independent _____
13. Lumber — Building — Supplies _____
14. Hardware _____
15. Farm Supply and Equipment _____
Cooperative _____
Independent _____
16. Auto Supply
Chain _____
Independent _____
17. Furniture and Appliances _____

Supermarkets

Some member of your family probably goes to a supermarket regularly. We've come to think of the supermarket as a large, self-service store which has grocery, meat, produce, dairy, and housewares departments. Usually, the supermarket has a large parking lot to accommodate the mass of customers it serves.

Generally, these stores are cash-and-carry and appeal to customers with low price and a wide variety

of foods. Almost all stores operated by the chain companies are big enough to be supermarkets. However, supermarkets are not the exclusive domain of chain systems. Some supermarkets are owned and operated as independents. Many supermarkets are independently owned but are affiliated with one of the voluntary chain organizations.

Cooperatives and Retailing

In some ways you might consider the farmers' purchasing cooperative as a retail establishment. The

major purpose of the purchasing cooperative is to acquire supplies or services for producers at the lowest possible cost. The name implies a purchasing group. These supplies are frequently bought in large volume, giving the cooperative some of the characteristics of a wholesale business. Usually, any person can buy supplies at a co-op as he can at any other retail store.

A small number of consumer-owned cooperatives operate grocery stores and gasoline service stations. These retail establishments are owned by the buying members. They represent a very small proportion of the retail food and gasoline sales of the nation.

Department Stores

To buy an evening gown, a man's suit, a carpet, or pots and pans, you'll likely go to a department store. These retail stores handle a wide variety of goods for use by the consumer family. Each of these lines is carried in a specified department, such as piece goods, men's clothing, women's clothing, and home furnishings.

Some department stores are organized into chain systems and may even be mail-order houses. In recent years many of these mail-order houses have established retail outlets as well in many communities.

Some of the widely known names among department stores are members of a chain system; however, the independently owned department stores account for more than one-third of the sales.

Retailers in Your Community

Now that you have studied the types of retailing operations, try to list the ones you have in your community. This list will help you remember the various types of retailing. Notice that some of your examples can fit into different squares.

MERCHANDISING — Key to Retailing

The biggest job the retail merchant has is one of merchandising. Merchandising is the planning involved in marketing, to have the right merchandise at the right place, the right time, in the right quantities, at the right price. Only through skillful merchandising can the retailer serve the customers, turn a profit, and stay in business.

Merchandising is the planning phase of running the retail store. The good merchandiser looks at things from the customer's point of view.

As a result of merchandising (or market planning) many of the basic marketing jobs are performed.

SELLING is the primary job performed by the retailer, but buying must precede the selling. The retailer will buy wholesale in large volume—case lots and even car loads. From close contact with customers the retailer buys the type of merchandise best fitted to the customers he serves at the best

possible price. Indeed, *merchandise selection* is one of the major aspects of the retail business. The buyer for a retail store must answer these questions:

What should we buy?

When should we buy it?

Why should we buy it?

How should we buy it?

Where should we buy it?

The retail merchant *assembles* from millions of items available to him the ones he feels will best meet his customers' needs, wants, and desires.

TRANSPORTATION is not a major function of retailing, but many firms will have a truck or a fleet of trucks to haul products from suppliers and to provide delivery service to their customers. While most retailers prefer and usually receive products which have been previously graded, some grading may be performed in the produce department of the retail grocery firm.

Some of the big retail grocery chains also own *processing facilities* for meat packing, pasteurizing, canning, freezing, and baking.

Retailers attempt to reduce their *storage* operations to a bare minimum. However, it is obvious that storing is done on the shelves, in the stock rooms, and in the warehouses of larger retail food stores.

Financing and risk bearing play a part in the retail store, too. Money is invested in stocks and inventory as well as in building and equipment. Risk is involved whenever items are bought. There is always the risk that the product may not appeal to customers, may be improperly priced, go out of style, or deteriorate in storage.

The marketing information functions are conducted through *advertising* in local papers so consumers can know about prices, new products, and stocked brands.

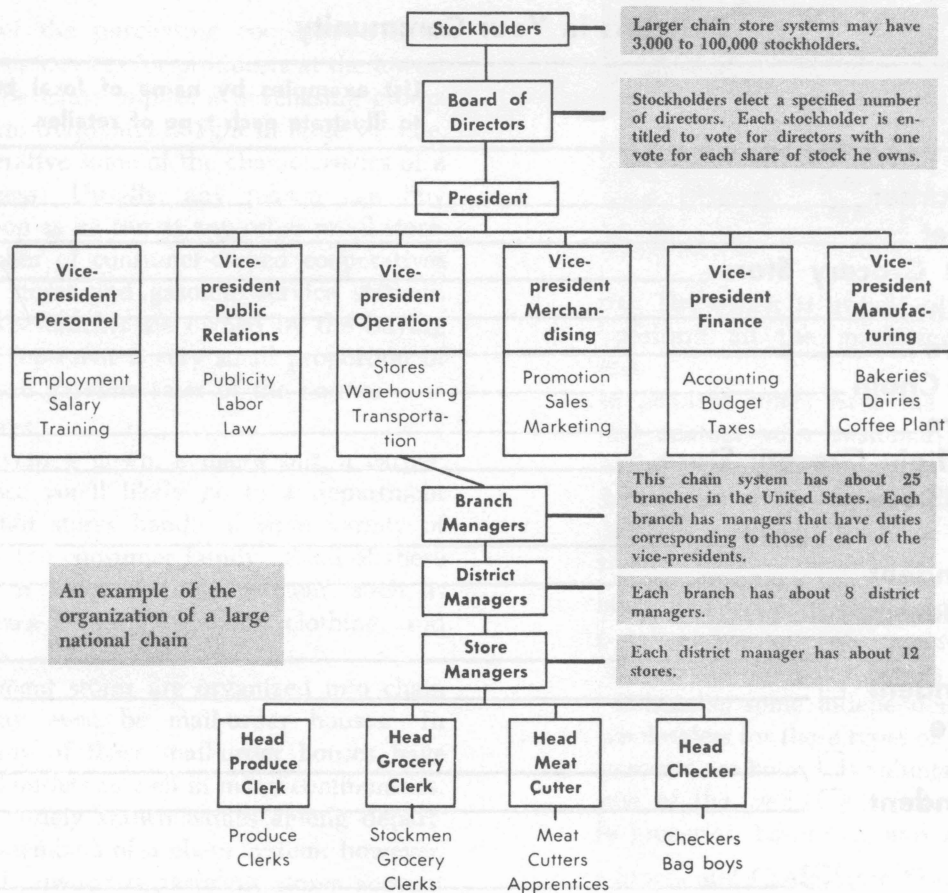
PACKAGING AND DISPLAY are among the most obvious of retail store features. Along with sales and service, they represent the very life blood of any retail business operation.

How a Large Corporate Chain Store Is Organized

The large national chain store organizations may have sales ranging from a hundred million to nearly five billion dollars. The number of employees in these large firms can range from several thousand to nearly 200,000. The owners or stockholders may reach the 100,000 mark.

To guide and direct a far-flung organization involving so many people and so much money, equipment, and supplies requires an organization as smoothly developed as a champion football team.

A study of the following diagram will give you an idea of the way a big marketing business (national chain) might be organized:



Job Prospects in Retailing

Retailing is second only to manufacturing in employment of people. More than 1,700,000 retail firms in the country employ nearly 9,000,000 people — one of the fastest growing parts of American business. Opportunities in retailing include a wide range of interesting jobs:

Buying	Accounting
Advertising	Insurance
Transportation	Finance
Personnel	Manufacturing
Public Relations	Sales Promotion
Industrial Relations	Real Estate
Store Operations	Construction
Food Technology	Law
Merchandising	Research
Warehousing	Taxation
Engineering	Packaging

You may feel that these kinds of positions are found only in the big food chains; but they are found also in department stores, variety stores, farm imple-

ment stores, purchasing cooperatives, and even restaurants, which also are a form of retailing.

Larger retail organizations offer regular training programs so employees are better prepared for their jobs. With this training you can take greater responsibility, leading to promotion and more pay.

While the small grocery store is rapidly disappearing, the chances of self-employment are as great in retailing as in any other field. Some of the nongrocery lines — apparel, hardware, and farm supply — are still predominantly owner-operated. Many small stores provide their owners with a good living, and you can start your own business with a minimum of capital.

Starting salaries usually are not high in retailing, but progress is rapid for the qualified and capable person. Too often, however, the salary scale in retailing is judged on the basis of part-time, seasonal, or student labor. These wages, of course, are lower than those paid the full-time career worker.

For women no field offers so many career opportunities as retailing. Over 37 per cent of all retail employees are women, and they hold nearly half of the executive positions in department stores.