



# RAMA UNIVERSITY

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## E-Content BCH-604 : Retailing Management

### Lecture 4

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# Chain retailer/ corporate retail chain

- When two or more retail outlets are under a common ownership it is called a retail chain. Chain Stores are groups of retail stores engaged in the same general field of business that operate under the same ownership or management, chain stores are retail outlets owned by one firm and spread nationwide.
- For example, Big bazaar, Shopper's stop, Monginis, CCD etc.

# Advantages Chain retail

- Bargaining Power with the suppliers
- Cost Efficiencies
- Operating Efficiencies
- Technical Abilities
- Advertising Availability

# Disadvantages

## Chain retail

- Time and Resources Spent on Long-run Planning
- Limited Flexibility
- Investments High
- Managerial Control is Difficult
- Limited Independence for Personnel

# Franchising

- A franchise is a contractual agreement between franchisor and a franchisee in which the franchisor allows the franchisee to conduct a business under an established name as per the business format.
- In return the franchisee has to pay a fee to the franchiser.
- For example: Pizza hut, McDonalds, etc.

# Franchisee Advantages

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- Small Capital Investment
- Brand Awareness
- Operation Procedures and Management Skills
- Reduced Marketing Cost
- Exclusive Selling Rights

# Franchisee Disadvantages

- Contract Provisions
- Cancellation Clauses
- Less authority in decision making

# Franchisor Advantages

- National or Global Presence
- Ownership Qualifications Set
- Stringent Rules for Franchisees
- Royalties Continue
- Smooth Operations

# Franchisor Disadvantages

- Intra-franchise Competition
- Injured Profitability
- Franchisee Desire for Independence

# Leased Departments

- These are also known as Shop in Shops.
- When a section or a department in a retail store is rented to the outside party it is called leased department.
- The licensor permits the licensee to use the property and in turn the licensee pays a fee to the licensor for using his property.

## Leased Department

- Fills Merchandise Advantages
- Enlarged Market
- Reduces Store Costs
- Increased Percent of Revenues

## Leased Department Disadvantages

- Conflicts in Operating Procedures
- Damaged Image

# Consumer co-operatives

- A consumer co-operative is a retail organisation owned by its member customers. The objective is to provide commodities at a reasonable price. For example: Sahakari Bhandar, Apna Bazaar etc.