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Analyzed document	Sales and Distribution Management Block 6.pdf (D168149949)
Submitted	2023-05-24 07:16:00
Submitted by	Satyaraj
Submitter email	cwplan@icfaiuniversity.in
Similarity	47%
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BLOCK 6: CHANNEL CONTROL AND INSTITUTIONS A firm must have the right mix of distribution channels that gives momentum to sales. As a firm expands it needs to evolve a suitable distribution strategy to balance between control and speed. The fifth block of the course on Sales & Distribution Management deals with concepts of controlling channels and provides an idea of the various channel institutions. The block contains five units. The first unit deals with evaluation of channel performance. The second unit discusses managing channel conflicts. The third unit discusses channel information systems. The fourth unit deals with different facet associated with wholesaling while the fifth unit of the block deals with different aspects of retailing and e-tailing. It is important to assess the performance of the distribution channels to understand whether the channels optimize sales by making the products available to the target market. The twenty fourth unit, Evaluating Channel Performance, focuses on performance measures in marketing channels. The unit also explains different models to measure channel profitability. The unit also examines channel members' contribution. Channel conflicts arise due to any grievance or clashes among the channel members. The twenty fifth unit, Managing Channel Conflicts, focuses on sources of conflict in channel management. The unit discusses the types and techniques for resolving channel conflicts. The unit also examines role of leadership power to resolve conflicts. It is important that there is organized flow of information within and between channel members to improve efficiency in channel operations. Armed with information channel members are better equipped to take informed decisions in their areas of responsibility. The twenty sixth unit, Channel Information Systems, focuses on the different elements of channel information systems. The unit also discusses the impact of information systems on channel flow and channel member relationships.

Wholesalers who buy goods in bulk and supply in smaller quantities to retailers is an important link in the supply of goods to consumers. The twenty seventh unit, Wholesaling,

discusses the importance of wholesaling. The unit explains different types of wholesalers. It also examines the strategic issues involved in wholesaling. The unit describes the trends in wholesale distribution and the impact of information technology on wholesaling. The unit also details the challenges in wholesaling.

Retailers perform marketing functions that facilitate customers to have access to an assortment of goods. The twenty eighth unit, Retailing and E-Retailing, focuses on the importance of retailing. It explains the evolution of retailing. The unit also described different types of retailers. It ends with a discussion on the strategic issues pertaining to retailing and e-retailing.

Unit 24 Evaluating Channel Performance Structure 24.1 Introduction 24.2 Objectives 24.3

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Performance Measures in Marketing Channels 24.4 Models to Diagnose Channel Profitability 24.5 Appraisal of Channel Members' Contribution 24.6 Result of Channel Performance 24.7

Summary 24.8 Glossary 24.9 Self-Assessment Exercises 24.10 Suggested Readings/Reference Materials 24.11 Answers to Check Your Progress Questions "

Be a

yardstick of quality. Some people aren't used to an environment where excellence is expected." - Steve Jobs 24.1 Introduction Companies while evaluating the channel performance should stick to a parameter called quality. Because there are many channel members who are not fit in the criteria of excellence. In the last unit of the previous block, we discussed the various aspects pertaining to channel management, selecting, motivating, and evaluating channel members, and how to manage channel relationships. The present unit is about how to evaluate channel performance.

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A distribution channel consists of several relationships that assist channel members in carrying out various channel functions. Suppliers tie up with various intermediaries in the distribution channel as the latter help suppliers or manufacturers achieve the objectives of making products available to

the

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end customer cost effectively. While designing or structuring a distribution channel, an analysis of the performance of channel partners by suppliers becomes necessary to evaluate the channel's effectiveness. Evaluation of the functioning of intermediaries or resellers should identify the ways in which they help manufacturers achieve business objectives. A distribution channel can be

Block 6: Channel Control and Institutions 2

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assessed in terms of performance dimensions such as channel effectiveness, channel efficiency, channel productivity, channel equity and channel profitability. In this unit, we will examine how to evaluate the performance of a marketing channel. Beginning with measures that analyse the performance of a marketing channel from the macro and the micro perspective, we will proceed to discuss strategic profit model – a diagnostic tool for estimation of channel profitability. This will be followed by a discussion on the contributions made by channel members and their appraisal using activity based costing and direct product profit. The unit will end with a discussion on the result of channel performance that emphasizes and evaluates the quality of services offered to

the customers. 24.2

Objectives After going through

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this unit, you should be able to: ? Explain how to measure performance in marketing channels. ? Analyze the models to diagnose channel profitability. ? Evaluate the appraisal of channel

member's contribution. 24.3

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Performance Measures in Marketing Channels The performance of a marketing channel can be evaluated from various perspectives. The evaluation assesses the channel's financial performance and looks into societal contributions made by individual members of the channel. From the societal perspective, the performance of marketing channels can be evaluated by measurement of overall channel performance in terms of the channel's efficiency, equity and effectiveness. To evaluate at a micro-level, an individual channel member's financial performance is determined by studying the channel tasks undertaken by the member. The following section deals with evaluation of channel performance at macro and micro levels. 24.3.1 Channel Performance at Macro Level A marketing channel's performance is measured in terms of the intermediaries' ability to meet the manufacturer's objectives. Performance at macro-level is evaluated in terms of contributions made by the intermediaries to the society. Major elements that will determine the success of an intermediary are channel efficiency, productivity, effectiveness, equity, and profitability. Channel efficiency is a channel performance dimension that judges the ability of intermediaries to undertake necessary channel functions by incurring minimal costs. Productivity deals with the extent to which the total channel investment in the form of inputs have been optimized to yield maximum outputs. Productivity and efficiency deal with maximizing outputs for a given level of inputs while keeping costs down irrespective of problems encountered during the distribution Unit 24: Evaluating Channel Performance 3

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process. The channel's performance is also measured by the intermediary's assistance to suppliers in meeting their objectives. The intermediary's contribution towards the supplier's efficiency and productivity is determined by the extent of contribution to the supplier's profit and sales. However, the CEOs of about 75% of financial service companies perceive channel productivity as an area of concern. Channel effectiveness is another dimension that measures channel performance and considers its ability to satisfy customer needs. It focuses on issues like lot size, delivery time, location convenience and assortment breadth. It has been observed that channel effectiveness in industrially and technologically developed countries is usually higher than that in developing countries. Developed countries meet customer demands better and cost effectively as well. Channel equity refers to the distribution of opportunities available to all customers in accessing the market channels of a region. It has been observed that even in advanced countries, there is no equitable distribution of accessibility of marketing channels. Even in countries like the U.S, the under-privileged see no equity in distribution and pay more for products of inferior quality. Channel profitability is concerned with a channel member's financial performance and is discussed in the section "Models to diagnose channel profitability". Example: Channel

Effectiveness Evaluation at Luker Chocolate Luker Chocolate, a US based company, manufactures and sells chocolate as a raw material to other food companies. Earlier, the company evaluated the performance of its salespeople based on the number of tons of chocolate sold. However, later, it changed its mindset from B2B (Business to Business) to B4B (Business for Business), where it started working for other businesses. For instance, to help a small cookie company in growing their business, Luker's team assisted the company and offered value-added services — at no cost. This helped the company to

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get its products into a major retail store in Canada, a new market.

Within nine months, the sales of Luker to the cookie company has increased more than two times. This example represents how Luker evaluates sales people (channel) effectiveness. Source: Sergio Restrepo and Efosa Ojomo, "

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Shifting From B2B to B4B Can Build a More Sustainable Business",

February 14, 2022, <https://sloanreview.mit.edu/article/>

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shifting-from-b2b- to-b4b-can-build-a-more-sustainable-business/ 24.3.2

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Channel Performance at Micro Level Channel performance at micro-level involves a closer look at the performance of individual intermediaries associated with a marketing channel. Each intermediary should aid the manufacturer attain the objectives of goal attainment, pattern maintenance, integration and adaptation.

Block 6: Channel Control

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and Institutions 4 Goal attainment refers to achieving the firm's goals by interacting with the task environment and maximizing outputs given the constraints of costs and company- specific obstacles. Pattern maintenance involves coordination of processes and functions among organizational units to help the system function smoothly.

84%**MATCHING BLOCK 15/376****W**

Integration refers to the coordination among the components of a channel or an organization to meet common objectives and maintain the entity as one single unit. Adaptation is the modification of resources required to meet system objectives. An organization must be able to fulfill all four objectives to facilitate smooth functioning of the system.

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An intermediary's or reseller's performance and their contribution towards the manufacturer's objectives can be measured on three different types of scales -- the facet scale, global scale and composite scale. Facet scales are used for a detailed study of any facet of reseller performance like sales performance, financial performance, reseller competence, reseller loyalty, reseller compliance, reseller adaptation, reseller growth or customer satisfaction. These facets can be used as measures of reseller performance. Global scales are used for summarizing the performance or contribution based on a few performance parameters. Composite scales require individual facets to be added as it is assumed that an entity is made up of its components.

Example: A Case of how a SaaS Company Evaluates the Performance at Micro Level A SaaS pricing solutions provider

61%**MATCHING BLOCK 17/376****W**

for automotive dealers has a team of CSMs (customer success managers) that monitor each customer's software usage. The CSM's role is not just to sell, but to help customers

in getting the most value from the purchased software. The best CSM is evaluated who deeply embedded, and becomes customers' trusted advisers, and provide guidance thereby enabling the accounts team to make the new sales opportunity with the client. The example reflects how a SaaS company evaluates the performance at micro level. Source: Mark Kovac and Dianne Ledingham, "

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How to Grab Tech Buyers at "Hello" and Never Say "Goodbye",

September 20, 2021, <https://www.bain.com/insights/how-to-get-and-maintain-b2b-tech-buyers-attention-tech-report-2021/>
Activity 24.1 Panorama Electronics Pvt. Ltd. (Panorama), based in West Bengal, has an extensive network of distributors and dealers for distributing various brands like Sony. In order to replace the non-performing dealers, Panorama planned to evaluate the performance of the dealers from all perspectives. Discuss the macro and micro level aspects that Panorama needs to include in the performance evaluation.

Unit 24: Evaluating Channel

Performance 5 Answer: Check Your Progress - 1 1. The performance of a marketing channel is evaluated on the basis of various perspectives. To assess the channel's financial performance, which of the following criteria will not be considered at a micro-level? a. Modification of resources required to meet system objectives. b. Attainment of the firm's goals. c. Contribution to the supplier's sales and profit. d. Coordination of processes among organizational units. e. Study of individual intermediaries associated with the marketing channel. 2. Channel performance can be measured by channel effectiveness. Which of the following is not an aspect of channel effectiveness? a. Maximizing outputs for given amount of inputs b. Lot size c. Delivery time d. Location convenience e. Sales made in a week or a month 3. The reseller's performance is

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measured on three different types of scales- facet scale, composite scale and

global scale. Which statement best describes the difference between facet scales and global scales? a. Global scales are used when many performance parameters are available; facet scales are primarily used in measuring reseller loyalty. b. Global scales are used for summarizing performance; facet scales are used to study specific aspects of reseller performance. c. Global scales are used for measuring financial performance; facet scales require the addition of individual facets. d. Global scale presumes that an entity is made up of its components; facet scale refers to sales performance. e. Global scales are used for measuring financial performance, facet sales are used for measuring non-financial performance.

Block 6: Channel Control and Institutions 6 24.4

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Models to Diagnose Channel Profitability Apart from measuring a reseller's contribution to meeting the manufacturer's objectives, evaluation of channel performance also involves measuring the financial performance of a reseller or a channel intermediary. In other words, channel profitability has to be analysed. Channel profitability is a dimension that considers the financial performance of channel members in terms of Return on Investment (ROI), liquidity of the channel member, financial leverage, growth pattern and potential for sales and profits. Of all the financial dimensions, profitability or ROI is accepted as a good performance indicator in both the wholesale and retail trades. Profitability forms an important element in ascertaining the financial well-being of a business. The Strategic Profit Model (SPM) functions as an efficient tool to evaluate the profitability of channel members. The term 'profit' is somewhat ambiguous in terms of its reference. It is sometimes used for profit before tax, sometimes for profit after tax and sometimes for dollar (or any currency) profit. However, return on net worth (RONW) is the most commonly used measure of profitability and the SPM uses RONW to measure the profitability of a business. 24.4.1 Strategic Profit Model The

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Strategic Profit Model (SPM) is a tool for planning and evaluating the financial performance of a business. It considers

return on net worth (

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RONW) as the most informative and significant measure of profitability of a business. It uses data from the income statement as well as from the balance sheet to measure profitability and performance of a business. The formula used in strategic profit model is given below.

The formula can be broken down as:

Sales Net ofit Pr Net in arg M ofit Pr ? Assets Total Sales Net Turnover Aseet ? Assets Total Profit Net Assets on Return ?

Profit Margin ? Asset Turnover = Return on Assets Return on Assets ? Financial Leverage = Return on Net worth

Unit 24: Evaluating Channel Performance 7 Worth Net Assets Total Leverage Financial ? Worth Net ofit Pr Net Worth Net on turn Re ?

Hence,

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the formula for the strategic profit model can be simplified into:

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Assets Total Profit Net Assets Total Sales Net Sales Net Profit Net ? ? Worth Net Profit Net Worth Net Assets Total Assets Total Profit Net ? ? The SPM identifies three areas, which have to be focused on to improve a firm's return on net worth. A firm can maximize its profitability in terms of RONW through profit margin management (net profit/net sales), asset management and debt management. Management of profit margins, assets and debt are discussed in detail in the following section. Profit margin management A significant and perhaps vital factor for an owner is the profit margin (net profit/net sales). The net profit margin considers profit as a percentage of sales. The ratio is useful for planning and analysis as it describes the way in which a firm manages its costs in relation to its revenues. Margin management involves planning and controlling sales and expenses and plays an important role in improving business profitability. Asset management Another factor expressed in the SPM that can help a firm improve financial performance and profitability is its assets. The utilization of an asset is commonly determined by its turnover ratio that measures the amount of sales generated for each dollar of investment in assets. Asset turnover ratio is calculated as: $\text{Assets Total Sales Net Turnover Assets ?}$ A higher turnover ratio indicates that assets are being converted into sales more number of times and is an indicator of better productivity. However, for comparison of a firm's financial performance with other industries, the asset productivity has to be measured in terms of profits. The return on assets ratio measures the ratio of net profit to total assets. It relates the profit margin

Block 6: Channel Control and Institutions 8

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percentage and the asset turnover ratio to obtain the ratio of net profit to total assets that measures the asset productivity in terms of profit. $\text{Assets Total Profit Net Assets Total Sales Net Sales Net Profit Net ? ? i.e., Profit Margin} \times \text{Asset Turnover} = \text{Return on Assets}$ The management can work towards better asset turnover by increasing sales for a given level of assets or decreasing assets for a given level of sales through better management of current assets like cash, accounts receivable etc. Financial leverage Return on assets measures the effective utilization of the firm's assets but does not assess the return on net worth. A company can maximize its profitability using debt management as a tool. Debt management for a firm involves considering the cost of debt, the impact on shareholders and the company's financial soundness. A company uses bonds, debentures etc. as instruments of borrowing to raise debt capital. Financial leverage is one of the elements in debt management and refers to the contribution of owners and creditors in financing a firm. The leverage ratio is a measure of debt capital that a firm has used. It establishes a relationship between total assets and net worth and measures the leverage taken by the owners of the company using their capital or the net worth. Leverage ratio is calculated as:

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Leverage Ratio = $\text{Worth Net Assets Total}$ To decide the composition of owners' and creditors' funds in the capital structure, the management has to consider costs associated with debt and equity. The cost of debt covers the interest rate to be paid on borrowed funds, while cost associated with equity refers to the rate of return to be paid to shareholders. The company has a greater obligation in terms of interests to be paid to bond, debenture or other debt holders. Interest to debt holders has to be paid before shareholders are paid their returns as the former do not have ownership rights in the company and are legally entitled to receive payments before shareholders. Since the risks assumed by a debt holder are less (as payment is more or less guaranteed) than those of shareholders, the rate of interest earned by debt holders is less than returns earned by shareholders. The difference in rates of return earned by debt holders and shareholders leads to financial leverage. Financial leverage deals with increasing the debt component in the capital structure so that returns to shareholders are maximized due to the lower costs associated with the debt component. In other words, financial leverage involves using an optimum debt component in the capital structure to maximize shareholders' returns. Financial leverage rises with an increase in debt.

Unit 24: Evaluating Channel Performance 9
Impact on net worth

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When the rate of interest to be paid to debt holders is higher than returns to shareholders, bringing in additional debt will lead to a reduction in a firm's net worth. A higher debt component is not advisable in times of high interest rates. Higher leverage in capital structure should be carefully considered as it has an inherent risk of bankruptcy if the company is not able to make regular payments to creditors. Thus, the strategic profit model identifies the best way to achieve a company's financial targets through systematic control and evaluation of margin management, asset management and debt management.

Example: How a Strategic Profit Model helps in evaluating Channel Partners at Spur Reply Spur Reply, a US-based consulting company, offers a scoring model framework to its clients in evaluating performance of channel partners. The scoring model works on 5Cs – contribution (sales velocity of each channel partner), consumption (effectiveness of channel partner in influencing customer lifetime value), coverage (market coverage by partner(s)), capability (partner's knowledge and effectiveness), and commitment (partner loyalty and consistency). Based on 5Cs, Spur calculates each Partner Estimated Revenue Capacity (PERC) score and rank accordingly. The selection of channel partner would be based on ROI, sales, profits, etc. The information of Spur Reply shows how it frames a strategic profit model in evaluating channel partners. Source: Richard Flynn, "How to Use Partner Scoring to Increase Channel ROI", June 8, 2020, <https://www.thespurgroup.com/blog/partner-scoring-channel-management> (Accessed on 15th May 2022) 24.4.2 Economic Value Analysis Managers use EVA as a

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tool to determine the true cost of capital, to decide on financial resource allocations. EVA considers the cost of both debt and equity capital. EVA ensures that capital is allocated most efficiently. It is extensively used in cases that require decisions on cost justification. It is determined as the difference between the net operating profit after tax and the total cost of capital. EVA is computed as: $EVA = \text{After-tax Operating Profit} - \text{Total Annual Cost of Capital}$ EVA also examines the capital used by an intermediary in the distribution channel.

New approach and model are required to measure success of marketing channels in the digital world.

Block 6: Channel Control and Institutions 10

Activity 24.2 The distribution manager of Johnson and Johnson Ltd. (J&J), is worried about the quantum of loans taken by one of its distributors. He wants to review the performance of this distributor with respect to the financial health. Suggest a suitable model to find out the distributor's profitability in this context. Answer: Check Your Progress - 2 4. Which of the following channel performance measure's characteristics is incorrect? a. Channel profitability - Channel member's financial performance b. Channel equity - Opportunities for all customers to access the market channels of a region c. Channel efficiency - Ability to satisfy customer needs d. Channel effectiveness - Channel functioning with minimum cost e. Channel efficiency - Assortment breadth 5. SPM is a tool used for evaluation of the financial performance of channels. Expand SPM. a. Strategic profit model b. Supplier profit model c. Supplier profit metrics d. Strategic profit metrics e. Strategic performance metrics 24.5

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Appraisal of Channel Members' Contribution A firm's financial performance is analysed through the SPM and economic value analysis. These also serve as tools to improve productivity and profitability of intermediaries in a marketing channel. However, to study channel performance in detail, activity based costing and direct product profitability have to be used. 24.5.1 Activity-based Costing Activity-based Costing (ABC) is a method that calculates the cost of a product or service depending on the activities that constitute the making of the

Unit 24: Evaluating Channel Performance 11

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product/service. It measures the cost of performing activities within an organization and provides accurate cost information to decision makers. ABC provides better reports of overhead costs involved in the production process by considering all indirect and support expenses incurred and linking them with activities and processes. These costs are then associated with the products or services concerned. The basic assumption of ABC is that the manufacture of a product leads to a series of activities that govern associated costs, unlike classical or traditional costing, where it is assumed that costs are directly governed by the products or service. ABC performs a micro-analysis and identifies all activities associated with production of a particular product or a group of similar products, irrespective of the size of the group or the number of products in each category. The identification of activities is followed by a description of revenues generated and resources utilized by each activity. This allows a manager to prioritize activities based on revenues and costs associated and focus on top priority activities. The managers can separate the expenses and associate them with a level of activity and resources utilized. They must find means to carry out activities with lower resource utilization. Reduction in utilization of resources for a given level of output or an increase in output for a given level of resources, contributes directly to increased profits. Usage of ABC has helped companies like Procter & Gamble to increase profits as it enables cost-revenue analysis at a micro-level. Controlling costs by looking only at financial statements will not help managers, as control over expenses cannot be exercised from a macro-level. Managers can use ABC to identify

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of the group or the number of products in each category. The identification of activities is followed by a description of revenues generated and resources

the

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activities related to a segment of business, ascertain revenues, resources and costs associated with activities and take necessary steps to earn more profits. Activity-based costing involves: ? Activity accounting: This involves determining product costs accurately. Special emphasis is laid on attributing overhead costs related to production, unlike in traditional accounting. ? Cost drivers: Cost drivers are activities that incur costs. ? Direct traceability: Costs are allotted to products or processes on which they are incurred, allowing managers to track them at any point of time. ? Identification of costs that do not add value: Costs that do not add any value to the product or service, or the process concerned are identified so that they can be minimized or eliminated. ABC is combined with Economic Value Added for better understanding and calculation of after-tax profitability. The concept of ABC can be applied to

Block 6: Channel Control and Institutions 12

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distribution channels for cross comparison of productivity and costs incurred across channels. An activity-based costing process in a distribution channel involves identifying the channel resources used and costs incurred in making the product reach end users, allocation of costs to specific channel activities, allocating flow costs by channel and preparation of profit and loss accounts for each channel.

ABC has been applied in diverse fields like education, health care, financial services etc. Modern firms use ABC to measure channel performance to study channel strategies and the way changes in channel activities affect the channel and the supply chain. Though ABC was initially used to calculate product costs, it has evolved to become a tool that can help managers increase profits by reducing costs wherever possible. ABC has helped marketing channels by providing superior and accurate cost related information that has helped channel members in improving profitability. The growing application of IT has also contributed towards enhancing the functionality of ABC. Using activity-based decision support systems has helped many companies to manage costs to their advantage. The tools offered by the decision support software provide a wide range of functionality to managers. They offer a broad range of services starting with activity analysis at the basic level to a fully integrated ABC and management system. The software's cost accounting capabilities offer the functionality of cost analysis, internal cost controls and analysis of funding opportunities. Hence, ABC makes it clear that a complete understanding of organizational activities and costs involved with each activity is mandatory for efficient cost management. It helps a channel intermediary improve his performance through evaluation of benefits accrued and costs incurred. 24.5.2

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Direct Product Profit Allotment of shelf space is an important parameter for sellers as products differ in their contribution to sales and profits. Channel members give more priority to allocation of shelf space to profitable items. Different approaches like mathematical programming, non-linear programming and Direct Product Profit (DPP) are adopted by intermediaries while allocating shelf space. Of these, DPP is an important tool used by retail outlets for shelf management. Direct Product Profit represents a product's contribution to the channel member's profits. DPP is a method used to derive contribution to profits on the basis of an item's gross margin. DPP looks beyond gross margins as it is believed that gross margin alone might not reflect a product's true performance. It subtracts direct costs like warehousing costs, delivery costs and costs incurred in placing products on the shelf, from gross profit. Any cash discounts offered are added to gross profits.

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Direct Product Profit Allotment of shelf space is an important parameter for sellers as products

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shelf space to profitable items. Different approaches like mathematical programming, non-linear programming and Direct Product Profit (DPP)

Unit 24: Evaluating Channel Performance 13

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Financial performance of individual items is taken into account to arrive at direct product profit. As individual profit and loss statements are created for each product carried by intermediaries, this method requires accounting data provided by implementation of costing techniques like ABC. DPP helps channel members identify products that require high costs for storage and maintenance. The intermediaries then rework the packaging, sizing or distribution methods to reduce costs.

Example: How Retailers Use Direct Product Profit for their Businesses In 2019, first time in India in smartphone industry, offline retailers refused to give shelf space to Realme smartphones (a popular Chinese smartphone brand) and were not ready to sell, due to low profit margin for retailers set by Realme. This shows how retailers set the criteria of direct product profit in doing business with other companies. Source: "

67%**MATCHING BLOCK 37/376****W**

Offline retailers refuse to sell Realme mobiles due to low margins", February 25, 2019, <https://www.cnbctv18.com/retail/offline-retailers-refuse-to-sell-realme-mobiles-due-to-low-margins-2399261>.

htm (Accessed on 20th May 2022) Activity 24.3 Direct Product Profit (

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DPP), is an important tool used by retail outlets for shelf management.

It is also considered to be an important tool for measuring channel members' contribution to profits. Hannaford Bros. Company, a Fortune 500 supermarket retailer, wants to adopt DPP method for appraisal purposes. How can DPP be applied by Hannaford and what are its advantages? Answer: Check Your Progress - 3 6. Which statement does not hold true for activity-based costing? a. It does not identify costs that do not add value. b. It helps in determining product costs accurately. c. It

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allows a manager to prioritize activities based on revenues and costs.

d. It helps to identify activities related to a business segment. e. It helps in cost reduction.

Block 6: Channel Control and Institutions 14 7. Which

method uses an item's gross margin to arrive at the product's contribution to a channel member's profits? a. Economic value analysis

b. Activity based costing c. Non-linear programming d. Direct product profit e. SPM Model 8. One of the following factors does not contribute to problems faced in evaluating services. Identify it. a. Intangibility b. Reliability c. Inseparability d. Heterogeneity e.

Variability 9. Which of the following methods helps in optimal allocation of shelf space in a retail store? a. Direct product profit b.

Economic value analysis c. SPM model d. ABC analysis e. Linear programming 10. Which of the following options best fits the definition of serving as a shot of the financial position of the retailer at a particular moment of time? a. Profit and Loss Statement b. Balance Sheet c. Cash Flow Statement d. Fund Flow Statement e. Trading and Profit and loss statement 24.6

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Result of Channel Performance Distribution channels comprise intermediaries who facilitate the flow of goods and services manufactured, from producers through the channel to end users. The efficiency of channel performance is measured by the quality of goods and services offered by channel members.

An effective distribution channel can provide channel services demanded by customers and extend its capacity within the constraints of the market environment.

Unit 24: Evaluating Channel Performance 15

Example: Maruti's Distribution Channel Performance Results Maruti Suzuki, India's largest car maker, introduced its online dealership network for the first time in 2018. By 2020, it found that its 1000+ online dealerships sold over 2 lakh car units (within two years). It also revealed that it received more than 121 lakh customer inquiries. It said that over 72% customers searched for their nearest dealership online. Source: "Maruti Suzuki India sells over 2 lakh cars via online channel", November 16, 2020, <https://www.deccanherald.com/>

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business/business-news/lic-mega-ipo-opens-for-subscription-to- close-on-may-9-1106305.

html Though

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there are methods available to test the quality of tangible goods offered, measures to evaluate the (intangible) quality of services offered by channel members are inadequate. Evaluation of service quality offered is difficult both for consumers and producers. Consumers cannot evaluate service quality objectively as they perceive it by comparing their expectations with the actual service

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service offered. The characteristics of intangibility, heterogeneity and inseparability of services further complicates evaluation. The intangibility of services arises because they are experienced and are not physical entities with distinct identifiable features like style, color, etc. Owing to the intangible nature of services, a set of standards or specifications cannot always be found for services. Hence, their quality cannot always be measured objectively. The heterogeneity of services adds to evaluation problems. The quality and process followed for offering services are not consistent among all producers and at all times. Inseparability refers to simultaneous production and consumption of services. For most services, the production and consumption take place simultaneously. Examples are the services offered by medical practitioners, lawyers etc. Participation of clients in the delivery of services also has an impact on the quality of services offered. Such situations make evaluation complicated. Parasuraman,

Zeithaml and

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Berry (1985) identified 10 dimensions, based on which consumers perceive quality of service. Though these dimensions were formulated after research in the services industry, they are as relevant in distribution or any other business. Hence, all businesses can focus on these dimensions and work towards offering better services to customers to be successful and score high on channel performance. 24.7

Summary ? The performance of a channel can be measured across multiple dimensions. The parameters that are measured usually are: effectiveness, efficiency, productivity, equity and profitability of the channel.

Block 6: Channel

Control and Institutions 16 ?

While channel efficiency emphasizes controlling costs incurred by intermediaries while performing channel functions, channel productivity is concerned with maximizing outputs for a given level of inputs. ? Channel effectiveness deals with the intermediary's proficiency in satisfying customer needs and channel equity measures the distribution of accessibility of the channel among customers. ? While performance at a macro-level is evaluated through societal contributions of intermediaries, a micro-level evaluation involves assessing the performance of individual intermediaries in terms of achieving the manufacturer's objectives of goal attainment, integration, adaptation and pattern maintenance. The performance of intermediaries is measured on three scales, namely facet, global and composite scales. ? In addition to an intermediary's performance in meeting supplier aims, his or her channel profitability that is concerned with his/her financial performance, is also evaluated. ? While the channel profitability is assessed using the Strategic Profit Model from a broader perspective, Activity-based Costing and Direct Product Profit are used for detailed analysis of channel performance. Another pivotal factor for channel performance is the quality of services offered through the channel. ? The success of a channel and its efficiency are determined by the efficiency of channel intermediaries in delivering goods and services to customers, and the quality of services offered in the process. ? An effective distribution channel can provide channel services demanded by customers and extend its capacity within the constraints of the market environment.

24.8 Glossary Balance sheet: It is a snapshot of the financial position of the retailer at that moment of time. The balance sheet consists of three components: assets, liabilities and owner's equity (net worth). The balance sheet is based on a simple concept, i.e., in order to acquire assets, a firm (retailer) must pay for them with either debt (liabilities) or with the owners' capital (shareholders' equity). Economic Value Added (EVA): EVA is an estimate of the firm's economic profit which is in excess of what is the required normal return of shareholders. Financial leverage: The financial ratio which measures the extent to which a retailer is using the outside finances (debt) in its capital. It indicates total asset value in relation to the value of owner's equity. Return on net worth: Net profit after taxes divided by owner's equity (net worth).

Unit 24: Evaluating Channel Performance 17

Strategic profit model (SPM): A financial tool for planning and evaluating the financial performance of retailers. It combines information from the income statement and balance sheet into a single, comprehensive framework. The strategic profit model establishes a mathematical relationship among net profit margin, asset turnover, and financial leverage. By doing so, it arrives at two important performance measures for return on investment- return on assets and return on net worth. This model regards return on net worth as important indicator of the performance of a firm.

24.9 Self-Assessment Exercises 1.

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The performance of a marketing channel can be evaluated from various perspectives.

In this context, discuss different performance measures in marketing channels. 2. Evaluation of channel performance involves analyzing the channel profitability. Evaluate the different models to diagnose channel profitability. 3. Some companies have a complex supply chain management system with many activities in their operations. Explain with an example, the suitable appraisal method for measurement of channel member contribution to profit for such companies.

24.10

Suggested Readings/Reference Materials 1. Venugopal Pingali (2020). "Sales and Distribution Management: An Integrative Approach", SAGE Publications Pvt. Ltd. 2. Nag A (2017). "Sales and Distribution Management," McGraw Hill Education. 3. Tapan K. Panda and Sunil Sahadev (2019). "Sales and Distribution Management," 3rd edition, Oxford University Press. 4. Krishna Havaladar and Vasant Cavale (2017). "Sales and Distribution Management: Text and Cases," Third edition, McGraw Hill Education. 5. Richard R. Still (2017). Sales and Distribution Management, Sixth Edition, Pearson Education. 6. Bholanath Dutta (2020). Fundamentals of Sales & Distribution Management: Text & Cases, Dreamtech Press. 7. Gupta S L (2018). "Sales and Distribution Management – Text and Cases An Indian Perspective," Laxmi Publications Pvt. Ltd. 24.11 Answers to Check Your Progress

Questions 1. (

c) Contribution to the

supplier's sales and profit. All the options given are the criteria considered at a micro-level to assess the channel's financial performance, except option c. Option c is the criteria considered at a macro-level to assess the channel's performance.

Block 6: Channel Control and Institutions 18 2. (

a) Maximizing outputs for given amount

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of inputs Channel effectiveness measures channel performance and considers its ability to satisfy customer needs. It focuses on issues like lot size, delivery time, location convenience, and assortment breadth.

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Productivity and efficiency deal with maximizing outputs for a given level of inputs while keeping costs down irrespective of problems encountered during the distribution process. 3. (

b) Global scales are used for summarizing performance; facet scales are used to study specific aspects

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of reseller performance. Global scales are used for summarizing the performance or contribution based on a few performance parameters.

On the other hand,

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facet scales are used for a detailed study of any facet of reseller performance like sales performance, financial performance, reseller competence, reseller loyalty, reseller compliance, reseller adaptation, reseller growth, or customer satisfaction. These facets can be used as measures of reseller performance. 4. (

e) Channel Efficiency – Assortment Breadth Except for option 'e', all other channel performance characteristics have been stated correctly.

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Channel effectiveness is another dimension that measures channel performance and considers its ability to satisfy customer needs.

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Channel equity refers to the distribution of opportunities available to all customers in accessing the market channels of a region.

100%**MATCHING BLOCK 53/376****W**

Channel profitability is concerned with a channel member's financial performance.

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Channel efficiency is a channel performance dimension that judges the ability of intermediaries to undertake necessary channel functions by incurring minimal costs. 5. (

a) Strategic Profit Model Strategic

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Profit Model (SPM) is a tool for planning and evaluating the financial performance of

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of a business. It uses data from the income statement as well as from the balance sheet to measure profitability and performance of a business. 6. (

a) It does not identify costs that do not add value All the statements are true regarding activity-based costing, except statement (a). Activity based costing involves

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identification of costs that do not add value. Costs that do not add any value to the product or service, or the process concerned are identified so that they can be minimized or eliminated.

Unit 24: Evaluating Channel Performance 19 7. (

d) Direct Product Profit Direct Product Profit is a method that

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represents a product's contribution to the channel member's profits. It is used to derive contribution to profits on the basis of an item's gross margin. 8. (

b) Reliability

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The characteristics of intangibility, heterogeneity and inseparability of services complicate evaluation.

Reliability is not a factor that contributes to problems faced in evaluating services. 9. (a) Direct Product Profit Direct Product Profit (

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DPP) is an important tool used by retail outlets for shelf management. Direct product profit represents a product's contribution to the channel member's profits.

Based on this method, more shelf space will be allotted to products which make a greater contribution to profits. 10. (b) Balance Sheet Balance Sheet is a snap shot of the financial position of the retailer at that moment of time. It consists of three components assets, liabilities and owner's equity (net worth).

Unit 25 Managing Channel

Conflicts Structure 25.1 Introduction 25.2 Objectives 25.3

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Sources of Conflict 25.4 Types of Conflicts 25.5 Conflict Management Techniques 25.6 Channel Leadership 25.7

Summary 25.8 Glossary 25.9 Self-Assessment Exercises 25.10 Suggested Readings/Reference Materials 25.11 Answers to Check Your Progress Questions "

Cooperation isn't the absence of conflict but a means of managing conflict." - Deborah Tannen (Professor at Georgetown University, Washington) 25.1 Introduction Managers while addressing the channel conflicts should keep in mind that it always not the lack of cooperation among channel members that led to conflict but a means that company uses to address the conflict. In the previous unit, we discussed

performance measures in marketing channels, different models to measure channel profitability, and channel members' contribution. In this unit, we will discuss the different ways to manage conflicts arising in the distribution channels. With more and more innovations in the distribution process, there is increased discontent among channel members, resulting in marketing channels not functioning smoothly. A primary reason for this phenomenon is rising channel conflicts. Conflict has become an inherent part of distribution channels. Manufacturers complain that distributors enjoy the benefits of training and get support from them, but fail to market products properly. Suppliers, on the other hand, find fault that manufacturers do not provide support and the right margins to sell products. Thus, instead of cooperation, there is conflict among channel

Unit 25: Managing Channel Conflicts 21 members, leading to loss of market share, decrease in profitability and competitive advantage. Several studies have tried to explain the source and causes of conflicts in distribution channels. The concept can be better understood if it is viewed as a dynamic process. In this approach, conflict in the distribution channel is seen as beginning with incompatibility, transforming into affective conflict, manifest conflict and finally reaching the outcome stage. The outcome of any conflict is frustration among channel members and disturbance in the effective functioning of the distribution channel. The intensity and frequency of conflict varies depending on the relative perception of the conflict situation among the channel members. To avoid the pitfalls associated with channel conflicts, channel members must clearly understand the causes and impact of conflict and take necessary measures to monitor channel activities. They should develop conflict management techniques. This will enable channel members to manage conflicts effectively and be able to fulfill individual goals through collective effort. The conflict process can be viewed in the form of a simple model for better understanding. The model is based on three important premises – the causes of conflict, level of conflict and the outcome of conflict. Causes must not be confused with issues in conflict. The causes of conflicts may not be realized by channel members. Issues in conflicts includes aspects of a situation that channel members have observed or stated clearly to other channel members. The causes progress from the covert stage (conflict causes) to the overt stage (conflict issues). Here, channel members can measure the levels of conflict from the intensity and frequency of conflicts and the relative differences in perceiving situations. The intensity of conflict influences channel members' performance. In turn, the actual performance of channel members will exert an influence on the first aspect of the conflict model, i.e., causes of conflict. In this unit, we will discuss the sources of conflict in channel management, types of conflicts, the concept of conflict management, and different conflict management mechanisms. Finally, we will discuss channel leadership with reference to the role of channel leaders in resolving

channel conflicts. 25.2

Objectives After going through this unit, you should be able to: ?

Identify the sources of channel

conflict. ? Discuss the various types of conflicts and the different techniques used to manage conflicts. ? Explain the role played by channel leadership to resolve conflicts

Block 6: Channel Control and Institutions 22 25.3

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Sources of Conflict There are many reasons why conflicts arise in distribution channels. Learning about them is the first step in conflict analysis. Conflicts primarily arise because of faulty channel design. The different sources of conflicts can be broadly divided into -- those arising from attitudinal differences and those arising from structural differences among channel members. Structural causes arise mainly due to goal divergence or incompatibility among channel members, tendency towards autonomy and greater control by channel members and competition for scarce channel resources (financial, technological support), especially from manufacturers in multi-channel systems. Attitudinal sources arise from differences in perception, channel roles and channel communications. Unexpected changes in the competitive environment, consumers and markets, differences in economic and ideological objectives among channel members, etc., also lead to conflicts. In addition to external changes, market channel strategies adopted by channel members are also an important source of channel conflicts.

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Now, we will discuss some prevalent sources of conflicts in distribution channels. They are – goal incompatibility, differing perceptions of reality and clashes over domain. 25.3.1 Goal Incompatibility Conflicts may arise due to differences or incompatibility of goals among channel members. Differences in policies and procedures of a channel member may be problematic and impede the progress of other channel members. Channel conflict arises when a channel member has a set of goals and objectives that are incompatible with those of other channel members. This divergence of goals may lead to one channel member acting in a way that is detrimental to goal achievement for another channel member. This may occur without the former being aware of its impact on the latter. Goals may differ within an organization. The goals decided by top management may vary from 'operational' goals that are set as a result of day-to-day operational policies. Hence, it is necessary to ensure that operational goals are aligned with other goals of the organization. Difficulty in measuring goals is another reason for goal incompatibility, leading to channel conflicts. It becomes impossible for channel members to compare the compatibility of their mutual goals and measure the extent of performance of other channel members. For example, customer service levels. Such lack of awareness leads to a sense of doubt and conflict.

The difference in goals also comes up due to inherent conditions in the channel. Each channel member will have certain constraints (resources, expenses, etc.), at their level in the distribution channel. As the constraints are limited to particular levels in the channel, members at each level will develop individual goals shaped by these constraints. These goals will be different from the goals of other channel

Unit 25: Managing Channel Conflicts 23 members. Goal conflict is widely prevalent in principal-agent relationships. It is known as agency relationship, where the principal is dependent on and directs the agent to perform channel functions on its behalf. Conflict arises in this relationship when the agent acts against the principal's interests. Again, the reason is difference in goals and objectives of the agent from that of the principal. Goal conflicts in an agency relationship can be reduced by designing contracts that are mutually beneficial for both the principal and agent. The contract must consider the functions and structure of ownership arrangements within the channel and the compensation to be given to the channel members on achieving required performance levels. Thus, the solution to reducing conflicts in an agency relationship is to ensure that the agent's goals align with the principal's goals. Example: Conflict among FMCG Channel Partners In 2022, distributors have been seeking the same

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margins from fast-moving consumer goods (FMCG) companies as offered to business-to-business (B2B) and emerging wholesaler

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margins from fast-moving consumer goods (FMCG) companies as offered to business-to-business (B2B) and emerging wholesaler

like Metro Cash and Carry, Reliance JioMart, Udaan, etc. and have threatened to stop selling Hindustan Unilever Ltd products in four to five more states. Conflict emerges in this relationship because

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one channel member acting in a way that is detrimental to goal achievement for another channel member

i.e. distributors. Source: Ratna Bhushan, "

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Distributors withdraw protest against HUL; company assures to resolve issues",

January 4, 2022, <https://economictimes.indiatimes.com/industry/cons-products/fmcg/hul-distributor-conflict-postponed-company-assures-to-resolve-issues/articleshow/88694603.cms> (Accessed on 16th May 2022) 25.3.2

100%**MATCHING BLOCK 68/376****W**

Differing Perceptions of Reality This is another prominent source of conflicts in distribution channels. It is perception of reality that guides channel members to anticipate future events and their consequences. This, in turn, induces channel members to develop alternative courses of action and estimate the probable results. The perception of reality also has an influence on the goals and values of channel members. However, perceptions of reality can vary. Some different perceptions of channel members may be: ? When one channel member wrongly perceives the role of another channel member regarding marketing channel functions and flows, conflicts arise. ? Lack of proper communication flow among channel members affects the way reality is perceived by them. ? Information influences the decision-making process, which affects the behaviour of channel members. Thus, when channel members have divergent approaches to interpreting information, decisions made and goals set, conflicts arise among channel members.

Block 6: Channel Control and Institutions 24 Example: Conflict Due to Perceptions between Nike and Amazon In 2020, Nike (a US-based company) removed its products from Amazon (an e-commerce giant) in an effort to reduce the negative impact of counterfeit goods on its brand. The corporation thought that its brand was suffering as a result of Amazon's counterfeit items.

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When one channel member wrongly perceives the role of another channel member regarding marketing channel functions and flows, conflicts arise.

Source: Sanjeev Sularia, "

100%**MATCHING BLOCK 70/376****W**

The Counterfeit Problem And How Retailers Can Fight Back in 2020",

March 17, 2020, <https://www.forbes.com/sites/forbestechcouncil/2020/03/17/>

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the-counterfeit- problem-and-how-retailers-can-fight-back-in-2020/?

sh=104c4a771f32 25.3.3

98%**MATCHING BLOCK 72/376****W**

Clashes Over Domains Conflicts in marketing channels stem from the domain definition and the extent to which other channel members accept it. The domain of channel members consists of three elements. They are: product range, population and territories served, and functions or duties to be performed. Differences in domain will automatically lead to conflicts among channel members. Product range Handling a large number of products leads to reduction in loyalty among channel members. Distributors cannot show the same level of loyalty towards the products of all manufacturers. This variation in loyalty will lead to conflict of interest between manufacturers and distributors. Population and territory coverage When there are many channel members catering to a particular consumer segment, conflict over customer accounts and territory coverage is bound to arise. Channel members may service certain accounts and other channel members may compete for the same accounts. Unless clearly defined in the terms of the contract, channel members do not prefer to share accounts with other channel members who have recently joined the channel. Hence, it is necessary for manufacturers or suppliers to specify territories for channel members. The same is true in franchising. Market territory expansion is a major source of conflicts in franchising. The franchiser's decision to increase market penetration with the help of new franchisees may reduce the sales of existing franchisees. This may occur despite the franchiser protecting the territories of existing franchisees. This is because a franchisee attracts customers from beyond the assigned territories too. When a new franchisee enters the region, customers beyond the actual territory may shift to the new franchisee due to proximity of location. Hence, even though the franchiser does not infringe the contract, franchisees become dissatisfied.

Unit 25: Managing Channel Conflicts 25 Franchise conflicts regarding customer and territory coverage are greater in business-format franchising than in product-format franchising. This is because in the former, the franchisee does not have the flexibility to modify the business model or mode of operations to adapt to changing local conditions. Hence, the loss of potential customers, though not in the franchisee's assigned territory, becomes a potential source of conflict.

96%**MATCHING BLOCK 73/376****W**

Performance of channel functions In a channel, members are expected to perform certain functions based on interdependence and common expectations. Sometimes, channel members may feel that they are being asked to reciprocate by performing functions incompatible with their organizational goals. This happens when channel members prefer to undertake only channel functions that help them attain individual goals. As these goals are not common to all channel members, functional conflicts arise. For instance, manufacturers have a strategic outlook towards marketing their products, while retailers concentrate on operational aspects. For example, let us consider the product refund policy. To avoid inconvenience of operations, retailers may not train their personnel to identify whether a product returned is genuinely faulty, and then refund

the same to

100%**MATCHING BLOCK 74/376****W**

customers. Owing to this lacuna, manufacturers will face losses when many products are returned and retailers have to be compensated. Thus, a difference in roles among channel members causes conflict. Other than the above-mentioned sources of conflicts, the channel structure by itself can lead to conflicts among channel members.

Example: Franchiser and Franchisee Conflict @McDonald's In 2022, the franchise agreements for the 190 Papa John's Russia locations, which are managed by Christopher Wynne's organisation, remain in effect.

76%**MATCHING BLOCK 75/376****W**

Following the lead of other US-based corporations such as McDonald's, Papa John's (

a US-based company) International declared that its whole commercial activities in Russia would be stopped.

78%**MATCHING BLOCK 76/376****W**

The country's 190 Papa John's locations are still open and providing pizza. They

have no plans to quit. The example represents franchiser and franchisee conflict. Source: "

100%**MATCHING BLOCK 77/376****W**

US-based Papa John's outlets continue to stay open in Russia despite grim situation",

<https://economictimes.indiatimes.com/>

85%**MATCHING BLOCK 78/376****W**

[news/international/us/us-based-papa-johns-outlets-continue-to-stay-open-in-russia-despite-grim-situation/](https://economictimes.indiatimes.com/news/international/us/us-based-papa-johns-outlets-continue-to-stay-open-in-russia-despite-grim-situation/articleshow/90233796.cms?from=mdr)

articleshow/90233796.cms?from=mdr March 15, 2022 (Accessed on May 15 th 2022) 25.3.4 E-Commerce as a Source of Conflict In the digital era, due to the rapid growth of internet-based commerce, manufacturing companies are directly reaching out to customers through company websites, social media sites and have forayed into online selling. Delivering of finished products through third party shipping companies like

Block 6: Channel Control and Institutions 26 Federal Express has become far more efficient and economical. More and more companies therefore, prefer to be in direct touch with the customers through direct online selling. When manufacturing companies directly sell online, they are in direct competition with their own channel partners like retailers and dealers. Often manufacturers collaborate with E-Com companies to launch products or sell their products through E-Commerce mode. In the online market customers were able to buy these new launch products at a much lower price than the price at which the same models were offered in offline stores. For instance, mobile phones. Also during festival seasons (Big Billion Day) smartphones were sold at a discounted price in online. As a result lack of price parity 1 between the online and offline channel became a major issue of conflict. In October 2019, many smartphone manufacturers assured offline stores that in the future they would not launch online exclusive models.

Conflicts between offline and online channels on account of lack of parity in price were also reported in the travel and tourism industry. Offline travel agents who sold hotel rooms to tourists and business customers complained that hotel rooms were sold at a much discounted rate by online travel and tourism portals. So far, lack of price parity has been identified as the main reason for the ongoing conflict between online and offline channels. Check Your Progress - 1 1. The channel conflict model is useful to understand the process of channel conflict. One of the following options is not a premise for understanding the model. Identify. a. Issues of conflict b. Level of conflict c. Causes of conflict d. Outcome of conflict e. Reasons for conflict 2. Channel conflicts may arise out of factors like sudden changes in the competitive environment and markets. Which category does this factor belong to? a. Attitudinal sources b. External changes c. Structural causes d. Channel strategies adopted by channel members e. Company's policy changes 1

Writankar Mukherjee, "Ecommerce may soon lose 'mobile' exclusivity", October 18, 2019, <https://economictimes.indiatimes.com/industry/services/retail/ecommerce-may-soon-lose-mobile-exclusivity/articleshow/71641804.cms?from=mdr> (Accessed on May 27 th 2022)

Unit 25: Managing Channel Conflicts 27 3. There can be various reasons for channel conflict due to clashes over domains. Select the factor which cannot be considered as a reason for domain clashes. a. Differing perceptions of reality b. Product range c. Population and territory coverage d. Performance of channel functions e. Uneven distribution of customers in territories 4. Which of the following statements is true about franchising in terms of clashes over domains? a. Market territory expansion by franchiser is acceptable to franchisees. b. Franchise conflicts are usually greater in product format franchising than business format franchising. c. In product format franchising, the franchiser does not allow modification of mode of operations. d. Loss of potential customers is a potential source of conflict. e. Territory intrusion is acceptable to franchisees. 25.4

Types of Conflicts Channel conflicts can be divided into different types depending on timing and levels of the channel. They are pre-contractual and post-contractual conflicts, vertical, horizontal and multi-channel conflicts. We will briefly discuss each aspect in the following section. 25.4.1 Pre-contractual and Post-contractual Conflicts Channel conflicts may arise at two different points of time in the channel relationship. It could be before a relationship develops or after it commences between channel members. These conflicts arise whenever channel members enter into new relationships. It is frequently seen in agency relationships. Pre-contractual problems crop up when the principal decides to offer a contract to an agent. The major issues here are whether a particular agent has the characteristics the principal wants and what strategy the principal should employ to find this out. For example, these problems occur during recruitment of new salespeople or marketing personnel, selection of dealers for their distribution channels and choosing advertising agencies. Post-contractual conflicts happen once the relationship between channel members begins. The causes are generally unforeseen events or contingencies, which must be identified and dealt with immediately. One major issue that appears in post-contractual conflicts is the method by which agents should be evaluated, so that their actions confirm to the principal's goals.

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Thus, at both stages of the channel relationship, it is necessary to identify and manage conflicts to ensure proper channel coordination. Channel members must take all necessary precautions to identify possible sources of conflicts and design mechanisms to prevent them.

Example: Post-contractual Conflict at Udaan In 2021, Udaan, a B2B

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e-commerce startup, has filed a complaint with the Competition Commission of India (CCI) against India's largest biscuit producer, Parle Products. It claimed that Parle is abusing its dominating position by rejecting to deliver its fast-moving items directly to the Bengaluru-based

company for no reason. The above information shows the post-contractual conflict Source: "

100%**MATCHING BLOCK 82/376****W**

Startup Udaan files complaint before CCI against biscuit maker Parle",

<https://www.business-standard.com/article/companies/>

100%**MATCHING BLOCK 83/376****W**

startup-udaan-files-complaint-before-cci- against-biscuit-maker-parle-121090200654_1.

html September 3, 2021 (Accessed on May 27 th 2022) 25.4.2

96%**MATCHING BLOCK 84/376****W**

Channel Level Conflicts Conflicts can take place at different levels of the channel system. For instance, between manufacturer and retailer, wholesaler and retailers, between two wholesalers or retailers at the same level and so on. Channel level conflicts can be divided into vertical, horizontal and multi-level channel conflicts. Vertical and horizontal types of conflict are commonly called intra-channel conflicts. Vertical channel conflicts Vertical channel conflicts occur between channel members operating at different levels within the same channel structure. For example, conflict between manufacturer and distributors, when the manufacturer tries to enforce pricing and service policies on the distributor or expands distribution, is a type of vertical channel conflict.

Example: Conflict between Colgate-Palmolive and its Distributors In 2022, the distributors accused Colgate-Palmolive

63%**MATCHING BLOCK 85/376****W**

of selling their products at reduced costs to wholesalers like Reliance JioMart, Metro Cash & Carry, and the business-to-business portal Udaan.

Distributors suspended the supply of Colgate products over pricing issues. The information shows a conflict between the manufacturer and distributors, a type of vertical channel conflict. Source: Ratna Bhushan, "Distributors suspend movement against Colgate", <https://economictimes.indiatimes.com/industry/cons-products/fmcg/distributors-suspend-movement-against-colgate/articleshow/88737357.cms> (January 6th 2022)

Unit 25: Managing Channel Conflicts 29

92%**MATCHING BLOCK 88/376****W**

Horizontal channel conflicts Horizontal type of channel conflicts arises between channel members operating at the same level within the channel structure. For example, a conflict between two franchisees over clash of domains comes under this type of conflict. Multi-channel conflicts Multi-channel conflicts arise when the manufacturer has established two or more channels catering to the same market. For example, conflicts arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesalers by resorting to newer channels like the Internet or direct mail.

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Horizontal type of channel conflicts arises between channel members operating at the same level within the channel structure.

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when the manufacturer has established two or more channels catering to the same market.

Many smart phone manufacturers launched their new models in partnership with e-com companies. For example, Brick and Mortar mobile phone retailers have been protesting against such online exclusive smart phone models and offers. In 2019, leading mobile phone manufacturers such as Realme, Oppo and Vivo hinted that they are unlikely to launch online exclusive models since January 2019.

100%**MATCHING BLOCK 89/376****W**

Though conflicts are generally perceived as dysfunctional, a complete elimination of conflict among channel members is not recommended. This is because channel members may become complacent in developing symbiotic relationships with other channel members and will not compete effectively. Innovation may also be lost. Hence, a certain level of conflict acts as a constructive mechanism in channel relationships.

Exhibit 25.1 illustrates the conflicts in pricing between online and offline channels in the hotel industry. Exhibit 25.1: Hotel Industry's Pricing Conflict with Online Travel Portals In early 2019, some travelers faced a unique problem. After booking a hotel room through an online travel portal, hotels rejected their bookings. The tussle between online travel aggregators and hotels over discounted fares and a variety of other reasons led to rejection of bookings. Customers were left in lurch due to the standoff between the two parties. Even in cases where payment was made in advance, customers faced issues after they reached hotels to check in. Hotels and Restaurants Association gave an advisory asking hotel customers to e-mail or telephone concerned hotels to confirm their booking. As a precautionary measure, customers should obtain this confirmation, even if online booking was accepted. Industry observers listed several reasons for such discrepancies. One reason could be that after the online booking, the contract between the hotel and the travel portal could have expired. Hotels often let out rooms at a higher rent during peak seasons. Contd....

Block 6: Channel Control and Institutions 30 The receptionist in the hotel who makes the booking is possibly responsible for the discrepancy in this case. Apart from these stated reasons, the lack of a clear pricing strategy (by hotels) in the age of digital online channels is cited as the primary reason for such discrepancies. Hotels benefit by the exposure and visibility that they get in online portals. It becomes important for them to be present in the online travel portals that are widely used by customers. At the same time, these online portals increase competition because of which there is a pressure to offer discounted fares. The discounted fares hurt the bottom line and threaten survival of hotels. Hotels offer discounted rates to B2B customers. Corporate clients, travel and tourism companies who operate cruise and tours and travel agents are wholesale customers to whom hotels offer discounted fares. When online travel portals offer highly discounted fares to customers, there is price disparity. Customers who book hotel rooms through direct route (website or phone contact) or through offline channels like traditional travel agents or sales representatives pay a higher price for rooms. When customers come to know about the price disparity, they feel frustrated. This disparity in price puts offline channels at a disadvantage leading to conflict. Multi-national online travel companies (OTCs) like Expedia.com and Booking.com have become too powerful because of their popularity amongst customers. Hotels are forced to enlist with them. These OTC giants have their own loyalty programs to gain customers. Hotels are forced to work with them to increase occupancy rates and stay afloat. Hotels which distribute their service through multiple channels are struggling to maintain price parity between various channels. Within online channels, there is price disparity between that of OTCs and 'Travel Review Sites' like 'Trip Advisor'. Customers take snapshots of these disparities and share it with acquaintances. These posts become viral in the social media causing embarrassment to hotels and concerned channel members. Hotels and various online and offline channels need to collaborate to remove price disparities while selling inventory in the interest of consumers. Source: Neha Madaan, "Travellers in a fix, as hotels reject bookings on portals", Times of India, 19/05/2019. Serge Chamelian, "Rate Parity or Disparity", insights.ehotelier.com, 21/04/2020 Accessed on 20.04.2022 Activity 25.1 Merten GmbH and Co. (Merten), is a 100-year-old German company that provides electro technical solutions for 'intelligent' buildings (Intelligent buildings use technology and processes to enhance safety, security and energy-efficiency). In 2005, Merten started its operations in India. In this context, discuss the types of channel conflicts that Merten could face.

Unit 25: Managing Channel Conflicts 31 Answer: Check Your Progress - 2 5. The distribution manager of LMN Garments had a disagreement with a wholesaler on pricing policies for a particular brand of shirts.

40%**MATCHING BLOCK 90/376****W**

This is an example of which type of conflict? a. Franchise conflict b. Multi-channel conflict c. Vertical channel conflict d. Horizontal channel conflict e.

Functional conflict 6. What type of channel conflicts arise between the

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channel members operating at the same level within the channel structure?

a. Multi-channel b. Vertical c. Horizontal d. Multi-dimensional e. Franchise conflict 7. Conflicts may

91%

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arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesalers by resorting to newer channels like the Internet or direct mail.

Which of the following types of channel conflict is referred to in the above statement? a. Vertical b. Horizontal c. Multi-channel d. Territorial conflict e. Functional conflict 25.5

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Conflict Management Techniques The types of intra-channel conflicts prevailing in a distribution channel and the characteristics of their sources have important implications for channel members. Intra-channel conflicts that arise due to structural differences require different

Block 6: Channel Control and Institutions 32

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conflict management techniques. Conflicts between two channel members (dyadic framework), can be solved either by one channel member modifying/changing its organizational goals or by conceding some amount of autonomy/resources to the other channel member. Conflict resolution processes can be done through mutual agreement or the use of channel power. Conflict resolution mechanisms can be divided into two categories. In the first (systematic mechanism), the conflict resolution mechanism is based on the policies that channel leaders implement to resolve channel conflicts in a streamlined manner. These conflict resolution mechanisms are aimed at increasing interaction and communication among various channel members. Some systematic mechanisms include joint memberships in trade organizations, exchange of personnel between two or more channels, distributor councils, arbitration and mediation boards and various programmes such as co-optation. The second category of conflict resolution mechanisms is based on

how channel leaders resolve conflicts. Channel leaders may use their channel power and authority to reduce conflicts. Alternatively, channel leaders may resolve channel conflicts using any of the following approaches or mechanisms: Problem-solving approach, persuasion, bargaining and deployment of

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political strategies. Some strategies implemented under both categories are discussed in the following sections. 25.5.1 Negotiation (Bargaining) Negotiation or bargaining is used by channel members as a method of resolving conflicts. Negotiations usually take place over price, cash credit, discounts, delivery, inventory levels and other elements in the marketing mix. In negotiations, goal differences are considered as fixed and conflict resolution mechanisms do not mean that common goals have to be developed. The outcome of negotiations varies depending on the number of channel members and the extent of balance of power among them. During negotiations, channel members indulge in low risk behaviour, where information exchange is kept to the minimal to lessen the financial, social and physical costs incurred. Channel members, during the bargaining process, sometimes behave rigidly and stick to their stand. Threats, promises and conditional commitments are commonly seen during negotiations. Negotiations generally occur under asymmetrical power conditions. For example, negotiations between a retailer and manufacturers of private store labels take place in conditions where the retailer has a strong bargaining power. Asymmetric negotiations also occur between franchisers and franchisees. The negotiation process is very important for channel members, especially in marketing channels, because its efficiency has a direct impact on the selling and purchasing costs among channel members.

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Channel Conflicts 33 Some differences commonly seen during negotiations under asymmetric power conditions are: Initial bids During bargaining, channel members with greater power than their partners make more demanding initial bids. Similarly, weak bargainers send less demanding bids or conditions. Extent of flexibility Channel members with greater power do not yield much from their initial bargaining conditions compared to channel members who have less power. Time of negotiation When negotiations take place in asymmetric power conditions, more powerful channel members are able to obtain an acceptable agreement faster than less powerful channel members. Communication content Channel members with greater power frequently make use of commanding language and actions during negotiations with other channel members. Negotiation outcome In asymmetric power conditions, channel members with more power achieve agreements that give them a larger share of total profits of the channel group. In this process, the overall profitability of the channel decreases.

Example: Negotiation by Amazon to Avoid Conflict In 2020, according to David Barnett, CEO and Founder of PopSockets, Amazon sold the goods for a lesser price

90%**MATCHING BLOCK 97/376****W**

after the two companies agreed on a minimum price at which Amazon would sell PopSockets.

To avoid a disagreement, Amazon utilised its negotiating leverage to have PopSockets compensate for the lost margin. This shows how Amazon used negotiation technique to avoid channel conflict. Source: "

100%**MATCHING BLOCK 98/376****W**

Amazon Antitrust Report Reveals 'Strong-Arm' Negotiating Tactics With Brands",

October 8, 2020, <https://www.forbes.com/sites/kirimasters/2020/10/08/>

100%**MATCHING BLOCK 99/376****W**

amazon-antitrust-report- reveals-strong-arm-negotiating-tactics-with-brands/?

sh=51a1dd23357c 25.5.2

100%**MATCHING BLOCK 100/376****W**

Persuasive Mechanism Persuasive conflict resolution mechanism is another method used by channel leaders to resolve conflicts. The objective is to move both parties (channel members) towards a common set of goals. In this method, each channel member tries to influence and change the view of other channel member with regard to the conflicting issues. The basic approach used in persuasive conflict resolution

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98%**MATCHING BLOCK 101/376****W**

mechanism is to highlight the importance of mutually beneficial common goals over individual goals and also reduce differences present in individual goals of each channel member. However, in this method, channel members involve in high risk behaviour by sharing important information to arrive at a common goal. This is in contrast to the low-risk behaviour observed during negotiations. This type of conflict resolution mechanism is often seen between franchisers and franchisees. For instance, franchisers may have to persuade franchisees to maintain product quality levels consistently to project a uniform image.

Example: Colgate-Palmolive's Persuasion of Distributors to Avoid Conflict In 2022, the All India Consumer Products Distributors Federation (AICPDF) put off its boycott of select Colgate-Palmolive (India) Ltd (CPIL) products a day after a virtual meeting with CPIL representatives. The company met with the AICPDF and explained the procedure of engaging with the company's distributors as well as the firm's commitment to addressing their concerns. CPIL has persuaded the AICPDF of the conflicts and has begun distributing its products. Source: "

100%**MATCHING BLOCK 102/376****W**

FMCG distributors call off stir against Colgate after talks with company”,

January 6, 2022, <https://www.business-standard.com/article/companies/>

100%**MATCHING BLOCK 103/376****W**

fmcg-distributors-call-off-stir- against-colgate-after-talks-with-company-122010601464_1.

html 25.5.3

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Problem-solving Strategies This method is also used as a conflict resolution mechanism to settle conflicts in distribution channels. Here, both parties share common objectives but differ on the criteria used for decision-making. Open transfer of information about goals and objectives happens and both parties try to sort out differences by seeking alternative solutions. Cooperation and coordination is also present between channel members, unlike in negotiations. Channel members are ready to concede or modify certain conditions to reach a mutually acceptable solution.

Example: HUL and AICPDF: Problem Solving to Avoid Conflict In 2022, the disputes between distributors and packaged consumer goods behemoth Hindustan Unilever Ltd. (HUL)

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over pricing parity between traditional distributors and organised business-to-business (B2B) platforms has been resolved through collaborative efforts between the All India Consumer Products Distributors Federation (AICPDF)

67%**MATCHING BLOCK 107/376****W**

over pricing parity between traditional distributors and organised business-to-business (B2B) platforms has been resolved through collaborative efforts between the All India Consumer Products Distributors Federation (AICPDF)

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pricing parity between traditional distributors and organised business-to-business (

and HUL. The AICPDF has ordered distributors to withdraw their protest against HUL. Members of the channel were willing to surrender or change some requirements in order to obtain a mutually acceptable solution. Here, both HUL and AICPDF adopted conflict resolution mechanism to settle conflicts. Source: Ratna Bhushan, “HUL-distributors standoff resolved”, <https://economictimes.indiatimes.com/industry/cons-products/fmcg/hul-distributors-standoff- resolved/articleshow/88701073.cms> (January 5, 2022)

Unit 25: Managing Channel Conflicts 35 25.5.4 Political Strategies This is another form of conflict resolution, similar to bargaining. As channel members have disagreed over each other's objectives, they agree to a third party becoming involved. This party acts as an ally to the channel members. This method is resorted to only when all other interpersonal methods of solving conflicts have failed. Political-based conflict resolution strategies involve the use of diplomacy, mediators and arbitrators to solve conflicts. Diplomacy: It is an approach where each side sends a person or group to meet its counterparts to resolve the conflict. Mediation: It is a process where a third party tries to settle conflicts between channel members, either by urging them to continue negotiations till a solution is reached, or takes into consideration recommendations made by the mediator. Arbitration: In arbitration, the two parties agree to present their agreements to one or more arbitrators, referees or a private judge and accept the verdict delivered. Usually, channel members have a clause in their contracts stipulating the use of arbitration in case of conflicts between them. There are many arbitration centres all over the world, where organizations can take their disputes. The American Arbitration Association is one of the oldest such centres in the world. 25.5.5 Co-optation Co-optation is an information-intensive mechanism, which involves free exchange of information between aggrieved parties. Co-optation is a mechanism where a new member from outside the organization is selected and is involved in the decisions and policies of top management. A channel member makes an effort to win the support of other channel members by including them in its advisory council or board of directors. Co-optation permits the concept of sharing responsibility so that channel members from different levels can become prominent in the entire channel system and are committed to the programmes and policies of one another. In this method, one channel member may have to make concessions on its policies and plans to win the support of the newly- elected member from other channel organizations. Co-optation can be used to reduce conflicts as long as the channel member treats the new individual member(s) seriously and listens to them. This mechanism is risky due to the physical, economic and financial costs involved. Coordination and cooperation are pre-conditions. Exchange of personnel between two or more channels is also used as a conflict resolution mechanism. This enables participants to visit each other's facilities and understand each other's points of view. Another frequently used method is the encouragement of joint membership in and between trade organizations. For example, if manufacturers and retailers are associated with each other's trade

Block 6: Channel Control and Institutions 36 associations, they become aware of each other's limitations and problems, apart from approach to business. In addition to these strategies, channel members can reduce the frequency and intensity of conflict by adopting some practices during routine channel functions. Some routine practices by channel members to avoid or minimize channel conflicts are: ? Personal relationships: Channel members must strive to develop personal relationships to reduce the intensity of flare-ups and discuss various conflict issues rationally. ? Error clarification: Whenever a channel member errs, it must be brought to the notice of the other channel partner, so that new problems due to lack of awareness of the reciprocating firm do not occur. ? Distribution indicators: Channel members must develop distribution indicators that will alert those affected. The indicators can be inventory levels, value of sales or order volumes. ? Meetings: The sales personnel of manufacturers must be in frequent touch with sales personnel of other channel intermediaries, so that they can share views and prevent eruption of conflicts. ? Appreciate each channel member's requirements: By visiting the manufacturer's plant and observing activities like ordering procedures and quality management activities, the intermediary can gain a clear picture of potential difficulties in getting a product delivered on time. Likewise, by making joint visits to trade fairs and sharing information, both parties can achieve a harmonious working relationship. ? Communication: The communication process within the channel structure and between channel members should be streamlined. This can be achieved by continuous sharing of information through networks. It is generally observed that attitudinal differences arise due to lack of proper communication and information processing among channel members. Hence, by designing communication programmes that increases exchange of information about goals, role expectations and future plans among channel members, the quantum of intra-channel conflict will be considerably reduced. Example: Co-optation @ L'Oréal According to a McKinsey's article (2020), L'Oréal established an excellent co- development method to resolve conflicts. For example, the business's annual "Cherry Pack" show provides suppliers with

92%

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a preview of the consumer trends that the company will be working on, and asks them to produce packaging solutions

that are in line with these trends. Source: <https://www.mckinsey.com/business-functions/operations/our-insights/taking-supplier-collaboration-to-the-next-level> (January 7, 2022)

Unit 25: Managing Channel Conflicts 37 Activity 25.2 A large consumer electronics manufacturer decided to open a new direct channel by launching an online shopping site for consumers. This created a conflict with the company's primary retail reseller. How can the company resolve this conflict? Explain with reference to the various modes of channel conflict resolutions. Answer: 25.6

100%

MATCHING BLOCK 109/376

W

Channel Leadership Effective channel management can be achieved if channel members appoint effective leaders who take

a broad

99%**MATCHING BLOCK 110/376****W**

inter-organizational perspective of distribution opportunities and problems. These leaders must emphasize the need for developing cordial channel relationships. Frequent conflicts due to differences in role perceptions, goals and objectives forces channel members to take the help of channel leaders. Channel leadership can be effective only when the leader judiciously plans the channel control mix. Channel leaders can use positive reinforcement as well as negative reinforcement to ensure that channel members comply with formulated policies. 25.6.1 Role of Leadership Power in Resolving Conflicts Channel leaders can use their leadership power to manage and resolve conflicts effectively, leading to improvement in coordination and functioning of channels. The effectiveness of channel leaders depends on the extent of power they hold and the acceptance and attitude of the rest of the channel members. Channel leaders must seek to reduce functional conflict and levels of dysfunctional conflict in the channel. Channel leaders can use different methods to resolve channel conflicts. They include coercion, economic rewards and the use of legitimate, expert and referent power. Let us briefly look at each aspect. Reward power Channel leaders can use reward power to resolve channel conflicts. This is based on the belief of channel members that the channel leader is capable of granting benefits if they comply with the dictated policies. For example, the channel leader may have the power to grant better promotional allowances or higher margins to channel members. Coercive power Channel leaders can use coercive power to control the actions of channel members. The channel leader can use negative reinforcement methods like

Block 6: Channel Control and Institutions 38

97%**MATCHING BLOCK 111/376****W**

sanctions, cancellation of exclusive distribution rights or decrease in margins to ensure that all channel members toe the line. Expert power The channel leader can make use of expert power to align the activities of channel members for better cooperation and coordination. Expert power can be in the form of knowledge about certain channel functions that other members are unaware of, but would stand to benefit from. For example, the manufacturer may have expert knowledge about competitors' products, which will be beneficial for dealers. Referent power Channel leaders have the right to permit other channel members to be associated with certain trade associations. They can develop policies that permit memberships of channel members in certain associations, only on condition of compliance with rules and regulations. Legitimate power Channel leaders can reduce conflicts by using their legitimate power, which gives them the right to make certain decisions and ensure that other channel members follow them. The role of the channel leader in resolving conflicts will be restricted if power sources cannot be used extensively. The extent to which channel leaders can effectively inhibit conflict depends on the extent to which the channel leader can direct the use of leadership power over each channel member. The level to which leadership power has an influence on the performance of channel members is also crucial. The channel leader's role in resolving conflicts will be restricted if power sources cannot be used extensively.

Example: Manufacturers as Channel Leaders In 2020, Indian manufacturers such as JSW Cements, Indigo Paints, and JSW Paints revised their dealer and distributor incentives in order to increase sales and minimise disputes.

95%**MATCHING BLOCK 112/376****W**

The revised incentives focused on infusing more liquidity into the system, rewarding higher sales performance and taking care of the dealer's overhead expenses like buying sanitisers and safety equipment.

91%**MATCHING BLOCK 113/376****W**

The channel leaders may have the power to grant better promotional allowances or higher margins to channel members.

Source: Bhavya Dilipkumar and Nehal Chaliawala, "Manufacturers giving incentives to dealers, distributors to push sales", June 1, 2020, <https://economictimes.indiatimes.com/news/company/corporate-trends/manufacturers-use-sops-to-get-wind-back-in-their-sales/articleshow/76125010.cms>

Unit 25: Managing Channel Conflicts 39 Activity 25.3 Channel management involves developing amicable relations between channel members to avoid any conflict arising out of factors like goal incompatibility, domain clashes, etc. An effective channel leader can prevent channel conflicts by using its leadership power to sort out various issues. Describe in brief the various types of power exercised by channel leaders. Answer: Check Your Progress - 3 8. Systematic mechanisms promote more interaction and communication among the various channel members to resolve channel conflicts. Which of the following is not an example of systematic mechanisms? a. Bargaining b. Distributor councils c. Arbitration boards d. Joint membership in trade organizations e. Systems and Procedures for resolving conflict 9. Which strategy for resolving channel conflicts are diplomacy, arbitration and mediation a part of? a. Negotiation b. Political strategy c. Persuasive mechanism d. Co-optation e. Coercion 10. Who is responsible for judiciously planning the channel control mix for effective channel management? a. Wholesaler b. Retailer c. Channel leader d. Channel partner e. Franchisee

Block 6: Channel Control and Institutions 40 25.7 Summary ? Channel conflicts arise in channel systems when one or more channel members start perceiving the behaviour and actions of another channel member as an impediment to goal attainment. ? There are many sources of channel conflicts. They can originate from competing roles, clash of domains and differing perceptions of reality. Marketing channel strategies and channel structures are also important sources of conflict. ? Channel conflicts can be of different types. They can be primarily divided into pre-contractual and post-contractual conflicts and conflicts based on channel levels. Based on the timing of conflicts, they are divided into conflicts that arise before channel members enter into agreements and those that arise after channel members enter into agreements. Channel level conflicts may be vertical, horizontal or multi-level. ? To ensure effective coordination and channel functioning, different conflict management techniques can be used. They are primarily segregated into structural and behavioural conflict resolution strategies. ? Channel power is also frequently used as a conflict management tool. Power sources are usually effective when wielded by channel leaders. Channel leaders can use referent, expert, legitimate, coercive, and reward power to minimize channel conflicts. 25.8 Glossary Channel conflict: Channel conflict refers to the conflict between manufacturers and their channel partners. It occurs when manufacturers start selling their products direct to consumers instead of through their channel partners including distributors, retailers, dealers, and sales representatives. Distribution channel: Distribution channel is the chain of intermediaries, each help to pass the product to the next level down the chain, so as to reach the product to the consumer or end-user. Franchising: Franchising is the practice of using another firm's business model with the consent of the franchisor. Principal agent relationship: Principal agent relationship refers to the arrangement between two people or entity when one of them acts on behalf of another. The person or entity which acts on behalf of another person or entity is called the agent whereas the other person or entity is called the principal.

Unit 25: Managing Channel Conflicts 41 25.9 Self-Assessment Exercises 1.

100%

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There are many reasons why conflicts arise in distribution channels.

Discuss the sources of conflicts in distribution channels. 2.

91%

MATCHING BLOCK 115/376

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Channel conflicts can be divided into different types depending on timing and levels of the channel. What are

the various types of channel conflicts? 3. Different conflict management techniques can be used to ensure effective coordination and channel functioning. Describe these techniques in detail. 4. '

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Effective channel management can be achieved if channel members appoint effective leaders who take

a broad inter-organizational perspective of distribution opportunities and problems.' Validate this statement. 25.10

Suggested Readings/Reference Materials 1. Venugopal Pingali (2020). "Sales and Distribution Management: An Integrative Approach", SAGE Publications Pvt. Ltd. 2. Nag A (2017). "Sales and Distribution Management," McGraw Hill Education. 3. Tapan K. Panda and Sunil Sahadev (2019). "Sales and Distribution Management," 3rd edition, Oxford University Press. 4. Krishna Havaladar and Vasant Cavale (2017). "Sales and Distribution Management: Text and Cases," Third edition, McGraw Hill Education. 5. Richard R. Still (2017). Sales and Distribution Management, Sixth Edition, Pearson Education. 6. Bholanath Dutta (2020). Fundamentals of Sales & Distribution Management: Text & Cases, Dreamtech Press. 7. Gupta S L (2018). "Sales and Distribution Management – Text and Cases An Indian Perspective," Laxmi Publications Pvt. Ltd. 25.11 Answers to Check Your Progress

Questions 1. (

a) Issues of conflict The channel conflict model is useful to understand the process of channel conflict. The channel conflict model is based on three important presumptions. These are -- the causes of conflict, the level of conflict, and the outcome of conflict. 2. (b) External changes External changes are like

97%**MATCHING BLOCK 117/376****W**

unexpected changes in the competitive environment, consumers, and markets. Differences in economic and ideological objectives among channel members lead to conflicts. In addition to external changes, market channel strategies adopted by channel members are also an important source of channel conflicts.

Block 6: Channel Control and Institutions 42 3. (a) Differing perceptions of reality

98%**MATCHING BLOCK 118/376****W**

Conflicts in marketing channels stem from the domain definition and the extent to which other channel members accept it. The domain of channel members consists of three elements. They are: product range, population and territories served, and functions or duties to be performed. Differences in domain will automatically lead to conflicts among channel members. 4. (

d) Loss of potential customers is a potential source of conflict. All the statements are false regarding franchising in terms of clashes over domains, except statement (d). 5. (c)

92%**MATCHING BLOCK 119/376****W**

Vertical channel conflict Vertical channel conflicts occur between channel members operating at different levels within the same channel structure. For example,

the

85%**MATCHING BLOCK 120/376****W**

conflict between manufacturer and distributors, when the manufacturer tries to enforce pricing and service policies on the distributor or expands distribution, is a type of vertical channel conflict. 6. (

c) Horizontal

90%**MATCHING BLOCK 123/376****W**

Horizontal type of channel conflict arises between channel members operating at the same level within the channel structure. For example, a conflict between two franchisees over clash of domains comes under this type of conflict. 7. (c) Multi-channel Multi-channel conflict arises when the manufacturer has established two or more channels catering to the same market. For example, conflicts arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesalers by resorting to newer channels like the Internet or direct mail. 8. (

85%**MATCHING BLOCK 121/376****W**

conflict arises between channel members operating at the same level within the channel structure.

76%**MATCHING BLOCK 122/376****W**

channel conflict arises when the manufacturer has established two or more channels catering to the same market.

a) Bargaining Systematic mechanism is a

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conflict resolution mechanism based on the policies that channel leaders implement to resolve channel conflicts in a streamlined manner.

Options (b), (c), and (d) are some of the systematic mechanisms. Option (a) comes under the second category of conflict resolution mechanisms, which is based on behavioural and attitudinal responses. 9. (b) Political Strategy Political strategy is a form of conflict resolution which is used only when all other inter-personal methods of solving conflicts have failed. It involves the use of diplomacy, mediators, and arbitrators to solve conflicts.

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Channel leader Frequent conflicts due to differences in role perceptions, goals and objectives forces channel members to take the help of channel leaders. Channel leadership can be effective only when the leader judiciously plans the channel control mix. Channel leaders can use positive reinforcement as well as negative reinforcement to ensure that channel members comply with formulated policies.

Unit 26

Channel Information Systems Structure 26.1 Introduction 26.2 Objectives 26.3

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Elements of Channel Information Systems 26.4 Impact of Information Systems on Channel Flow 26.5

Impact of Information Systems on

Channel Relationships 26.6

Summary 26.7 Glossary 26.8 Self-Assessment Exercises 26.9 Suggested Readings/Reference Materials 26.10 Answers to Check Your Progress Questions "

To

keep the business from disintegrating, the concept of information systems architecture is becoming less of an option and more of a necessity." — John Zachman, an American business and IT consultant, Chief Executive Officer of Zachman International 26.1

Introduction As mentioned in the quote, information systems are important because a sea-change is taking place in all aspects of business activity in the wake of the knowledge revolution. Information has become an important component of business strategy for organizations across the world to gain a competitive advantage over rivals. Computers and telecommunication technology have revolutionized the way information is stored, processed and transferred. The utility of information to an organization depends on the extent to which it facilitates the efficient functioning of different processes in the organization. Information systems are being used by sales organizations too to improve the effectiveness of marketing channel transactions. The advent of new information technologies has revolutionized the organization and conduct of distribution of goods and services. Channel Information Systems (CIS) include components like Electronic Data Interchange (EDI), electronic scanning, bar coding, database management and multi-media offerings.

Unit 26: Channel Information Systems 45

In the previous unit, we discussed management of channel conflicts. In this unit, we will discuss channel information systems. This unit examines the different aspects of

channel information systems. It begins with a discussion of channel information systems elements, and proceeds to detail the impact of channel information systems on channel flow and channel member relationships.

It is important to remember that large investments in IT will not by itself lead to development of efficient information systems. Good understanding of the need for implementing IT in organizations, its advantages, costs and time involved will help obtain the desired results. 26.2

Objectives After going through this unit, you should be able to: ?

Identify

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the elements of channel information systems. ? Explain the impact of information systems on channel flow. ?

Discuss the impact of information systems on channel relationships. 26.3 Elements of Channel Information Systems CIS are primarily used to collect, store and interpret information in a manner that adds value to an organization's distribution functions. The importance of information systems to an organization can be studied in terms of 'information value' and 'information intensity'. Information intensity refers to the proportion of profits that can be attributed to a company's information assets. A company is more information intensive if its information assets contribute to a greater proportion of profits. The degree of information intensity can influence the relative balance of power between manufacturers and buyers. For example, McKesson (a US-based drug distributor) and Walmart (the US- based retail giant) have more power over manufacturers in their respective industries due to their greater degree of information intensity. Thus, there has been a fundamental shift in the role of channel members along the value-added chain. Information systems have also removed the necessity for lengthy distribution channels prevalent in traditional distribution structures. The changing nature of channel relationships has not only altered the degree of competition but the extent of rivalry, competitive positions and industry structure as a whole. Information systems have brought about radical changes in channel management. This can be illustrated well in retail distribution. As stated earlier, a CIS is a mechanism

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to preserve, collect, interpret, and transmit useful and timely information to respective channel members. The basic elements of a channel information system are hardware and networks and database for CIS.

Block 6: Channel Control and Institutions 46 26.3.1

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Hardware and Networks in an Information System Hardware and networks consist of software, computer components, programs and other related technologies that help efficient transmission of information among channel members. The hardware and networks used in information flow among channel members can be differentiated, based on applications, into business-to-business applications, retailing applications, business-to-consumer applications,

and

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interactive applications for consumers. Business-to-business applications Information systems facilitate the transmission of relevant information among channel members within a distribution channel. Owing to increasing competition and changing consumer tastes, channel members have begun to cooperate and coordinate with each other, so that they can develop a competitive advantage through a distribution system. CIS facilitate the sharing of information among manufacturers, suppliers, wholesalers and retailers, improve inventory management, develop efficient production schedules, reduce transaction costs, help assortment planning, new product development and order processing and replenishment.

One of the earliest and most well-known strategic information systems is Analytic Systems Automatic Purchasing (ASAP) developed by the American Hospital Supply Corporation, an American company dealing with hospital products (now Baxter Healthcare after its purchase by Baxter). It is a computerized system for ordering, tracking and managing hospital supplies. Other companies that introduced similar automated and proprietary order-entry systems include Johnson & Johnson's Cooperative Action Plus (COACT) and Abbott's Quik Link. Over the years, information systems have evolved from automated order-entry systems to sophisticated information-based logistics services. Baxter Healthcare implemented another information system, the Value Link program, to enhance customer-supplier relationships. This program is based on an integrated information management process that coordinates product flow and services between Baxter and its customers. The program aids dispatch of assorted medical products to different hospital departments, based on their requirements, in a ready-to-use form and in the manner specified. Some commonly used systems that facilitate performance of distribution functions include Shipping Container Marking (SCM), Computer-Aided Design (CAD), Electronic Data Interchange (EDI), Transaction-based Information, Efficient Consumer Response (ECR) and a host of others. Shipping Container Marking is used not only in business-to-business applications but also in retailing applications. It will be discussed along with retailing applications. Let us now discuss some information systems that improve-B2B relationships among channel members. Most technologies described below facilitate effective

Unit 26: Channel Information Systems 47

communication among channel members within a given distribution channel. These systems enable faster flow of information, leading to better customer service, lower transaction costs and risks. Quick Response (QR) system It is widely used in the apparel industry to ensure that fabric makers, apparel designers and retailers can share information about product design, orders, billing production, delivery schedules and so on. It enables channel members along the entire chain to be aware of the requirements of one another well-in-advance. QR ensures that manufacturers and retailers coordinate activities along the whole chain so that the right product is available to the consumer in the right place and at the right time. The technologies used in the QR system include bar-coded carton labeling and Universal Product Code (UPC) labeling. Efficient Consumer Response (ECR)

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It is a variation of the continuous replenishment program used in the apparel industry. ECR

uses category management to organize product replenishment based on product groups. Product groups are formed based on the urgency of requirements and the profitability of certain types of products to the distributor. The supplier categorizes products of similar profitability into a single product group. ECR uses activity-based costing to evaluate profitability. This system was developed by independent grocers to offset the entry of retail giants like Walmart and KMart into the grocery industry. ECR is a computerized system that uses software to collect retail-sales data. Based on this information, the manufacturing, distribution and sales activities of products are developed. ECR serves to provide a wide assortment of products to the consumer, provide the best possible distribution system from the manufacturer to the retailer and save costs by promoting products with consumer demand. This is possible from retail sales data collected using ECR. Transaction-based Information System (TBIS) A TBIS

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helps integrate the process and communication of information about every transaction, right from product purchase at consumer level back to the manufacturer's level.

Each channel member's goal is to leverage information about every transaction in the chain and convert it into an asset. The efficiency in gathering information on all transactions throughout the chain comes over time through experience. TBIS also acts as an information barrier to prevent the entry of new players into a particular distribution channel. The system helps create an information network that aids the smooth collection and transmission of information while preventing outside channel members from gaining access to this precious information.

Block 6: Channel Control and Institutions 48

Extranets These networking systems enable manufacturers to share information and conduct transactions with other channel partners like suppliers and distributors by linking their internal information network to an external network. The organization has to develop means to offer selective access to internal information to other channel partners. Initially, router networks were used for this purpose. Later, as network security architecture matured, a new external protection software tool – 'application layer gateway' firewall was introduced. Recently, virtual private networks that provide a gateway for external parties to selectively access company information have been developed. Companies develop information systems to fulfill a host of requirements. Companies develop different systems to service individual requirements, but in general, they provide some common benefits.

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Retailing applications Retailers use information systems to enhance communications between headquarters and retail outlets. Some retailers use computer-based networks running on proprietary software while some use satellite information networks to transmit information between different units. IT plays a critical role in enhancing in-store service for customers by providing value-added delivery services. It also helps retailers to configure their stores, prevent stockout and develop product assortments that give superior value to customers. A Retail Information System (RIS) involves software management and training, server and database technologies and wide and local area networking. IT-based systems extensively used in retailing applications are Shipping Container Marking technology (SCM) and Electronic Shelf Labels (ESL)

Shipping Container Marking technology (SCM) SCM technology has vastly improved the distribution process at both wholesaler and distribution centre levels for the retailer. This technology improves the efficiency of ordering and distribution tasks. Retailers prefer to place purchase orders with flexibility in the time of product delivery, to overcome the problem of fluctuating sales volumes. The use of scanned shipping container labels in SCM technology helps this by keeping track of information about the automatic shipping notice, the original purchase order and the specific cartons to be dispatched. When these cartons reach a distribution centre, scanning the carton label reveals information on the carton's contents, the order schedule and the store where it is to be delivered. Electronic Shelf Labels (ESL) Electronic shelf labeling has been adopted in retail supermarkets and hypermarkets. Many retailers stock as many as 20,000 assorted products. Putting

Unit 26: Channel Information Systems 49

a price tag on each item in the store shelf is tedious and labor-intensive. Moreover, some large retailers like Tesco, J. Sainsbury and Safeway make frequent price changes. For example, Safeway Plc which is an 'Every Day Low Price' (EDLP) retailer, makes as many as 1,500 price changes per week. ESL enables retailers change prices whenever the need arises, without changing labels on the shelf or for all products. This saves costs. The need to inform advertisers and make changes in point-of-sale devices and warehouse billing systems can also be avoided. ESL also helps maintain price integrity by ensuring that the price at the point of sale is the same as the price on the shelf. Nike Inc. has used point-of-sale information systems to gather and analyze data to schedule channel operations for its outlets all over the world.

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Business-to-consumer online applications Companies use electronic sales channels to provide information to customers about products and services. These channels include online Internet services and interactive multimedia. For example,

Flipkart 2, India's leading e-commerce company, partnered with Tata Consumer Products Limited, to serve the people of India amidst the COVID-19 global pandemic. As per the partnership, which is perceived as an innovative distribution solution, Tata Consumer Product's distributors listed themselves as marketplace sellers on Flipkart's e-commerce platform. Tata distributors also underwent Flipkart training for packaging and order fulfillment. Tata distributors would adhere to the standard operating procedures of Flipkart. Using the Flipkart platform, customers can buy combo packs of essential food products and other beverages like Tata pulses, Tata tea, Tata coffee, Tata spices and nutria mixes etc. Through this partnership, Tata Consumer Products has leveraged on the extensive distribution and delivery network. Interactive multi-media

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applications Shopping through interactive multi-media has become an important marketing channel. Companies and retailers are increasingly using online information systems for mutual benefit. Unlike other information systems, online systems enable customers to respond to information in the form of queries or purchase orders. J.C.Penny, an American retail giant, uses Telaction, an interactive online shopping system that provides customers a virtual shopping experience from the comfort of their home. Customers access this system through

a

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cable television channel and obtain product information using a push-button telephone.

In 2020 3 , 2 "

62%**MATCHING BLOCK 137/376****W**

Flipkart partners with Tata for distribution of essential supplies during coronavirus lockdown", April 11, 2020, <https://www.businessinsider.in/business/ecommerce/news/flipkart-partners-with-tata-for-distribution-of-essential-supplies-during-coronavirus-lockdown/>

articleshow/75094046.cms Accessed on 20.04.2022 3 "

100%**MATCHING BLOCK 138/376****W**

Checkpoint Systems Partners with JCPenney to Provide Enhanced Shopping Experience",

March 11, 2020,

100%**MATCHING BLOCK 142/376****W**

<https://www.prnewswire.com/news-releases/checkpoint-systems-partners-with-jcpenny-to-provide-enhanced-shopping-experience-301021858.html>

Accessed on 20.04.2022

Block 6: Channel Control and Institutions 50

J.C.Penny partnered with Checkpoint Systems (leading company that provides retail technology solutions), to provide improved shopping experience to its customers in its Brand-Defining Store in Hurst, Texas, USA. The styling and fitting rooms in

100%**MATCHING BLOCK 139/376****W**

Hurst store are equipped with Checkpoint's 'InterACT Fitting Room' solution and

JC Penny Style @ Your Service technology. Customers who require assistance can receive different sizes or colors without leaving the fitting rooms. Customers can access detailed product information, product recommendations. They can communicate with styling assistants.

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Private information service providers are also available. Customers can access such systems and collect information for a range of products and services. Information services like Dow Jones News Retrieval Service and

CompuServe Information

100%**MATCHING BLOCK 141/376****W**

Service are well known in America. The diffusion of computer technology has become the major determinant for the success of online information services. Customers enter the product features and the system gives a list of products matching the criteria. If the customer decides to purchase a product, the information system directly sends the order to the manufacturer's shipping centre.

Example: B2C Online App Kart @ ITC In 2020, ITC has partnered with Channel Kart, an AI-based SaaS platform (retailer app) for connecting channel partners like retailers, dealers, etc. Through Channel Kart retailer app, ITC is processing real-time sales order, and offering the features like latest new products update, promotions & catalogue, visibility of claims, price, schemes, and escalate unresolved issues. The app has AI Sales Assistant called 'Sellina' that engage simultaneously with millions of channel partners for sales order, assistance with information, content, and data. This shows how ITC is using B2B application called Channel Kart to connect with its channel partners. Source: "Retailer App: ITC Partners with Applicate for AI Powered Retailer Connect", December 10, 2020, <https://applicate.in/retailer-app/> (Accessed on May 27 th 2022) 26.3.2

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Databases for Channel Information Systems A company can achieve greater accuracy in results by using information stored in a database. However, data stored in databases has to be converted into useful information for distribution channels to become more efficient. In this section, we will discuss the importance of databases and their application by channel members in distribution channels.

Unit 26: Channel Information Systems 51

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Data warehousing Data warehousing involves copying and storing data from different operational databases into a centralized database, known as a data warehouse. Data warehousing allows employees from different departments to access information stored in the centralized database. This is

an

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advancement on traditional operational databases where access to stored data was complicated and collection of relevant information by users was not easy. Information in a data warehouse is arranged so that it is comprehensible to the user, who can obtain information needed to solve a particular problem without wasting time scanning the mounds of information in the database.

Data warehousing is a useful decision-support tool and helps channel members take correct decisions from information garnered. Victoria's Secret, a US-based retail

99%**MATCHING BLOCK 146/376****W**

chain selling apparel for women, has used data warehousing to good effect. Retail database systems (RDM) Retail database management technology enables retailers to gather useful data about individual customers from the information base in an easy, cost-effective and simple manner. By giving a query, an employee of the retail chain, such as the chief financial officer, can access relevant information from the in-house database. In a very short time, the retail database system delivers the information in the form of customer analysis reports. Since RDM systems are updated every 24 hours, they provide up-to-date information about customers quickly. RDM also helps retailers divide customers into different segments, manage promotion campaigns and analyze results. Customer buying habits can also be evaluated at individual customer level. An in-house RDM system can provide retailers with information on the purchase patterns of customers in a given region so that promotional material can be developed to aid cross-shopping. For example, based on information obtained from an in-house database, the retailer can work out a special Father's day promotion campaign for all customers coming under the same postal code, and who have purchased gifts on Mother's day. An RDM system can provide retailers with information that allows them to categorize customers into various types like window shoppers and those who actually purchase a product.

Activity 26.1 Smart Ice Creams has planned to develop strategies to turn the company's business around. As a part of the strategy, the company decided to invest in data warehousing. How do you think this move will benefit the company? Also, how do you think the retailers of Smart Ice Cream products would benefit from retail database systems?

Answer:

100%**MATCHING BLOCK 147/376****W**

Let us now discuss some information management systems in use at present. Precision Code It is a Windows NT geocoding system used by retailers in the US. It categorizes

customers

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based on geographic region. Using a Qualitative Marketing Software geocoding engine, it calculates the address or intersection latitude and longitude coordinates of customers. It then adds these coordinates and market segmentation codes from leading segmentation packages to customer address files. Thus, the information system standardizes customer address records (modifies street, city, and state names within the customer's file) to adhere to United States Postal Service (USPS) standards. Data designs for healthcare This is a Windows 95-based database management system designed specifically for the health-care industry. It enables health-care professionals to gather and compile data from different information systems into a single database. Data designs combines patient, physician and contract information into a single file. It also assesses medical plans, contracts and claim proposals. The system evaluates physicians for consistency across contracts, categorizes and monitors patients into groups for specific diagnosis and makes outcome comparisons. Archer Retail Database Marketing System 4.2 (ARDMS) Retail Target Marketing Systems, an American software solutions provider, developed Archer Retail Database Marketing System 4.2 (ARDMS), an information system designed for large retail companies. ARDMS is a decision support system enabling retailers to develop individualized marketing programs for customers based on current customer information and buying patterns. Retailers can also segregate customers into segments, transfer data, organize promotion campaigns, and so on. Another example of a company making use of information systems to improve customer service down the channel is Toyota Motor Sales Corporation. In the USA, Toyota uses a centralized database system and surveys to collect information from dealers about customers' service experiences. All dealers are required to link their databases to the centralized database. Dealers are provided with survey results so that they can improve their operations.

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Data gathered at various channel levels can be used to improve the management of functions at other channel levels. Data collection requires the development of a well-designed and efficient database. A company can use its database to formulate customer-retention and product-promotion strategies, improve customer service, study consumer behaviour patterns and keep track of sales at different outlets across the world on a periodic basis.

Example: Use of Database Management @ Amazon According to a Harvard Business Review article (2021), on its marketplace, Amazon gathers a huge of digital data about customers and sellers and store it in its database.

57%**MATCHING BLOCK 154/376****W**

The data is used to improve recommendation algorithms, personalise search experiences, and even understand what private-label items to

sell from third-party merchants.

100%**MATCHING BLOCK 150/376****W**

Retail database management technology enables retailers to gather useful data about individual customers from the information base.

Source: Daniel Björkegren and Chiara Farronato, "To Regulate Network-Based Platforms, Look at Their Data", October 18, 2021, <https://hbr.org/2021/10/network-based-platforms-must-be-regulated-but-how> Activity 26.2 Pricer AB of Sweden is a big retailer having business operations in Europe and other countries. It has introduced Electronic Shelf Labels (ESLs) in its stores. Discuss how ESL could prove useful to Pricer AB. How can the retail chain use Shipping Container Marketing (SCM) technology for its business? Answer: Check Your Progress - 1 1. Select the correct definition for information intensity from the options given below. a. It relates to the utility of information to an organization. b. It is the transmission of information to channel members. c. It refers to the proportion of profits that can be attributed to information assets. d. It involves the preservation of information of channel members. e. It refers to the level of usage of information by the company.

Block 6: Channel Control and Institutions 54 2.

SCM technology is used in retailing applications to improve the distribution process. Expand SCM. a. Systematic channel management b. Shipping container marking c. Software channel management d. Systematic container marking e. Shipping container marketing 3. Which of the following tools/systems collect, store information about every transaction and also enable retrieval of the same on demand? a. Efficient consumer response (ECR) b. Transaction-based information system(TBIS) c. Quick response (QR) system d. Extranets e. Retail database management (RDM) 4. Which of the following systems is used in the apparel industry to respond swiftly to changing demand and market conditions? a. Efficient consumer response (ECR) b. Transaction-based information system(TBIS) c. Quick response (QR) system d. Extranets e. Retail database management (RDM) 26.4

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Impact of Information Systems on Channel Flow With the advent of information systems, companies have adopted numerous methods through which products can be delivered to the consumer or end-user. Gone are the days when manufacturers circulated their products through traditional relationships with distributors or a group of exclusive dealers. Companies can use CIS to improve channel functions and flow. Implementing a channel information system can affect channel flow, right from inventory holding to ordering and payment. Efficient performance of channel functions improves channel flow, which leads to lower costs of operating the channel, reduction in channel conflicts and gaining competitive advantage.

Given below are some of the

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ways in which information systems impact channel flow. 26.4.1 Transaction Flow Inter-organizational systems using IT have influenced channel distribution significantly. Electronic Data Interchange (EDI) systems, a category of

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inter-organizational systems, facilitate the flow of products and services between channel members. EDI involves electronic exchange of purchase orders, invoices, shipping manifests and other business documents between retailer and supplier computer systems. It has proven more efficient than mailing or faxing documents and entering them manually later. EDI greatly reduces errors that occur when information is manually entered. Many organizations have therefore turned to EDI systems.

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EDI systems improve the speed and accuracy of transactions between channel members and provide complete data on channel transactions. Faster transactions reduce order processing times. This improves channel flow through better flow of goods between channel members. Quick response is a source of competitive advantage to downstream channel members. For example, General Electric (GE) uses electronic data transmission systems to help its independent appliance dealers compete with category specialists like Circuit City. GE delivers products directly to customers from its warehouses within 24 hours of order entry into GE's computerized system. This has helped independent appliance dealers to maintain minimal inventory levels, reducing operational costs.

Example: OpenText's Electronic Data Interchange Connects Customers and Traders According to a Forbes article (2021), The OpenText (a Canadian based software company) business network is quite large. OpenText operates the world's largest EDI VAN (Electronic data interchange value added networks), with 33,000 customers using it

100%**MATCHING BLOCK 159/376****W**

to exchange messages with 1 million preconnected trading partners (suppliers, logistics service providers, and contract manufacturers).

100%**MATCHING BLOCK 156/376****W**

EDI systems improve the speed and accuracy of transactions between channel members and provide complete data on channel transactions.

Source: Steve Banker, "Business-To-Anything Integration Supports Agile Supply Chains", April 20, 2021, <https://www.forbes.com/sites/stevebanker/2021/04/20/business-to-anything-integration-supports-agile-supply-chains/?sh=19d3f72e3fa6> 26.4.2

100%**MATCHING BLOCK 157/376****W**

Inventory Flow Information systems have a marked influence on inventory management of channel members. Efficient processing and flow of information is crucial for wholesalers, suppliers and retailers, as it can give competitive advantage. Better information flow leads to better inventory management. This helps channel partners shore-up bottom lines, especially in the retail industry where most channel members make significant investments in stocking goods.

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Continuous Replenishment Program (CRP) is an inventory management method using information systems. CRP advocates increased information sharing so that products are delivered on time at the right place with maximum accuracy. When such sizeable information is transmitted across channel members with speed and accuracy, the transit time become minimal. This leads to lower product refusal and returns. CRP also reduces the costs of transportation planning and invoicing, contributing to smoother flow of various channel functions. CRP, however, has to be compatible with the processes of different channel partners and aligned with their business objectives. The software and hardware must be customized. Toshiba America Information Systems Inc, a California-based information systems developer, has designed a web-based configuration and ordering system for its channel partners. Distributors and Value-Added Resellers (VARs) can ask the company to ship products directly to customers without having to stock products. Toshiba plans to use the configuration system to reduce inventory levels down to two weeks and deliver standard Stock Keeping Units (SKUs) in a week's time. The system will make the ordering process easier for resellers and enable Toshiba to ship products directly to customers. 26.4.3 Distribution Flow Information systems have improved product flow from the manufacturer to retail stores. A typical case is Pepsi Pennsauken, one of PepsiCo's biggest bottlers in the US. At Pepsi Pennsauken, wireless technology has helped the company save thousands of dollars and its reputation too. The bottler had a problem of not being able to receive sales orders in time from its sales personnel. With New Age teas, juices and waters competing for market share, the situation was grim for PepsiCo. Generally, bottlers sell soft drinks to retailers either on a route-sales basis (where drivers travel on specified routes, take orders from retailers and deliver cases on the spot) or pre-sell (where sales personnel take orders in advance and deliver them the following day). Every weekend, the bottling company had a backlog of 30,000 to 40,000 cases because the sales reps and route drivers could not communicate order details back to the company over the telephone because of busy signals. To overcome this, Pepsi Pennsauken gave its sales reps and route driver's hand-held computers that instantly transmitted information to distribution centres over a wireless network. The distribution centre had access to data, moments after it was sent from the retail outlet. Thus, by the time the drivers returned, their delivery schedule was ready. This enabled Pepsi Pennsauken to reduce its fleet from 39 trucks to 19. There was also a 25% increase in labour efficiency and the company was able to deliver orders within 24 hours.

Many organizations have developed software and

83%**MATCHING BLOCK 160/376****W**

application programs that facilitate channel flow. One such is Vital Suite 3.0 developed by International Network Services, a California-based network and business solutions provider.

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Vital Suite 3.0 contains a Business Transaction Management System that helps identify and keep track of transactions using sales-order automation, supply-chain management, order fulfillment and other applications. The software also helps identify causes of slowdown in transactions and related performance issues.

Example: Walmart: Use of Blockchain to Manage Distribution Flow Issues Walmart Canada uses both its own transport fleet and third-party carriers to deliver over 500,000 cargo to distribution facilities and stores across Canada each year. Moving a tremendous amount of commodities across borders, time zones, and diverse climates is a huge operational issue. To address the difficulty, it used blockchain, a distributed-ledger technology, to build an operation control flow system that contains information about the supply transaction.

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Information systems have improved product flow from the manufacturer to retail stores.

Source: Kate Vitasek, John Bayliss, Loudon Owen, and Neeraj Srivastava, "

100%**MATCHING BLOCK 163/376****W**

How Walmart Canada Uses Blockchain to Solve Supply-Chain Challenges",

January 5, 2022, <https://hbr.org/2022/01/>

100%**MATCHING BLOCK 166/376****W**

how-walmart-canada-uses-blockchain-to-solve-supply-chain-challenges 26.4.4

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Promotional Flow Information systems are also useful to improve a channel's promotional efforts. Direct marketers have used databases for a long time to send catalogues and other promotional material to prospective buyers. Many companies use electronic- based promotional systems nowadays. E-based systems help channel members identify and customize promotional activities aimed at customers. For example, Procter & Gamble, with the help of Philips Consumer Electronics, placed point- of-sale kiosks in Boots and Tesco supermarkets throughout the UK. P&G developed these kiosks exclusively to promote their new 'Oil of Olay' colour cosmetics line. Each kiosk is tailor-made to suit the consumer profile of each store and is staffed by a colour consultant from P&G or the concerned retailer. Consumers enter their personal details at these kiosks and get suggestions about products suitable to their skin types and complexion. 26.4.5 Negotiation Flow Negotiations between channel members have also changed due to the adoption of different information systems. New technologies like EDI, Quick Response System, Continuous Replenishment Program, Efficient Consumer Response etc., have led to channel members discarding old-fashioned negotiation methods. Upstream channel members are aware of information on consumer tastes, product specifications and delivery schedules. Similarly, downstream channel members get to know of the costs and difficulties of production and distribution. This has

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led to retailers consciously demanding the best prices and quality products. Mass merchandisers and manufacturers also want to reap the advantages that retailers and vendors have, by negotiating for changes in prices and delivery schedules. Channel members are able to spend more time

negotiating better terms and conditions instead of haggling over prices and profits. Example: Automated Negotiation Flow @ Amazon According to a Forbes article (2021), autonomous bargaining, a novel technique in which

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a machine evaluates the aspects that are adjustable in a supplier contract and conducts bargaining via email or chat, is giving procurement teams even

more power. Amazon is one of the businesses that has automated vendor communications

91%**MATCHING BLOCK 167/376****W**

and bargaining. Negotiations between channel members have also changed due to the adoption of different information systems.

Source: Martin Rand, "

100%**MATCHING BLOCK 176/376****W**

Digital Sourcing Is The Future Of Procurement, But Will E-Auctions Or Autonomous Negotiations Dominate?",

July 6, 2021, <https://www.forbes.com/sites/martinrand/2021/07/06/>

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digital-sourcing-is-the-future-of- procurement-but-will-e-auctions-or-autonomous-negotiations-dominate/?

sh=7cd822a96253 26.5

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Impact of Information Systems on Channel Relationships Companies are building powerful information systems to serve customer needs better, and in the process, developing the marketing channel as a source of differentiation and competitive advantage. The necessity for detailed information about customer needs has tilted the scales in favour of downstream channel members, especially retailers, as they are in direct contact with customers.

In this section, we will discuss

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the impact of channel information systems on channel power, conflict, cooperation and coordination. 26.5.1 Power IT has become the single-most important factor to change the dynamics of power among channel members in a given value-chain. This shift in power is somewhat difficult to comprehend because of the various ways in which power can be defined and measured. Power over channel members may be in the form of economic power or bargaining power. The sources of power (referent, coercive, reward, legitimate and expertise) and the relationships between channel members (supplier-retailer, wholesaler-retailer, supplier-wholesaler), also add to the difficulty in understanding power shifts in a channel.

We will focus our discussion on Customer Information Systems and the impact on the shifting of power among channel members.

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The traditional channel roles of manufacturers, wholesalers and retailers have changed after customer information systems were put in place. Point-of-sale systems were primarily responsible for the shift in power from manufacturer to

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retailer. These systems enabled retailers to collect first-hand information about customers' tastes and shopping behaviour.

Walmart, the retail giant, is a wonderful example of this shift in power to retailers. Walmart's centralized buying approach compels manufacturers to provide products at low prices and high service levels. Point-of-sale systems are widely prevalent in the United States and UK. It will be some time before they are implemented in India.

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Many retailers are using point-of-sale systems and frequent-shopper programs to collect valuable information on customers, to develop customer information systems.

A&P Stores, a grocery chain in the US, is a retailer that has developed a comprehensive customer information system to leverage itself on channel power. Not only retailers, but also manufacturers too have taken steps to build detailed customer information systems. The use of information systems helps manufacturers increase their bargaining power over downstream channel members. Retailers have the natural advantage of getting first-hand information on customers. Also, they can directly measure customer response to products and promotion. As a result, it is not surprising that the balance of power has shifted in favour of retailers. 26.5.2

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Conflict Channel conflict takes place when there is a difference in the roles that channel members are expected to perform. Channel conflicts may be vertical, horizontal or multi-channel in nature. Conflict among channel members may arise due to several reasons. It may arise because of goal incompatibility, differences in perception or dominance of a channel member over others. To reduce the probability of conflicts, it is necessary that the roles and rights of all channel members are clearly specified. Information systems play a major role in transmitting information about the activities of different channel members in a timely manner. This reduces the possibility of incompatibility of roles. In the absence of an information system, the manufacturer may ship a wrong consignment or the shipment may not arrive on time. In both cases, the retailer has to face a stock-out situation, which will be detrimental to the store's reputation. Sometimes, the retailer places orders at the last minute or keeps changing the order quantity or assortment. It then becomes difficult for the supplier to deliver the required order on time. These problems can be avoided by using information systems to facilitate regular information exchange between channel members.

Conflicts may also arise between supplier and retailer due to differences in channel functions. Some common functional issues that give rise to conflicts are minimum order size, retail assortment, speed of delivery, retail inventory levels, retail promotion and performance management. In addition, it is the issue of retailers carrying competitors' products. The use of systems like Transaction-based Information System (TBIS), Continuous Replenishment Program (CRP),

Block 6: Channel Control and Institutions 60

Efficient Consumer Response system (ECR), Point-of-Sale systems (POS), Quick Response System (QR), Electronic Data Interchange (EDI) and a host of others reduce the chances of conflict. For example, CRP helps retailers maintain inventory levels; POS keeps track of retail promotion and performance; EDI and QR help streamline order size and assortment problems. Information systems also provide channel members with complete information on each other's activities. So, the chances of a channel member exercising information or referent power over others are minimized. Differences in views regarding the advantages of channel information systems can be a source of conflict. If a retailer feels that the costs associated with participating in an information system offset the profits, the retailer may refuse to participate despite the advantages. Walmart faced such a situation when it implemented EDI technology. In the beginning, Walmart encouraged its suppliers to adopt EDI systems by providing training and installation facilities. Later, when very few shifted to the new system, it used coercion power by refusing to deal with suppliers who did not use EDI technology. Studies have been undertaken to identify the source of conflicts and differences in the intensity and types of conflict across different channel levels and channel systems. Some studies have revealed that greater integration between channel members can give rise to more conflicts. The details of these studies are beyond the scope of this unit. Irrespective of the divergent opinions of experts, it is generally accepted that the use of information systems is an ideal solution to reduce potential channel conflicts.

Example: QR Codes to Avoid Channel Conflicts @ Ralph Lauren In 2020, Ralph Lauren (a US-based fashion company) has started sewing QR codes into all of his clothing, giving each one a unique code that connects to a cloud-based digital identity. The company uses this technology to minimise channel disputes and run its supply chain with greater integrity and agility. Source: Niall Murphy, "

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Why Qr Code Scanning Will Be At The Forefront Of Retail Success This Holiday",

November 7, 2020, <https://www.forbes.com/sites/niallmurphy/2020/11/07/>

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why-qr-code-scanning-will-be-at-the- forefront-of-retail-success-this-holiday/?

sh=78cc6b5347fd 26.5.3

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Cooperation and Coordination CIS have changed the way channel members operate by influencing the traditional relationships between channel members. It facilitates channel coordination and permits channel members to adopt mutually acceptable goals that supersede individual goals. Earlier, channel members made every effort to get the best bargain from each individual transaction with other channel members. Information systems have changed this. One can gain the full benefits of information systems only when

Unit 26: Channel

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Information Systems 61 channel members cooperate and coordinate with each other. This has led to channel members looking at the interests of the channel as a whole and not just themselves. Collective goals have superseded individual goals. Information systems have led to sharing of data, which has facilitated the growth of 'information partnerships'. Cooperation Channels differ based on the extent of cooperation between channel members. Some channel members cooperate informally without formal commitments while negotiating channel transactions. These channels are more or less similar to conventional channels in their mode of operation. A higher degree of cooperation among channel members gives rise to consensus. Vertical and horizontal channel systems represent the highest level of formal cooperation and coordination among channel members. Channels can also be differentiated based on the type of channel members. In horizontal cooperation, channel members of the same type cooperate with each other. For example, a retailer cooperates with another retailer. In inter-type channel cooperation, different types of channel members operating at the same level cooperate with each other. For example, a discount store cooperates with a department store. Vertical cooperation involves cooperation between channel members at different levels in the channel. For instance, cooperation between a manufacturer and a wholesaler. Another variant is channel system cooperation. Here, cooperation takes place between types of channel systems. It is widely seen in multi-channel systems. For example, the traditional distribution system for one product cooperates with the direct selling system for another product. Coordination Companies begin their quest for channel coordination by trying to acquire other channel members across the channel.

However, the total failure of Allegis Corporation, an integrated travel company started by United Airlines, signified a change in this approach to one where channel partners could gain mutual benefit without having to merge. Enormous changes in the price and performance of systems that process, store and transmit data have led to improved coordination among channel members for mutual benefit.

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In general, information system-based coordination or partnerships are divided into four major categories -- joint marketing partnerships, intra-industry partnerships, customer-supplier partnerships and IT vendor-driven partnerships. We will focus our discussion on coordination between channel members within a channel. Information systems have been used in different ways to enhance coordination among members at all levels across the value-chain, be it manufacturers- wholesalers, manufacturers-suppliers, companies-dealers/agents, etc.

McKesson, Singer, General Electric and Eastman Kodak have achieved excellent

Block 6: Channel Control and Institutions 62

coordination between manufacturers and suppliers through information systems. Information coordination between companies and suppliers were best seen in the inter-organizational systems developed by American Hospital Supply (now Baxter Healthcare) and General Motors. Some other companies in this category are Ford, United Airlines, CIGNA and Chevrolet. Many retailers have established partnerships with suppliers to efficiently coordinate channel activities. Walmart uses a 'Retail Link System' to share information with vendors. Wholesalers have taken advantage of information systems to coordinate channel functions. McKesson, a pharmaceutical supplier developed the 'ECONOMOST System' to share information with retailers and customers. Grocery retailers and manufacturers are also slowly moving from merely controlling and analysing information in large databases to cooperation through information sharing. This enhances their productivity. For example, a leading grocery retail chain in the US entered into an arrangement with a manufacturer of diapers, according to which the retailer would automatically transmit information to the manufacturer whenever a shipment of diapers left for the stores from the warehouse. Under the agreement, the manufacturer had to ensure that stocks are replenished immediately without a specific purchase order being needed or a delivery schedule being given by the retailer.

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Information flow in a distribution channel cannot be separated from product flow. Unless an effective communication system unites channel members, coordination is difficult. Efficiency of physical distribution will also be impossible to achieve. Hence, it is necessary to share and transmit information efficiently and on a timely basis to plan and coordinate physical product flow adequately.

Exhibit 26.1 illustrates GCPL (Godrej Consumer Products Ltd.) successfully used IT (Information Technology) to drive business performance, improve order fulfillment, optimize costs and increase sales by improving performance of salesmen. Exhibit 26.1: Godrej Uses Data Analytics to Improve Distribution, Sales Godrej Consumer Products Ltd. (GCPL), India's leading FMCG (Fast Moving Consumer Goods) company, which was established in 2001, offers more than 24 brands across three segments (personal care, household care and hair care). Cinthol, Hit, Good Knight, Ezee and Godrej Fair Glow are some of its well-known brands. The company is market leader in household insecticides, liquid detergents and hair colour markets. GCPL has manufacturing operations in over 15 countries. Contd.... 4 "

Godrej Consumer keen to strengthen leadership in household insecticides", February 6, 2020,

<https://www.thehindubusinessline.com/>

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companies/godrej-consumer-keen-to-strengthen-leadership-in-household-insecticides/

article30754468.ece

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Operating in a highly competitive environment, GCPL faces different challenges in every country and market. Subrata Rey, Global CEO of GCPL says that the company is leveraging technology to ramp up its top line. He goes on to give the example of how one of GCPL's group's business, operating in a particular geographic location, improved order fulfillment to ensure that GCPL's products were available on retailer's shelves throughout the year. GCPL used advanced analytics in the supply chain function to understand the problems faced. By applying analytics, the GCPL group company has been able to improve its customer order fulfillment rate. GCPL also uses an IT-based solution to improve the productivity of its salesforce. GCPL's salesforce is able to service its more than 6 lakh retailers very effectively by using the insights gained from analytics. Sales recommenders help the salesmen meet their targets and virtual coaches that give information on real time basis enable salesforce to have meaningful conversation and engagement with customers. Based on study of historic behavior of retailers and sales representatives and various other external environmental factors (market behavior, weather conditions etc.), the virtual coaches are able to make ML driven (Machine Learning) personalized recommendations. ML-based algorithms provide good understanding of the predicted demand. Salesmen are able to cross sell, upsell and increase the selling rate of GCPL products. Advanced analytics is also used to fix the right price of the various brands, which in turn helps the company to maximize revenue. Prior to 2017, GCPL had separate network and infrastructure for each business and this created problems like lack of flexibility and scalability. Businesses operated in isolation. GCPL adopted a multi-cloud approach to solve this problem. The new approach brought in agility in implementing technology-based solutions. While IBM (IBM Private Cloud) has been the lead partner for GCPL's cloud implementation, the company also uses AWS (Amazon Web Services) cloud and Microsoft Cloud. To sum up, GCPL, a leading FMCG company of India has effectively used technology to improve its core business operations. Source: Bhargu Haritas, "How Godrej is using data analytics to transform critical functions", Economic Times, 13/11/2019 Activity 26.3 Japanese departmental stores have been facing a lean period for almost a decade. One of the methods to improve profitability is by implementing new facilities and streamlining supply chain operations. How do you think Channel Information Systems (CIS) can help these departmental stores gain efficiency in their operations?

Block 6: Channel Control and Institutions 64

Answer: Check Your Progress - 2 5. The use of information systems has helped in the negotiation flow of a company. Which statement closely identifies with negotiation flow? a. Channel members can identify promotional activities aimed at customers. b. It leads to better management of the inventory. c. The retailers are able to consciously demand best prices and quality products. d. There is an improvement in the flow of product from manufacturer to retailer. e. Channel members can customize promotional activities for customers. 6. What is the expansion of CIS? a. Channel incorporated system b. Channel incentivized system c. Channel information system d. Channel integrated system e. Channel improvement system 7. Channel information systems influence channel flows. Identify the channel flow that is influenced by Electronic Data Interchange (EDI) systems. a. Promotional flow b. Distribution flow c. Inventory flow d. Transaction flow e. Product flow 8. Which of the following refers to the tool that enables retailers to collect, aggregate and analyze data from retailing activities? a. Retail information system b. Channel information system c. Data collection system d. Data management system e. Data analytics

Unit 26: Channel Information Systems 65 9.

Which of the following points about EDI or Electronic Data Interchange is not true? a. It enables electronic exchange of business documents in standard electronic format between businesses. b. It has replaced exchange of information (in paper/hard copy) in person or by post. c. It has improved efficiency in communication d. EDI has reduced cost of communication, e. Setting up and maintenance of EDI format is inexpensive. 10. If a business desires to facilitate smooth completion of transaction (with the customer) at the place of billing and payment for goods, then which of the following systems should it deploy? a. EDI b. Point of Sale (POS) System c. TBIS d. Quick response system e. Stock replenishment system 26.6 Summary ? Information systems have revolutionized the way information is collected, stored and transmitted between channel members. They add value to the distribution function and enable channel members to integrate different channel functions, which was not possible in conventional distribution systems. ? Channel information systems have also influenced the structure of distribution channels. Lengthy channels have given way to shorter and highly efficient distribution systems. ? Channel information systems comprise an information database and the hardware and networks that help in the collection, processing and transmission of information. ? The hardware, software, and networks vary depending on the application requirements of channel members. They vary for

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business-to-business applications, retailing applications, business to consumer applications

and interactive applications for consumers. ? Channel information systems have influenced the way in which different channel functions are performed. It has streamlined operations leading to improved channel flow.

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Control and Institutions 66 ?

Channel information systems have also changed the order in which different functions are performed. They have influenced the physical distribution of products or distribution flow. ? Transaction flow, promotion flow, inventory flow, and negotiation flow have improved with the advent of information technology in channel management. ? Information systems have a profound impact on channel member relationships. They influence the balance of power, intensity of conflict, and the extent of cooperation and coordination among channel members. ? Channel information systems have changed the dynamics of power among channel members. They have reduced conflicts that may arise between supplier and retailer due to differences in different channel functions. ? Some common issues that give rise to conflicts are: minimum order size, retail assortment, speed of delivery, retail inventory levels, retail promotion and performance management and the issue of retailers carrying competitors' products. However, the use of channel information systems minimizes the chances of conflicts. ? Coordination and cooperation among channel members have greatly improved due to channel information systems. Channel members have opted for collective goals over individual goals and have started looking for benefits to the channel as a whole. ? Channels differ based on the type of channel members involved in cooperation and the extent to which members cooperate. Different channel systems include: consensus systems, vertical systems, horizontal systems and inter-type systems. ? Channel cooperation and coordination have led to successful and profitable relationships at different levels in the channel – between manufacturers and suppliers, suppliers and retailers and between manufacturers and retailers. 26.7 Glossary Activity-based Costing (ABC): An accounting system that measures the cost and performance of specific activities performed in an organization. It breaks down overhead costs into specific activities (cost drivers) in order to more accurately distribute the costs in product costing. Brand loyalty: The level of commitment that customers feel toward a given brand, as represented by their continuing purchase of that brand. Coupons: The documents that entitle the holder to a reduced price, or a percentage price reduction from the actual purchase price of a product or service. Database marketing: Direct marketing that allows advertiser to take advantage of comprehensive information about customers, including purchase behavior, demographics, and life-style.

Unit 26: Channel Information Systems 67

Hypermarket: A large retail store that offers products at a low price. It is a combination of a discount store and a food-based supermarket.

Mass merchandisers: Retailers that offer wide selections of goods at prices below traditional department store prices. Retail Information System (RIS): A tool that enables retailers to collect, aggregate and analyze data from retailing activities. 26.8 Self-Assessment Exercises 1. A channel information system preserves, collects, interprets,

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and transmits useful and timely information to respective channel members. Explain the elements of channel information

systems. 2.

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Implementing a channel information system can affect channel flow, right from inventory holding to ordering and payment.

Discuss the various ways in which information systems impact channel flow. 3. 'Channel information systems impact on channel power, conflict, cooperation, and coordination.' Validate

this statement. 26.9

Suggested Readings/Reference Materials 1. Venugopal Pingali (2020). "Sales and Distribution Management: An Integrative Approach", SAGE Publications Pvt. Ltd. 2. Nag A (2017). "Sales and Distribution Management," McGraw Hill Education. 3. Tapan K. Panda and Sunil Sahadev (2019). "Sales and Distribution Management," 3rd edition, Oxford University Press. 4. Krishna Havaladar and Vasant Cavale (2017). "Sales and Distribution Management: Text and Cases," Third edition, McGraw Hill Education. 5. Richard R. Still (2017). Sales and Distribution Management, Sixth Edition, Pearson Education. 6. Bholanath Dutta (2020). Fundamentals of Sales & Distribution Management: Text & Cases, Dreamtech Press. 7. Gupta S L (2018). "Sales and Distribution Management – Text and Cases An Indian Perspective," Laxmi Publications Pvt. Ltd. 26.10 Answers to Check Your Progress

Questions 1. (

c)

It refers to the proportion of profits that can be attributed to information assets. Information intensity refers to the proportion of profits that can be attributed to a company's information assets. A company is more information intensive if its information assets contribute to a greater proportion of profits.

Block 6: Channel Control and Institutions 68 2. (

b) Shipping Container Marking

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IT-based systems extensively used in retailing applications are Shipping Container Marking technology (SCM) and Electronic Shelf Labels (ESL).

SCM technology improves the efficiency of ordering and distribution tasks. 3. (b) Transaction-based Information System (TBIS) Efficient Consumer Response (ECR) helps organize product replenishment based on product groups. Transaction-based information system integrates

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the process and communicates information from product purchase at consumer level back to the manufacturer's level.

Quick response system enables fabric makers to share information on product design, orders, etc. Extranets enable manufacturers to share information with other channel partners.

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Retail database management technology enables retailers to gather useful data about individual customers from the information base in an easy, cost-effective

way. 4. (c) Quick Response (QR) System Quick Response System is a commonly used practice in the apparel fashion industry. It enables fabric makers to share information on product design, orders, etc. It enables apparel manufacturers to respond quickly to market demand. 5. (c) The retailers are able to consciously demand best prices and quality products. All the statements are false regarding negotiation flow of a company, except statement (c).

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Negotiations between channel members have changed due to the adoption of different information systems.

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This has led to retailers consciously demanding the best prices and quality products. 6. (

c) Channel Information System The expansion of CIS is Channel Information System. It comprises an information database that facilitates collection, processing and transmission of information. 7. (d) Transaction flow

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Electronic Data Interchange (EDI) systems, a category of inter-organizational systems, facilitate the flow of products and services between channel members. EDI involves electronic exchange of purchase orders, invoices, shipping manifests and other business documents between retailer and supplier computer systems.

Unit 26: Channel Information

Systems 69 8. (a) Retail Information System. Retail Information System (RIS) is a tool that enables retailers to collect, aggregate and analyze data from retailing activities. 9. (e) Setting up and maintenance of EDI format is inexpensive. EDI, which has replaced the traditional post or physical exchange of documents in paper improves efficiency in communication and has reduced cost. While all other statements about EDI are true, 'option e' which states that setting up and maintenance of EDI format is inexpensive, is false. Installing an EDI system is expensive, time consuming and also employees need to be trained to use the system. 10. (b) Point of Sale (POS) System A business that desires to facilitate smooth completion of transaction (with the customer) at the place of billing and payment for goods, must deploy POS (Point of Sale System). It is a computerized network that links the main computer network with several computer checkout terminals supported by hardware features like barcode scanner. It ends with card payment terminals.

Unit 27 Wholesaling Structure 27.1 Introduction 27.2 Objectives 27.3

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Wholesaling and its Importance 27.4 Types of Wholesalers 27.5 Strategic Issues in Wholesaling 27.6 Trends Shaping Wholesale Distribution 27.7 Impact of Information Technology on Wholesaling 27.8 Challenges in Wholesaling 27.9

Summary 27.10 Glossary 27.11 Self-Assessment Exercises 27.12 Suggested Readings/Reference Materials 27.13 Answers to Check Your Progress Questions "

To achieve long-term success as a wholesaler, you need to continually hone and refine your negotiation skills. Almost every wholesale deal you get will require you to negotiate the seller down on his or her price. You also need to be prepared to deal with the unexpected." - Paul Esajian (Co-founder of Fortune Builders, and CT Homes) 27.1 Introduction Many deals are won and loss at the negotiation table. In any given transaction one could potentially be negotiating with an array of people from sellers, it's imperative to learn to use negotiation to your advantage. By doing so, it will make business dealings much more profitable. In the previous unit, we discussed the channel information systems. In this unit, we will discuss wholesaling.

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Distribution channels typically consist of individuals and marketing organizations that assist in the flow of goods and services from the producer to the consumer. As goods and services flow from the producer to the consumer, they pass through several intermediaries in the form of wholesalers, retail outlets, etc. Wholesalers purchase the goods from the manufacturer. Retail outlets like departmental stores and supermarkets then purchase the goods from these wholesalers. And consumers buy the goods from the retail outlets. Unit 27: Wholesaling 71 Thus, wholesalers are individuals or organizations that specialize in procuring goods from the producers and making them available to the lower level intermediaries in the distribution channel. Wholesalers act as facilitators for distributing goods and products. Of the various intermediaries in the distribution channel, it is the wholesalers who form the vital link between the manufacturers and the resellers. By taking up the distribution of goods produced by the manufacturer, a wholesaler allows the manufacturer to concentrate on production and other vital aspects that contribute to improving his profitability.

In this unit, we examine the wholesaling system and its contribution in the distribution channel. The unit discusses the importance of wholesaling in an economy and the various types of wholesalers. The unit also examines the strategic issues in wholesaling and the trends shaping the wholesale distribution. Finally, the unit discusses the impact of information technology on wholesaling and the challenges involved in wholesaling. 27.2

Objectives After going through this unit, you should be able to: ?

Define wholesaling, and explain its importance. ? Classify the

different types of wholesalers. ? Identify the strategic issues in

wholesaling. ? Discuss the trends shaping wholesale distribution. ? Assess the impact of information technology on wholesaling. ?

Recognize the challenges in wholesaling. 27.3

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Wholesaling and its Importance As mentioned earlier, a distribution channel connects the producers or manufacturers with various customer segments through a number of intermediaries such as wholesalers, retailers, etc. Each intermediary plays an important role in making the products available to the end users. A wholesaler gets the goods from the producer and delivers them to other intermediaries down the channel. The intermediaries, in turn, make the goods available to the consumers. For example, software wholesalers of the 1-2- 3 spreadsheet applications purchase the product from its manufacturer, Lotus Development Corporation, and sell them to computer retail dealers. These dealers in turn, sell them to individuals or organizational customers. A wholesaler is distinguished from other intermediaries by means of the particular class of customers to whom he supplies the merchandise. Wholesalers resell the merchandise to retailers, industrial, commercial, farm or professional business users, and also to other wholesalers. They may also purchase or sell merchandise on a commission basis. In such transactions, the wholesaler plays the role of an agent or a broker.

Block 6: Channel Control and Institutions 72

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Wholesale trade is most common in food products, beverages, drugs, tobacco products, household goods, etc. In India, for example, the Agricultural Produce Market Committees (APMCs) located in various cities deal in the wholesale trade of fruits and vegetables and make them available to customers through the markets. Wholesalers simplify the product and information flows between the manufacturer and the end users in a distribution channel. They perform those functions in the distribution channel that would not be profitable for the manufacturer or the retailer to perform himself. The type of support the wholesalers provide is difficult and expensive for the manufacturers or the retailers to take up themselves. Wholesalers make bulk purchases of goods from manufacturers and store them until the ultimate consumers need them. Maintaining large inventories of the goods or products is both uneconomical and impractical for manufacturers as well as retailers. Wholesalers also take up a few sales and marketing functions of the manufacturers, as for instance, order processing, customer service, and maintaining sales contacts. This frees up the time and resources the manufacturer spent on activities involving these functions. Wholesalers also make goods available to resellers in large quantities at a discounted price.

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Wholesaling adds value to the goods offered by the manufacturer by making these available to the end consumers at the right place, right time and right price. The functions of a wholesaler can be broadly categorized into transactional, logistical, and facilitating functions. The transactional function involves buying, selling, and risk taking. The buying function involves purchasing goods or products from the producers and storing them in warehouses to make them available to consumers when the need arises. The selling function involves distributing the manufacturer's goods to retailers, thus enabling the manufacturer to reach individual customers through retailers. The risk-taking function involves obtaining the title to the goods and products produced by the manufacturer and storing them in inventory despite the risk of theft, spoilage, and possible product obsolescence.

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functions. The transactional function involves buying, selling, and risk taking.

The logistical function involves the assorting, sorting, storing, and transporting functions. The assorting function deals with building up assortments comprising products obtained from various manufacturers. This function of the wholesaler saves the customer time in having to search and locate these products himself. The sorting function deals with putting in one category products of the same kind that have been produced by different manufacturers. The storing function involves storing the manufacturers' goods in warehouses specially built for the purpose wherein goods and products are stored and dispatched to customers when there is a demand. This function of the wholesaler eliminates inventory cost.

Unit 27: Wholesaling 73 manufacturer's risk, as well as the need for customers having to maintain an inventory. The transporting function deals with facilitating the physical flow of goods and products from the manufacturer to the end consumer. The facilitating function includes the financing, grading, and disseminating functions. The financing function involves extending credit to customers and providing finance to manufacturers by placing bulk orders and making immediate payments for them. The grading function entails grouping the products according to quality. The disseminating function involves keeping manufacturers and customers informed about competitors, new products, and price developments. An efficient and dynamic wholesaling system benefits the ultimate customers by making the goods available to them at any time in adequate amounts at a low cost and at various locations. Example: Flipkart Wholesale Provides Varieties of Choices for Customers Flipkart Wholesale plans had begun operations in 2020. Flipkart claims that kiranas and MSMEs are essential to this new initiative. Top Indian brands, local manufacturers, and sellers, according to the firm,

55%**MATCHING BLOCK 199/376****W**

have worked with them to assure the availability of an extensive selection of items and commodities for kiranas and MSMEs.

It would have a one-stop access to an extensive product selection. Flipkart is providing attractive incentives and schemes, complemented with data-driven recommendations for selection of stock. The products would get delivered through Flipkart's logistical network for greater efficiency. Source: "

100%**MATCHING BLOCK 204/376****W**

Flipkart Wholesale to be launched next month: 5 things to know",

July 23, 2020, <https://www.livemint.com/>

100%**MATCHING BLOCK 200/376****W**

companies/news/flipkart-wholesale-to-be-launched-next-month-5- things-to-know-11595497882724.

html Check Your Progress - 1 1. Select the statement that does not identify closely with wholesalers. a. They simplify the product and information flows in a distribution channel. b. They will not purchase and sell goods on a commission basis. c.

84%**MATCHING BLOCK 201/376****W**

They perform those functions that would not be profitable for the manufacturer or retailer to perform.

d. They maintain large inventories of goods, which is difficult for the manufacturer or retailer. e. Wholesalers carry out functions that range from transportation to risk taking.

Block 6: Channel Control and Institutions 74 2.

Identify the function of a wholesaler that involves obtaining the title of ownership of the goods and storing them, despite chances of theft, spoilage, etc. a. Selling function b. Logistical function c. Facilitating function d. Risk-taking function e. Function of taking possession and ownership of goods 3. Which of the following is a part of the transactional functions performed by wholesalers? a. Sorting b. Buying c. Grading d. Financing e. Risk taking 27.4

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Types of Wholesalers The evolution of distribution channels was accompanied by the introduction of several intermediaries in the distribution channel to make the products easily available to the end users. The period also saw an increase in the types of intermediaries to meet the growing needs of the customers as well as the producers. In this section, we will discuss the different types of wholesaler intermediaries that have evolved over time to meet the needs of producers and the retailers. Wholesalers can be divided into three broad categories – merchant wholesalers, agents & brokers, and manufacturer's wholesalers. 27.4.1 Merchant Wholesalers Merchant wholesalers take over the title of ownership to the goods from the producer. They are responsible for the stock owned. Merchant wholesalers buy and assemble goods in large lots and resell them in small quantities to retail outlets, industrial, commercial or professional users through salesmen. They sell and buy in the domestic market on their own account and make payments to the manufacturer for the goods purchased. Merchant wholesalers perform various functions of wholesaling such as extending credit to customers, delivery and merchandise servicing, and rendering trade related advice. Based on the range of services or functions they perform, merchant wholesalers can be further classified into full-service merchant wholesalers and limited- service merchant wholesalers. Unit 27: Wholesaling 75 Full-service merchant wholesalers Full-service wholesalers provide most of the services of a wholesaler like storing, delivery, providing credit facility, warehousing, taking title to the goods, etc. Depending on the products carried and the services offered, full-service merchant wholesalers are further classified into general merchandise wholesalers, limited line wholesalers, specialty line wholesalers, rack jobbers, and cooperatives. General merchandise wholesalers carry a wide range of products that are resold to the retailers. They mostly cater to the needs of small retailers and carry almost all the products that customers need. Limited line wholesalers offer a narrow range of products to retailers. They create an extensive assortment of products that are purchased from different producers and make them available to the retailers and other organizational customers. Specialty line wholesalers carry a very specialized range of products, which is usually a single product or a few products from a product line. Examples of specialty line wholesalers are tobacco wholesalers, hardware wholesalers, etc. Rack jobbers purchase goods from the manufacturers, and display and stock them at the retailer's place. The rack jobber receives payment from the retailer only when the items are sold (consignment selling). However, the complexities involved in this form of distribution make rack jobbing an option that not many retailers prefer.

Cooperatives are owned by the members who run them and the profits are distributed equally among the members. Cooperatives are common in the dairy and agriculture industry. In the agriculture industry, farmers come together to form a group and manage the operations of the group to derive the benefit of bulk purchases of fertilizers, seeds, etc., and sale of agricultural produce. Examples of agricultural cooperatives in India are the sugar cooperatives in Maharashtra.

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Yet, another example of cooperatives is seen in the dairy industry. Some of the well-known dairy cooperatives in India are Gujarat Cooperative Milk Marketing Federation (GCMMF), known for the household brand, Amul; Andhra Pradesh Dairy Development Cooperative Federation Ltd (APDDCF), known for the brand, Vijaya; and Punjab State Cooperative Milk Producers' Federation Ltd (MILKFED), known for the brand, Verka. Limited-service merchant wholesalers do not undertake all the functions of a wholesaler. They specialize and so offer only limited services to retailers. Limited-service merchant wholesalers include cash-and-carry wholesalers, drop shippers, mail-order wholesalers, truck jobbers, rack jobbers, and manufacturers' sales branches.

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Cash-and-carry wholesalers Cash-and-carry wholesalers do not perform the activities of delivery, credit facilitation, and promotional activities but they undertake warehousing and own the title of the goods purchased from the manufacturers. Cash-and-carry wholesalers do not arrange for transportation. The retailers have to arrange for transportation after paying the wholesaler for the goods purchased. Wholesale furniture outlets are an example of cash-and-carry wholesalers. Cash-and-carry wholesalers adopt different strategies to move their products from the display shelf. For example, cash-and-carry wholesalers in Okachimachi district of Tokyo, in keeping with their 'no inventory' policy, slash prices of electronic gadgets that remain on the shelves for more than a day. In their efforts to display the latest gadgets on their shelves, these wholesalers do not mind selling slow moving products at very low prices which might even sometimes affect their margins. Drop shippers A drop shipper does not physically handle the merchandise. Once, he obtains the order from the customer, he locates a manufacturer who can fulfill the order and arranges for him to deliver the goods to the customer directly. Thus, drop shippers do not perform the storage function of wholesalers. The risk of the drop shipper begins at the time of his taking the order and lasts till the time the goods are delivered to the customer. It is during this duration that the drop shipper takes over the title of the goods. According to Jupiter Research 5, most online retailers lose money in shipments and in handling deliveries and plan to use drop shippers to reduce costs. Mail-order wholesalers Mail-order wholesalers make extensive use of catalogs instead of using the services of a sales force for marketing. Thus, mail-order wholesalers do not perform the personal selling function in wholesaling. Mail orders are usually used to buy jewelry, cosmetics, etc. The customers of a mail-order wholesaler include: the retailers, and institutional and industrial buyers.

Truck wholesalers Truck wholesalers are limited service merchant wholesalers who transport the stock in a truck to the customer's place, facilitating an on-the-spot inspection and selection of the goods by the customer. Truck wholesalers are also called truck jobbers. They perform the functions of selling and delivery for cash and usually carry a limited line of products like fruits, vegetables, milk, snacks, etc. 5

Jupiter Research, a division of Jupiter Media, headquartered in Darien, Connecticut, is a leading international research advisory organization specializing in business and technology market research.

Unit 27: Wholesaling 77

Customers inspect the goods and select them when they are satisfied with the price, quality of stock, etc. The customers of truck wholesalers normally include hotels, hospitals, institutions, and small grocery outlets. Example: Full-service Wholesaling: CoutLoot In 2022,

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CoutLoot, a social commerce network, announced the establishment of a wholesale platform that will connect millions of offline and online vendors to small and medium manufacturers across the country.

CoutLoot's dedicated software provides sellers with not only

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a free store but also logistics, payments, demand, and supply chain services.

The information shows full-service wholesalers. Source: Sagar Malviya, "

100%**MATCHING BLOCK 207/376****W**

CoutLoot launches wholesale platform to connect sellers to manufacturers directly”,

April 13, 2022, <https://economictimes.indiatimes.com/>

87%**MATCHING BLOCK 208/376****W**

tech/technology/coutloot-launches-wholesale-platform-to- connect-sellers-to-manufacturers-directly/

articleshow/90820983.cms 274.2

100%**MATCHING BLOCK 209/376****W**

Agents and Brokers Agents and brokers facilitate purchases and negotiate sales between buyers and sellers. They work on a commission basis without taking over the title of the goods. So what distinguishes agents and brokers from merchant wholesalers are that they do not take over the title of the goods and do not offer all the services of a wholesaler. Agents and brokers are also termed as functional middlemen. Agents represent buyers or sellers on a permanent basis (for example, insurance agents), while brokers represent buyers or sellers only temporarily (for example, real estate brokers, securities and financial services brokers). Both agents and brokers specialize in a particular product or type of customers. Brokers Brokers bring the buyers and sellers together and negotiate between them. They receive a commission for their services from the parties involved in the negotiations. They do not undertake the wholesaling functions such as carrying inventory, facilitating credit, or risk-taking. They only bring the buyer and seller together. A broker does not receive payment until the product is sold and has to ensure the best deal for the customer. The broker also has to ensure the timely delivery of the customer's order. He has to keep himself informed about the trends in the industry and share them with the clients. A broker can offer discounts and freebies to the retailers on the products he promotes. He also takes back the goods if they are not sold. Depending on their field of specialization, brokers can be classified into real estate brokers, securities and financial services brokers, tea brokers, etc. Real estate brokers facilitate the buying and selling of property and real estate by bringing together prospective buyers and sellers. Securities and financial services

Block 6: Channel Control and Institutions 78

100%**MATCHING BLOCK 210/376****W**

brokers help in the buying and selling of securities and provide securities brokerage and related financial services to clients. US-based Charles Schwab is an example of a securities and financial services broker. Agents As mentioned earlier, agents represent buyers or sellers on a permanent basis. An example of an agent is an insurance agent who acts as an intermediary between the insurer and the insured for the duration of the policy. Agents can be further categorized into manufacturer's agents, selling agents, and commission merchants.

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Manufacturer's agents are independent intermediaries and represent two or more sellers. They offer complementary products of the various sellers they represent and, therefore, customers have access to complete product lines. Depending on the industry and their performance, manufacturer's agents receive commissions ranging between 5 and 25% of the sales made. Manufacturers who sell through agents have significant cost benefits since they have to pay the commission only after the sale takes place. The manufacturers also save on cost incurred in recruiting and training a sales force. Apparel, furniture, and electrical goods are usually sold through manufacturer's agents.

Selling agents are independent middlemen who sell the manufacturer's entire output. They undertake the selling function in cases where the manufacturer is not able to directly sell the merchandise due to financial constraints or lack of marketing skills. The selling agents have complete control over pricing, promotional and distributional activities, and over the terms and conditions of sale. Selling agents usually deal with companies involved in seasonal production. Commission merchants are agents who procure goods on consignment and transport them to bigger markets to sell them for the best price in the market. They deduct the commission and the transportation costs and pay the rest of the money earned to the producer. This is a common practice in selling seafood, agricultural produce, etc. 274.3

100%**MATCHING BLOCK 213/376****W**

Manufacturer's Wholesalers Manufacturer's wholesalers perform the same set of functions as merchant wholesalers. These intermediaries are owned and operated by the manufacturers themselves. Manufacturers often undertake wholesaling operations through sales branches and sales offices in order to have control over inventory, selling, and promotion. Manufacturer's sales branches are captive wholesaling operations owned and controlled by the manufacturer. They sell the manufacturer's products and provide support services to the manufacturer's sales force, especially in regions where there is a high demand for his products. A sales branch undertakes the functions of granting credit, inventory, delivery, and sale of goods.

Unit 27: Wholesaling 79

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Manufacturer's sales branches are common in electrical supplies and in plumbing. Westinghouse Electric Supply Company and General Electric Supply Company are examples of manufacturer's sales branches in electrical equipment. A sales office is a lot like an agent but is owned and operated by the manufacturer. It does not carry any inventory. A sales office can also sell products from other manufacturers that are complementary to the products of the parent manufacturer. Check Your Progress - 2 4.

Identify the type of channel member who takes

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over the title of ownership of goods from the producer and is responsible for the stock owned. a. Merchant wholesaler b.

Agent c. Broker d. Manufacturer's wholesaler e. Commission agent 5. Select from the following that is not a correct example of merchant wholesalers. a. Specialty line wholesalers b. Cooperatives c. Drop shippers d. Commission merchants e. Wholesale distributor 6. Which of the following is definitely true about agents and brokers? a. Agents and brokers offer all the services of a wholesaler. b. Brokers carry inventory c. An agent/ broker typically deals with many types of products and customers. d. Agents represent buyers or sellers on a permanent basis. e. Brokers facilitate credit and take risks. 27.5

100%**MATCHING BLOCK 216/376****W**

Strategic Issues in Wholesaling The highly competitive market place, changing customer preferences, disintermediation, i.e., direct selling without intermediaries, and e-commerce have made it necessary for wholesalers to design innovative strategies to survive in the business.

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Some key strategic decision areas in wholesaling include those pertaining to the target market, product assortment, and the 4 Ps of marketing.

Block 6: Channel Control and Institutions 80 27.5.1

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Target Market Decisions Like in any other business, there is a need for wholesalers also to identify their target market. The target market comprises an identified group of customers upon whom the wholesaler can focus for the bulk of his business transactions. The target market for a wholesaler can be identified on the basis of size (large, medium, or small retailer), type of customers (urban or rural), distance from the wholesaler's location (within city limits, within a radius of 100 miles, 300 miles, etc.), income range of the customers (high income, medium income, or low income) or requirements to fulfill in terms of products and services offered. After he has identified the target market, the wholesaler can design appropriate measures to reach it. 27.5.2 Marketing Mix Decisions Yet another key area that requires strategic decision-making by the wholesaler is that of the marketing mix. Wholesalers must decide on the products to offer, their pricing and positioning, the promotional activities required, and the means to reach the target market. Products to offer: A wholesaler must decide on the assortment of products to offer to his customers. Inventory management is a crucial aspect in wholesaling. Rather than carry a bulk inventory of products, wholesalers should carefully analyze the profitability associated with each product and carry only those that are profitable. Wholesalers should thus maintain a profitable assortment of products.

Example: Metro's Decision to stop offering Mondelez Products In 2021, Metro Cash & Carry India discontinued the sale of Mondelez India products. As Mondelez requested Metro to reduce its profits on Mondelez product ranges by 25-30%, the company decided not to sell Mondelez's products. The example shows wholesalers should carefully analyze their

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profitability associated with each product and carry only those that are profitable.

Source: "

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Metro Cash and Carry India stops stocking Mondelez products over margins",

December 10, 2021, <https://www.business-standard.com/article/companies/>

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metro-cash-and-carry- india-stops-stocking-mondelez-products-over-margins-121120901083_1.

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Product pricing: The pricing activity involves calculating a break-even price. This requires computing the variable and fixed costs the wholesaler incurs on purchasing merchandise from the manufacturer and storing it. The selling price can be calculated by dividing the sum of the variable and fixed costs by the number of units to be sold. Wholesalers add a standard markup to the cost of goods to cover the expenses incurred on transporting, packaging, assorting, etc. Adding

a markup

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to the cost of goods helps the wholesaler earn a profit of 2-3%,

Unit 27: Wholesaling 81

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depending on the market conditions. Sometimes, wholesalers have to be ready to compromise on their profit margins in order to target new markets and customers. Product positioning: Wholesalers have to find ways to clearly differentiate their product from others available in the market. To do this, they have to make the customers aware of the product's important and unique features along with its benefits. They must also be able to devise means to make the products available to customers in ways that are superior to that of the competitors, if not at a lower cost. Promotion: Promotional activities aim at increasing the brand awareness of the customers and persuading them to buy the products. Promotional activities also help a customer become brand loyal in the case of high quality products. Until recently, wholesalers did not focus much on promotional activities and targeted the market through a direct sales force. However, this trend has been slowly changing, with wholesalers seeking promotional support from manufacturers. Place: The products have to be made available at places that are convenient to customers. Wholesalers have to take into consideration the transportation costs involved as well as the customer reach as criteria for taking the place decision. The use of information technology and the latest technologies have made the operations of wholesalers easier and more cost-effective.

Activity 27.1 Metro AG, a German company, has started operating in India as a cash and carry wholesaler. It offers various products spanning white goods, shoes, detergents, and others to the retailers and dealers. What are the various strategic issues, a retail company is likely to face, if it enters a new country? Answer: Check Your Progress - 3 7. Which is not a factor in the target market decisions of a wholesaler? a. Size of the retailer b. Type of customers c. Income range of the customers d. Promotional support from manufacturers e. Nature of product.

Block 6: Channel Control and Institutions 82 8.

Which aspect of the marketing mix should wholesalers concentrate on, in order to differentiate their products from others available in the market? a. Place b. Product pricing c. Product promotion d. Product positioning e. Product distribution 27.6

100%**MATCHING BLOCK 225/376****W**

Trends Shaping Wholesale Distribution The wholesale business has been moving upward for the past 20 years. The growth of wholesaling has been driven by changes in business investment, especially in the case of producer

99%**MATCHING BLOCK 226/376****W**

of durable goods & equipment, and changes in household consumption, which influence the orders generated in the distribution channels. Manufacturers' attitude towards wholesaling has also contributed to the growth of the wholesale business. Earlier, manufacturers preferred to invest in research and production rather than on distribution channels because that produced a higher rate of return. Though a few manufacturers tried to venture into distribution by eliminating the middlemen, the advantages offered by wholesalers in the form of closeness to the markets, better inventory management, focus on marketing activities, etc., outweighed the costs involved. Increasing costs associated with direct sales call (about \$100 per call), also made manufacturers hire industrial distributors to target key market segments. There has also been a significant change in the mode of operation of the wholesalers. They have evolved from serving as mere warehousing points to exploring the profitability of potential markets. There has also been a shift in their focus from traditional markets to new markets. For example, many electrical and electronic distributors in the U.S., are now targeting new industrial and commercial markets in order to supplement their sales efforts in the established electrical-contractor market. The basic trends that are responsible for bringing about a significant change in the business of wholesaling are discussed below.

27.6.1 Functional Overlap The manufacturing and distribution activities in an economy can be fundamentally categorized into four levels – manufacturing, wholesaling, retailing, and consumption. However, the dynamic nature of markets has caused an overlap of functions between the various levels as a result of which there is no longer a sharp demarcation between them in the present-day market scenario.

Unit 27: Wholesaling 83

97%**MATCHING BLOCK 227/376****W**

Wholesale-retail franchising, joint ventures, and conglomeration have given rise to horizontal and vertical market integration, which has further reduced the distinction among the intermediaries in the marketing channel. For example, Midas International, which started as an automotive warehouse distributor, buys and manufactures items for its franchisee network, comprising over 500 Midas Muffler and brake shops.

Example: Flipkart as Wholesaler and Retailer In 2021, Flipkart Wholesale entered into a joint venture with Ace Turtle (an omnichannel retail platform) to provide ToysRUs (a US- based retail company) and BabiesRUs on its site.

100%**MATCHING BLOCK 228/376****W**

The dynamic nature of markets has caused an overlap of functions between the various levels.

The above information shows the overlap of wholesale functions with retail functions. Source: "

100%**MATCHING BLOCK 229/376****W**

Flipkart joint venture to bring ToysRUs to online customers in India",

June 8, 2021, <https://www.business-standard.com/article/companies/>

100%**MATCHING BLOCK 231/376****W**

flipkart-joint-venture-to-bring-toysrus-to- online-customers-in-india-121060800714_1.

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Increased Services Wholesalers have redesigned their services over time to suit customer requirements. A number of wholesale druggists in the U.S. now handle the customer records of retail druggists. This serves to bind the retailers to one wholesaler. In the grocery business, for instance, wholesalers have shifted their focus from providing basic services like extension of credit to offering more sophisticated services such as merchandising support, inventory management counseling, conducting profit analysis for the retailers, etc. The aggressiveness of wholesalers in offering increased services is aimed at gaining a competitive advantage.

Example: More Services by Metro for Kirana Owners According to The Economic Times article (2020), Metro Cash & Carry (a German based wholesale company) has equipped kirana owners with

52%**MATCHING BLOCK 232/376****W**

point of sale (PoS) devices that come with a Metro app, allowing them to order things from Metro online, receive daily sales and profit reports, and track top clients, the most selling articles, and sluggish moving items.

This shows how a wholesaler can increase its offering services, which is aimed at gaining a competitive advantage. Source: "

100%**MATCHING BLOCK 237/376****W**

Metro Cash & Carry to open 5 new stores in India this year, enhance partnership with kirana stores,

February 23, 2020, <https://economictimes.indiatimes.com/>

100%**MATCHING BLOCK 233/376****W**

industry/services/retail/metro-cash-carry-to-open-5-new- stores-in-india-this-year-enhance-partnership-with-kirana-stores/

articleshow/74264195.cms

Block 6: Channel Control and Institutions 84 27.6.3

96%**MATCHING BLOCK 234/376****W**

Pricing and Credit The pricing of a product or a service is a critical element as the price influences the customer's decision to buy. The wholesalers in keeping with this concept constantly work to arrive at a price that maximizes the value offered by the products. They are constantly on the lookout for better pricing mechanisms, such as system contracting that offers better service to customers at a lower cost. Many wholesalers use the element of improved service to attract a large number of direct buyers. Another key factor in attracting customers is the credit terms that the wholesaler offers. Developments in the field of finance have helped wholesalers to use a wide variety of financial tools to meet the customers' financial requirements. For example, a wholesaler in Canada modified his credit policy to incorporate the concept of accounts receivable management and control by exception and importance rather than giving equal emphasis to all issues. Accounts receivable management involves the profitability assessments of trade-related risks. With the implementation of the new credit policy, the wholesaler decreased the term of credit from 60 days to 40 days. Doing so, released a significant amount of capital, which he used to invest in inventory and to find new markets. The quest of wholesalers for new pricing mechanisms and credit alternatives has brought about a significant change in wholesaling over the years. 27.6.4

Regional Coverage Wholesalers use their subsidiaries to cater to the needs of the local market segments by storing limited fast moving inventory. These outlets have access to a centralized warehouse to meet their inventory demands. This is a common practice among the distributors of plumbing, heating, and cooling equipment. Wholesalers are also making use of a leapfrogging strategy that involves implementing backfire tactics. Under this strategy of market penetration, the wholesalers set up branches that are about 1000 miles away from the main office so that sales spread backwards towards the home base. 27.6.5 **Organizational Form and Size** In the past, the wholesale market was dominated by sole proprietorships, partnerships and family-run businesses. The current trend among wholesaling establishments has been to grow in size and assume a corporate form. Wholesalers have moved toward assuming a corporate form through the options of public finance, takeovers, and mergers & acquisitions. Wholesalers have an increasing interest in enhancing value for their shareholders. Favorable tax laws have made them more open to diluting their stake through public financing and employee stock options. However, the dilution of ownership along with bringing in cash inflows makes it necessary for the management to be

Unit 27: Wholesaling 85 innovative in its business practices to keep its shareholders happy. The management can invest the additional capital raised through public issues to implement information technology to make the wholesaling system more efficient and productive. The trends just discussed show wholesalers' responsiveness to market forces and how they have transformed themselves to meet the growing demands of both manufacturers and resellers for improved service at lower costs. Activity 27.2 American Builders & Contractors Supply (ABC), is the largest wholesaler of roofing supplies in the U.S. ABC is among the largest suppliers of vinyl sidings and windows. John Hendricks built this company from scratch by looking beyond traditional wholesale functions and meeting the changing trends in wholesaling. How do you think ABC would have aligned its strategies to meet the changing trends in wholesaling? Answer: 27.7

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Impact of Information Technology on Wholesaling The wholesaling industry has been adversely affected by direct selling, the underperformance of the manufacturing sector, high expectations from the buoyant retail sector, customer's demand for added value, etc. Wholesalers have also been facing hurdles due to information delay, communication hassles in data exchange, lack of accurate information, identification of exceptional conditions, process optimization, etc. In addition to overcoming these problems, wholesalers have also been trying to lower costs and provide better services to tackle the competition in the dynamic market place. To respond quickly to unforeseen conditions in the market, they need a variety of information. Advanced and effective implementation of IT has become necessary for wholesalers to meet the demands from the manufacturing and the retail sectors and to add value to their supply chain and warehouse management activities. Wholesalers are leveraging on the use of IT to solve their business problems. Realizing this, many software vendors have come up with solutions to meet wholesalers' demands. For example, IBM offers an Industry Solutions Program (ISP) to address the needs of the wholesale industry. Wholesalers are beginning to integrate IT with the distribution function for effective performance of the distributive channel.

Block 6: Channel Control and Institutions 86

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The use of IT and the latest technologies has made wholesalers' operations a lot easier and more cost effective. The rapid growth in information technology has led to new ways of managing distribution channels. IT initiatives and innovative channel partnerships have evolved to include electronic data interchange, efficient customer response, continuous product replenishment, etc. Bar coding, scanning, and other digital technologies have helped wholesalers improve

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efficiency and effectiveness of business processes. For example, McKesson, a large drug wholesaler known for its extensive use of IT, implemented Economost, an electronic order entry system, to help its retailers in their distribution of drugs. Information technology has changed the way wholesalers have been conducting their business. IT has also contributed significantly to the assortment planning, new product development, inventory replenishment, order processing, and store selling tasks of wholesalers.

Example: Wipro Aids Metro in Technology In 2020, Wipro Ltd, a large software services provider,

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announced a strategic digital and IT collaboration agreement with German wholesaler METRO AG.

Wipro would provide METRO with

77%

MATCHING BLOCK 242/376

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a comprehensive technology, engineering, and solution transformation programme as it positions itself as a wholesale 360-degree provider in the hotel, restaurant, and catering food market, fuelled by quality, focus, and flexibility.

100%

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The use of IT and the latest technologies has made wholesalers' operations a lot easier and more cost effective.

Source: "Wipro and METRO AG sign digital, IT deal", December 22, 2020, <https://www.livemint.com/>

100%**MATCHING BLOCK 241/376****W**

companies/news/wipro-and-metro-ag-sign-digital-it-deal- 11608646362413.

html 27.8

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Challenges in Wholesaling The common goal of wholesalers as well as manufacturers is to maximize the return on investment, to reduce the costs involved in distribution and to grow as an organization through innovation and best practices. Wholesalers have to meet several challenges in trying to achieve these goals. Some of the common challenges that wholesalers encounter in their operations pertain to the areas of inventory management, sales management, promotion management, and financial planning and management. 27.8.1 Inventory Management This is a major problem

that wholesalers

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face as they deal primarily with inventory storage and maintenance. Inventory management and control is a key challenge to anybody maintaining it. Most wholesalers face a dilemma in terms of the range and quantity of inventory to maintain. This is because both an excess

Unit 27: Wholesaling 87

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and a shortfall of inventory have costs associated with it. With numerous new products flooding the markets, thanks to the increased investment by producers in Research and Development (R&D), the woes of the wholesaler have only multiplied. And what has aggravated matters

is

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the innumerable modifications necessary in the size and packaging of existing products. The wholesaler has to identify, label, handle, stack, control, pick, pack, ship, and invoice each item in his stock. One way to overcome inventory problems to some extent is to limit the length of the product line to about 80-95%.

Another factor that needs attention is the inventory carrying costs. It has been observed that 20-35% of the wholesalers' inventory carrying costs can be attributed to the annual cost of possession of the inventory. A few wholesalers use inventory control techniques like Activity Based Costing (ABC) to maintain an optimum level of inventory. Ensuring inventory turnover is yet another method to reduce the annual cost of possession of the inventory. There have also been instances where manufacturers have taken measures to reduce the inventory carrying cost of their distributors. For example, American Standard shortened its product line by reducing its brass fittings by 30% to improve its line profitability and reduce the inventory problems of its wholesaler. Some manufacturers also conduct programs on inventory management and control to educate their distributors. For example, the UCON refrigerants division of Union Carbide has conducted many seminars for its distributors and provided them with checklists, worksheets, and specially prepared material to help them manage their inventory. Example: Inventory Management using Technology @ BJ's wholesale clubs According to a Forbes article (2020), BJ's wholesale clubs (a US- based company) is investing in supply chain software to improve stock management. BJ's has spent money on advanced demand management techniques. BJ's worked with Blue Yonder (a US-based software company) to automate the storage management. This is a major problem that wholesalers

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face as they deal primarily with inventory storage and maintenance.

Source: "BJ's Wholesale Clubs vs. Amazon", March 10, 2020, <https://www.forbes.com/sites/stevebanker/2020/03/10/bjs-wholesale-clubs-vs-amazon/?sh=5ab75ba24bcb> 27.8.2

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Sales Management Though the wholesale trade sector has grown, there has not been a significant change in the wholesalers' focus on sales management. The number of wholesalers who use a professional and systematic approach to sales and promotion is very few. Most wholesalers use personal selling to reach their

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customers though a few of them use innovative sales methods. For example, wholesale druggists in the U.S use the telephone as a medium to reach high potential customers from whom they get about 80% of the orders. A few wholesalers in the field of electronics, healthcare, etc. use automatic reordering systems for repeat orders and save on the additional order getting costs and sales personnel time. Salesmen can use the time saved through such techniques to serve customers better and to devise innovative techniques of selling. Also, wholesalers who use selling techniques such as the cash-and-carry concept and catalog selling have been able to cut down on their sales force requirement. Wholesalers have thus focused on their selling efforts and used local sales branches to increase product availability, thus separating the selling function from product handling.

Example: Ramagya Wholesale's focus on its Selling Efforts In 2021, Ramagya Group has created "

71%**MATCHING BLOCK 250/376****W**

Ramagya Mart," India's only B2B e- wholesale portal dedicated solely to the Home Appliances

segment. A specialised staff

83%**MATCHING BLOCK 254/376****W**

of category sales and area sales managers with B2B experience has been hired and appointed to handhold and offer tailored solutions to these home appliance manufacturers

and brands in order to manage marketing. Source: "

100%**MATCHING BLOCK 251/376****W**

Ramagya Group launches B2B E-commerce platform Ramagya Mart",

September 7, 2021, <https://www.business-standard.com/content/press-releases-ani/>

100%**MATCHING BLOCK 252/376****W**

ramagya-group-launches- b2b-e-commerce-platform-ramagya-mart-121090701164_1.

html 27.8.3

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Promotion Management Many manufacturers offer promotional support to wholesalers in the form of trade shows, catalog preparation, direct-mail promotion, advertising, and dealer shows, but the wholesalers, by and large, do not accept such support. They only agree to promotional programs that are customized to suit their operations, that help increase their profitability, and that are designed taking into consideration their handling costs and budgets. The bottom line is, of course, that they have been designed by manufacturers with whom they share a good rapport. Some wholesalers are not content to merely resell merchandise produced by the manufacturers. They also want to be identified as a source of high quality product lines and look to creating an identity for themselves by offering only high quality products and undertaking a variety of promotional schemes. Big corporate wholesalers have demonstrated how the use of a sophisticated promotional campaign has helped increase their profitability. Many small-scale wholesalers too, who did not have a professional and systematic approach towards promotional activities earlier, are now working towards a better promotional orientation to improve their profitability.

Unit 27: Wholesaling 89

Example Promotional Program by Flipkart Wholesale Flipkart Wholesale, the Flipkart Group's digital B2B platform for kiranas and MSMEs, has planned a 'Big Festival Month' in 2020 as a marketing-effort to enhance sales. The sale included fashion products from more than 50 companies, more than 100 sellers, and one lakh members. The example shows the promotional program by Flipkart Wholesale. Source: "Flipkart Wholesale announces 1st 'Big Festival Month' fashion sale", September 28, 2020, <https://retail.economictimes.indiatimes.com/news/e-commerce/>

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e-tailing/flipkart-wholesale- announces-1st-big-festival-month-fashion-sale/78360483 27.8.4

95%

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Financial Planning and Management The traditional wholesaler laid the stress on sales and did not focus much on cost justification. Fortunately, this has changed and wholesalers now also consider the profitability of transactions. Complex tax-reporting requirements, increase in competition, and the use of information technology and control systems have made wholesalers turn their attention to financial management. Wholesalers now attend seminars and training programs on financial planning to increase their awareness on finance-related aspects. Manufacturers like General Electric and Union Carbide, realizing that it is advantageous for them if distributors become more aware of financial management, conduct training programs on finance- related areas for them.

Exhibit 27.1 discusses wholesale market in Delhi after the pandemic lockdown. Exhibit 27.1: Delhi Wholesale Market in Shambles After it Opens After Covid-19 Lockdown Early June, Delhi's wholesale markets opened after a severe two-month lockdown imposed by the Government of India due to the health threat to people on account of the Covid-19 pandemic. While the restarting of the markets full-fledged may be good news, the uphill task the industry faces to bring the market operational is a mammoth task. In the month of June, the impact of the pandemic was still acute and the restrictions on movement to other Indian states continued. The restrictions on cross-border movements compounded the problems of wholesalers. Wholesale markets got impacted due to multiple problems like labour shortage (due to return of migrants), broken supply chain and demand problems as well. The associations of the wholesale markets requested help from the Central and State Governments to overcome some of the challenges faced. According to the Secretary of the Confederation of All India Traders, the two- month lockdown severely hit wholesale markets at Daryaganj, Khari Boli, Paharganj, Ajmeri Gate, Karol Bagh and other places. Contd....

Block 6: Channel Control and Institutions 90

Wholesalers said that the various wholesale markets in Delhi attracted over five lakh traders on a daily basis during normal times. After opening of the market in June, less than five percent of the usual number visited the market. The fear of the pandemic looms large, and as a result, the revival of demand appears difficult in the immediate short run. The acute labour shortage due to return of migrant laborers to their native states, compounded the problem of wholesalers. The total breakdown of the supply chain was another big problem for wholesalers. Wholesalers of Delhi depended on supplies from NCR towns like Gurgaon, Ghaziabad, Noida and Sahiabad. Sealing of state borders by the Delhi Government with neighboring states had a negative impact on wholesale business. Some wholesalers decided to switch to e-com to overcome the challenges posed by Covid. The Covid-19 pandemic would probably continue to affect people till the end of the year and affect businesses. Wholesalers need to come to terms with the setback and also the long-term changes in buying behavior in the post-Covid-world. In the meanwhile, they must strategize and adapt to the new business environment ahead. Source: Press Trust of India, "Covid-19 lockdown: Delhi's wholesale markets open to labour shortage, broken demand-supply chain, closed border", India Today, 2/06/2020. Accessed on 20.04.2022 Activity 27.3 Jim Santo runs an online retail business selling costume jewelry, and karat jewelry through his website – www.cliptomania.com. Not satisfied with his returns, Jim Santo is mulling over the option of entering the distribution business by wholesaling jewelry to the boutiques. What challenges is he likely to face in the wholesaling industry? Answer: Check Your Progress - 4 9. Changes in the mode of operation of wholesalers have led to the emergence of a trend that leaves no sharp demarcation of different levels in manufacturing and distribution activities. Identify the trend. a. Regional coverage b. Functional overlap c. Increased services d. Organizational form e. Organizational size Unit 27: Wholesaling 91 10. '

The challenges faced by wholesalers include complicated tax-reporting and control systems.' Which of the following contexts is the above statement related to? a. Promotion management b. Inventory management c. Sales management d. Financial planning and management e. Logistics management 27.9 Summary ? A distribution channel comprises various channel members like wholesalers, retailers, agents etc., who act as intermediaries in the distribution of goods and services from the producer to the end-consumer. ? Wholesalers form a critical link in the distribution channel and help manufacturers in making their products available to the consumers in adequate quantity at the right time and place. ? A wholesaler's functions can be transactional, logistical, and facilitating in nature. These functions involve buying the products from the manufacturer, assorting, storing, and transporting them, extending credit to customers, grading the products according to quality, and making competitive marketing information available to suppliers and retailers. ? Depending on the product ownership and services offered, wholesalers can be classified into merchant wholesalers, agents and brokers, and manufacturer's wholesalers. These are further comprised various types of wholesale organizations. ? In the process of distributing the manufacturer's products to other intermediaries, wholesalers have to take several strategic decisions. A wholesaler has to decide on the target market he wishes to serve. This depends on the number and type of customers, demographic factors, etc. The wholesaler also has to take decisions pertaining to the products to offer, product positioning, place, pricing, and promotional activities. ? A changing lifestyle, technology, competition, and globalization have changed the wholesaling scenario the world over. Wholesalers have evolved into big corporate organizations due to better regional coverage, customized pricing and credit policies, better service to the customers and erosion of functional boundaries. ? The wholesaler has thus evolved from being an intermediary using traditional methods of distribution to one who is IT savvy. There is a critical need for organized and stored information for taking any business decision.

Block 6: Channel Control and Institutions 92

Information sharing plays a dominant role in a distribution channel due to the number of intermediaries involved and complexity of the channel structure. ? Present day wholesalers are keen on using IT to meet their information and communication needs. IT has a profound impact on the way wholesalers conduct their business. The use of IT has not only hastened communication and information sharing but its role in the business processes like assortment planning, new product development, inventory replenishment, order processing, etc., has made these processes faster and efficient. ? Wholesalers have overcome various limitations of the past but they still have more challenges to overcome in the near future. Some major areas of concern that can adversely affect the profitability of a wholesaler, if they are not properly planned and controlled, are

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inventory management, sales management, promotion management, and financial planning and management. 27.10

Glossary Agents and brokers: Intermediaries who assist with the marketing of goods and services but who don't assume ownership of products, agents, unlike brokers, usually work long-term for products. Distribution center: A private warehouse specially designed to provide the fast transfer of goods from suppliers to retailers or final customers. Mail-order wholesalers: Limited-service merchants that operate in the same manner as mail-order retailers but focus on retailers and organizational customers rather than consumers. Product position: How the product is perceived by consumers, particularly in relation to how competing products are perceived. Sales branches: Manufacturer-owned selling locations that perform a variety of marketing functions; distinguished from sales officers by the fact that they carry inventory and usually fill orders from stock. Selling agents: Agent intermediaries that go beyond manufacturers' agents by taking control of promotion, pricing, and distribution; they are used by producers that don't want to get involved in the marketing of their own products. Sole proprietorship: Sole proprietorship is a common and a simple ownership. In this type of ownership, the store is completely owned by a single person. 27.11 Self-Assessment Exercises 1.

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Of the various intermediaries in the distribution channel, it is the wholesalers who form the vital link between the manufacturers and the resellers.

Explain the role and importance of wholesalers in the distribution channel.
Unit 27: Wholesaling 93 2.

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Different types of wholesaler intermediaries have evolved over time to meet the needs of producers and the retailers.

What are the different types of wholesalers? 3.

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The highly competitive market place, changing customer preferences, disintermediation, and e-commerce have made it necessary for wholesalers to design innovative strategies to survive in the business.

Discuss the strategic issues involved in wholesaling. 4. The wholesale business has been moving upward due to changes in business investment and household consumption. Briefly outline the trends that are shaping in the field of wholesale distribution. 5. Wholesalers have been facing hurdles due to information delay, communication problems, etc. In this context, explain how the use of information technology would create an impact on wholesaling. 6.

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Wholesalers have to meet several challenges in trying to achieve

the goals of maximizing return on investment, reduce costs in distribution, etc. Discuss the challenges involved in wholesaling. 27.12 Suggested Readings/Reference Materials 1. Venugopal Pingali (2020). "Sales and Distribution Management: An Integrative Approach", SAGE Publications Pvt. Ltd. 2. Nag A (2017). "Sales and Distribution Management," McGraw Hill Education. 3. Tapan K. Panda and Sunil Sahadev (2019). "Sales and Distribution Management," 3rd edition, Oxford University Press. 4. Krishna Havaladar and Vasant Cavale (2017). "Sales and Distribution Management: Text and Cases," Third edition, McGraw Hill Education. 5. Richard R. Still (2017). Sales and Distribution Management, Sixth Edition, Pearson Education. 6. Bholanath Dutta (2020). Fundamentals of Sales & Distribution Management: Text & Cases, Dreamtech Press. 7. Gupta S L (2018). "Sales and Distribution Management – Text and Cases An Indian Perspective," Laxmi Publications Pvt. Ltd. 27.13 Answers to Check Your Progress

Questions 1. (

b)

They will not purchase and sell goods on a commission basis. All the statements are true regarding wholesalers, except statement (b).

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Wholesalers resell the merchandise to retailers, industrial, commercial, farm or professional business users, and also to other wholesalers. They may also purchase or sell merchandise on a commission basis. In such transactions, the wholesaler plays the role of an agent or a broker.

Block 6: Channel Control and Institutions 94 2. (

d) Risk-taking function

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The functions of a wholesaler can be broadly categorized into transactional, logistical, and facilitating functions. The transactional function involves buying, selling, and risk-taking. The

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MATCHING BLOCK 263/376

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functions. The transactional function involves buying, selling, and risk-taking.

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MATCHING BLOCK 265/376

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The risk-taking function involves obtaining the title to the goods and products produced by the manufacturer and storing them in inventory despite the risk of theft, spoilage, and possible product obsolescence. 3. (

b) Buying The transactional function of a wholesaler

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involves buying, selling, and risk taking. The buying function involves purchasing goods or products from the producers and storing them in warehouses to make them available to consumers when the need arises. 4. (

a)

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Merchant wholesaler Merchant wholesalers take over the title of ownership to the goods from the producer and are responsible for the stock owned. They buy and assemble goods in large lots and resell them in small quantities to retail outlets, industrial, commercial, or professional users through salesmen. 5. (

d) Commission merchants Specialty line wholesalers and cooperatives are full-service merchant wholesalers. Drop shippers are limited-service merchant wholesalers. Commission merchants are agents, and not merchant wholesalers. 6. (d) Agents represent buyers or sellers on a permanent basis. All the options are false regarding agents and brokers, except option (d).

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MATCHING BLOCK 268/376

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Agents and brokers facilitate purchases and negotiate sales between buyers and sellers.

88%

MATCHING BLOCK 269/376

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Agents represent buyers or sellers on a permanent basis, while brokers represent buyers or sellers only temporarily. 7. (

d) Promotional support from manufacturers

65%

MATCHING BLOCK 270/376

W

The target market comprises an identified group of customers upon whom the wholesaler can focus for the bulk of his/her business transactions. The target market for a wholesaler can be identified based on the size of the retailer, type of customers, distance from the wholesaler's location, income range of the customers, or requirements to fulfill in terms of products and services offered. 8. (

d)

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Product positioning Wholesalers have to clearly differentiate their products from others available in the market. To do this, they have to make the customers aware of the product's important and unique features along with its

Unit 27: Wholesaling 95

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benefits. They must also be able to devise means to make the products available to

the

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MATCHING BLOCK 273/376

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customers in ways that are superior to that of the competitors, if not at a lower cost.

All this can be done through product positioning. 9. (b)

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MATCHING BLOCK 274/376

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Functional overlap The manufacturing and distribution activities in an economy can be fundamentally categorized into four levels – manufacturing, wholesaling, retailing, and consumption. The dynamic nature of markets has caused an overlap of functions between the various levels as a result of which there is no longer a sharp demarcation between them in the present-day market scenario. 10. (

d)

100%

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Financial planning and management The traditional wholesaler laid the stress on sales and did not focus much on cost justification.

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Complex tax-reporting requirements, increase in competition, and the use of information technology and control systems have made wholesalers turn their attention to financial management.

Unit 28 Retailing & E-Retailing

Structure 28.1 Introduction 28.2 Objectives 28.3

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Retailing and its Importance 28.4 Evolution of Retailing 28.5 Classification of Retailers 28.6 Strategic Issues in Retailing 28.7

Summary 28.8 Glossary 28.9 Self-Assessment Exercises 28.10 Suggested Readings/Reference Materials 28.11 Answers to Check Your Progress Questions "

The three most important things in retail are location, location, location. The three most important things for our consumer business are technology, technology, technology." - Jeff Bezos 28.1 Introduction Here, Bezos sharing the formula of success in retail - location and technology. Location is the most crucial criteria for brick and mortar retail store and advance technology is for e-retailing. In the previous unit, we discussed wholesaling and its importance in the distribution of products and services. In this unit, we will discuss retailing.

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Retailing plays a fundamental role in the distribution process. The origin of the word 'retail' is from the French word 'retailer', which means to break up or 'to cut a piece off'. Retailing consists of all activities involved in selling goods or services to the end consumer. Being a large employer and a major service sector component, the retail sector plays a major role in the economy of developed nations. Retailers offer consumers the convenience of utility of time, place and possession by providing the right product, at the right time and at the right location.

Although retailing as a business has existed in India for long, it is only recently that it witnessed tremendous growth. During the last decade, a host of retailers have begun operations, not all of them were successful. Some of the more

Unit 28: Retailing and E-Retailing 97

successful operators are: Shoppers Stop, Lifestyle, Westside Spencer's, Big Bazaar, Nilgiris, Food World and Pantaloon, Shoppers Stop is a reputed name in the departmental store format, Big Bazaar in the hypermarket format, West Side in private store labels, Food World and Nilgiris in the supermarket format and IKEA is specialty retailing. Over the last two decades, rising internet and mobile phone penetration has changed the way we communicate and do business. While in countries such as US and China, e-commerce has taken significant strides the industry in India is growing at a fast pace. The rapid growth of E-Com is primarily attributed to the increasing penetration in India. Increasing customer affluence and smartphone penetration is another driving factor for the rising growth of E-Com. India's E- Com industry is expected to grow rapidly elevating India as

61%**MATCHING BLOCK 281/376****W**

the second largest E- Com market in the world by 2034 6 . Digital payments, digital advertisements, analytics driven customer engagement

are other factors that support the upward growth trajectory of the industry.

87%**MATCHING BLOCK 279/376****W**

In this unit, we will also discuss various aspects pertaining to retailing

and e- retailing. The unit discusses retailing and e-retailing, its importance, and evaluation. 28.2

Objectives After going through this unit, you should be able to: ?

Explain

retailing and its importance ? Discuss the

evolution of retailing ? Classify the various types of retailers ? Analyze the strategic issues in retailing ? Understand what is e-retailing and e-tailing platform ? Be aware of the future growth of e-retailing in India ? Be familiar with the major companies operating in e-retailing 28.3

98%**MATCHING BLOCK 280/376****W**

Retailing and its Importance Retailing is the last step in the distribution process. Retailers are the most common means by which products are delivered to customers. Retail distribution is an important economic activity in developed nations. This can be understood from two main aspects. First, it is a means of providing goods and services to consumers. Second, it is beneficial to other channel members in the distribution channel. Thus, the importance of retailing can be studied in terms of its value to consumers and other channel members. 6 "

E-commerce Industry Report", February 2022,

[https://www.ibef.org/industry/ecommerce.aspx#:~:text=India's%20internet%20economy%20is%20expected,the%20highest%20in%20the%20world.\(April 2022\)](https://www.ibef.org/industry/ecommerce.aspx#:~:text=India's%20internet%20economy%20is%20expected,the%20highest%20in%20the%20world.(April%202022))

Block 6: Channel Control and Institutions 98 28.3.1

99%**MATCHING BLOCK 282/376****W**

Importance to Consumers Technological developments in industry and agriculture have increased production levels and reduced their costs. Distribution in general, and retailing in particular, has enabled manufacturers to transfer the cost advantages of technology-based production to consumers, who are extremely fragmented. In underdeveloped countries, where the standard of living is low, retailers are the sole link between manufacturers and consumers. Retailers act as buying agents for consumers. They add value to the distribution process by ensuring that the consumer gets the right product, at the right time and at the right place. As a buying agent, the retailer performs many useful activities for the consumer. These include – inventory management, providing value-added services and product variety, breaking bulk and disseminating information. Inventory management Retailers act as a means to transfer goods and services from manufacturers to consumers. They bear the costs of storing products so that customers do not have to stock essential products and incur resulting costs. Retailers do the stocking in their stores and the consumer can shop at convenience. Value-added services Apart from providing consumers this convenience, retailers provide value-added services that benefit them. Examples are free home delivery and facilitating transactions by allowing consumers to pay for products and services through credit cards and by installments. Retailers also provide loans to enable consumers to overcome temporary financial crunches. Product variety Retailers have the advantage of selecting the best products from a range of manufacturers. This enables them to display a wide assortment to suit the needs and tastes of different customers. At the same time, it gives customers an extensive choice in product selection. Breaking bulk Another important function of retailers is that they make purchase easier by selling products in small quantities. Retailers purchase goods from manufacturers in bulk, and convert them into smaller units to suit consumers. In less developed countries with lower disposable incomes,

consumers

100%**MATCHING BLOCK 283/376****W**

buy products in very small quantities. The retailers help by breaking bulk into smaller units. This also facilitates easier transportation of goods to the consumer. Disseminating information Retailers disseminate information about different products in the market. Advertising through the media is not enough for customers to get sufficient information about products. Retail stores, through in-store displays and sales personnel, disseminate information about new products launched in the market.

Unit 28: Retailing and E-Retailing 99 28.3.2

98%**MATCHING BLOCK 284/376****W**

Importance to Other Channel Members Variations in consumer needs and demands mean that manufacturers have to produce an endless assortment of different products. So that this endless cycle can be kept going, it is necessary that there is a continuous flow of products from manufacturer to consumer. Retailers not only make products available to consumers, who are geographically dispersed, but also act as a source of information to manufacturers about consumer requirements. Manufacturers seek retailer's help to gather information about consumer tastes and preferences. They also obtain information on product quality and usage. Manufacturers use this information to modify existing products and launch new products. This information is valuable because retailers enjoy the advantage of having direct contact with consumers. Further, retailers assist manufacturers to streamline and specialize production so that different products can be made available according to changing customer tastes. This helps manufacturers gain higher profits. Retailers too share the risks associated with product distribution with other channel members. It includes physical risk to product (due to damage during transportation or storage) and technological risk due to product obsolescence.

Example: Information Gathering in Udaan, a B2B e-commerce Platform According to The Economic Times article (2020), A B2B e-commerce platform called Udaan connects manufacturers and brands with small retailers.

100%**MATCHING BLOCK 286/376****W**

HUL, P&G, ITC, Dabur, Haldirams, Karbonn, Micromax, boAt, Biba, Adidas, Relaxo, Pigeon, and Apple have used Udaan's distribution network to list 500,000 items and

gain access to over 3 million retailers. As a result of increasing reach and more customer data, brands are collaborating to save money.

100%**MATCHING BLOCK 285/376****W**

Manufacturers seek retailer's help to gather information about consumer tastes and preferences.

Source: "

100%**MATCHING BLOCK 290/376****W**

Udaan forged tie-ups with more than 2,500 brands in midst of Covid",

December 4, 2020, <https://economictimes.indiatimes.com/>

89%**MATCHING BLOCK 287/376****W**

tech/technology/udaan-forged-tie-ups-with-more-than- 2500-brands-in-midst-of-covid/

articleshow/79556152.cms 28.3.3

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Source of Employment Retailing is a labour-intensive activity and employs a large number of people. It accounts for 15-20 per cent of the total workforce in developed nations. Retailing is also a major employment sector for women. In the European Union, approximately 55% of employees in the retail sector are women. The retail sector has significantly impacted employment in India as well.

The organized retail business in India is worth about \$3 billion. It

88%**MATCHING BLOCK 289/376****W**

is expected to be a fast growing business segment. With increasing economic growth and improved standard of living, consumption levels are set to reach never-before levels.

This will be a boon for the retail sector.

Block 6: Channel Control and Institutions 100

Check Your Progress - 11.

100%**MATCHING BLOCK 291/376****W**

Retailers purchase goods from manufacturers in bulk and convert them into smaller units to suit

customers' purchase requirements. What is this activity known as? a. Inventory management b. Breaking bulk c. Ensuring product variety d. Value-added services e. Retailing 2. Retailers regularly provide information to manufacturers on a lot of aspects except one among the following. Identify it. a. Product usage b. Product quality c. Technological risk due to product obsolescence d. Consumer tastes and preferences e. Competitors and their products 28.4

98%**MATCHING BLOCK 292/376****W**

Evolution of Retailing Retailing started out as the last point in the distribution process. It acted as the sole means of providing essential commodities to geographically dispersed consumers. Over the years, from a modest beginning, retailing evolved into a specialized form of selling products. Presently, there are numerous retailing forms that are difficult to list, let alone comprehend. Malcolm P. McNair, in his pioneering work, 'The Wheel of Retailing', has described the evolution of retailers. 28.4.1 Wheel of Retailing According to this concept, the retailer's life span is in the form of a cycle. In the first stage, retail innovators (those who initially adopt a retail format) enter and establish themselves as low-status, low-price operators with low profit margin requirements and a low cost structure. Over time, these retailers grow and establish large facilities with increased investments leading to higher operating costs. They focus on offering improved customer service in the form of credit, delivery, shopping ambience and so on. When retail innovators reach the maturity stage, these high cost, high price operators succumb to new retail innovators who enter and start operating at lower costs and prices. This completes the wheel. Of the many factors that have influenced the evolution of retailing, some have played a crucial role. These include the Industrial Revolution, competition and trade-up, regression, assimilation and innovation.

Unit 28: Retailing and E-Retailing 101

Example: Netflix at Maturity Stage in the Wheel of Retailing Netflix launched its operations in India in 2016. In the period of six years (2016-2022), it got over 5.5 million subscribers. However, from 2018, it was facing huge competition from other OTT companies like Amazon Prime (22 million subscribers-2022), Disney Hotstar (46 million subscribers-2022), etc. The company is unable to attract new customers and losing its subscribers to other OTT players who are more innovative in their content. The information of Netflix shows the maturity stage. Source: "

100%**MATCHING BLOCK 293/376****W**

Why has Netflix not been able to crack the Indian market?",

January 25, 2022, <https://www.business-standard.com/podcast/companies/>

100%**MATCHING BLOCK 296/376****W**

why-has-netflix-not-been-able-to-crack- the-indian-market-122012500081_1.

html 28.4.2

100%**MATCHING BLOCK 294/376****W**

Industrial Revolution The different forms of retailing that we see nowadays – the department store, variety store, supermarkets, mail-order firm, discount store and others -- developed over a relatively short period of about

a 100 years. The Industrial Revolution that

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took place between the latter half of the 18th and the first half of the 19th century, was a prime mover in the evolution of modern retailing forms. Earlier, the retailing sector had inherited the traditional guild-structure of the 18th century. The guild-structure consisted of manufacturers, merchants and traders arranged in hierarchical groups with a manufacturer(s) selling to a group of traders who then individually sold to groups of merchants. The members of this retail sector were mainly non-experts and people on the lookout for a living or quick profits. The Industrial Revolution led to manufacturers scaling up production and the retail sector in its present form could not cater to increasing production and changes in the people's living standards. This led to the emergence of new and improved forms of retailing.

Example: Omnichannel Retailing According to a Forbes article (2021), retail, like every other industry, is undergoing upheaval and responding to the market revolution. Retail is currently omnichannel. Companies such as Burberry (an Indian-based retail store) has made significant stride toward

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an omnichannel environment. When a consumer enters a Burberry store, the store's computer system may recognise the things the person has looked at online and even look at their previous purchase history.

The data presented demonstrates retail stores keeping up with the industrial revolution. Source: "

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The 8 Biggest Retail Trends Every Retailer Needs To Be Ready For",

September 20, 2021, <https://www.forbes.com/sites/bernardmarr/2021/09/20/>

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the-8-biggest-retail-trends-every-retailer- needs-to-be-ready-for/?

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Competition and Trade-up As retailing modernized, its older forms became extinct, though there was resistance to this. This resistance, in fact, featured every time there was a change from the old to the new. Competition and the propensity to trade-up are also reasons for the evolution in the retail sector. Older retailers, when threatened by newer forms, began shifting to the newer principles and systems. Similarly, the new retailers tried for an advantage over their peers by adopting some proven methods used by the older retailers. Slowly, such combinations gave rise to newer forms of retailing.

Example: New City Centre Launch by Monoprix due to Competition According to a BCG article (2021), Monoprix's (a French-based retail chain) stores combine food retailing with fashion, beauty and home products. As its rivals made more money from convenience stores and mini-marts than from supermarkets and hypermarkets, Monoprix responded by launching a new "city centre" strategy with small, fully automated stores open 24/7.

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Competition and the propensity to trade-up are also reasons for the evolution in the retail sector.

Source: "Retail Apocalypse: Four Ways Physical Stores Can Survive", April 6, 2021, <https://www.bcg.com/publications/2021/how-physical-stores-can-survive> 28.4.4 Regression and Assimilation Regression is a form of evolution where retailers choose to adopt systems and processes contrary to current developments. This response is based on the principle that the latest trends are quickly copied by a large number of players and it is sometimes profitable to stay with traditional forms. For example, when supermarkets upgraded to hypermarkets, it was accompanied by the revival of the small supermarket. Assimilation is a form of evolution in which retailers following traditional methods do not confine themselves to copying modern forms but strive to develop innovative means to enable them to compete even in the future. This pattern was seen in the US, where traditional food chains transformed themselves rapidly into modern supermarkets. Similarly, ready-to-wear stores changed quickly into soft goods discounters. 28.4.5 Innovation Innovation has had a profound influence on the evolution of retailing. There are manifold instances where innovative technologies have led to the development of new approaches in retailing, thereby changing industry economics.

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The first major change took place in the late 18th and early 19th century with the advent of the department store. The development of railroads gave additional impetus to these stores' success. Railroad made it possible for retailers to gather an assortment of products from across a country and also enabled the transport of people from the outskirts of a city to the department stores. The sheer volume of products available and the number of customers meant that the department store could rotate its inventory many times, and thus, maintain profitability at lower margins. The concept of catalog-retailing also developed at this same time, mainly due to the introduction of free mail delivery to rural areas. As department stores could not provide service to customers in rural areas, catalogue-retailing filled this gap in customer service. Sears (the US-based retailer) started as a catalogue-retailer before expanding into a retail chain. The increase in the number of automobiles on the roads in the 1960's led to increased mobility of shoppers and brought about the next stage of the retail revolution – malls and discount stores. Malls are similar to department stores but offer more product lines in each category. A discount store is a type of department store offering

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a wide range of merchandise products including apparel, consumer electronics, health and beauty products

at competitive prices. During this time, the generalist catalog retailers slowly wound up due to the entry of their specialty counterparts, who offered a range of products in a single product category. Ward (a US-based catalog retailer) wound up in 1985 and Sears closed down its catalog operations in 1993. Over time, a new class of retailers emerged -- the specialty discounters. These retailers offered greater depth of products in fewer product categories. Circuit City, Barnes & Noble, Toys 'R' Us and Home Depot are most successful specialty discounters of the United States. The internet is the latest innovation in the retailing sector. The web gives the advantage of starting a virtual store with a miniscule investment. The most important benefit is that the place/location factor gets discounted. Anyone can start a web store irrespective of the place of residence. Companies like Amazon.com have an inventory turnover 25 times a year. This enables Amazon to earn a 125% return on inventory with a margin of only 5%. A common pattern visible in all stages of the retail evolution is the shift from a generalist format (selling a few products of all categories) to a specialist format (selling deeper product lines of a few categories). Another thing observed is the tendency of all retailers to initially sell products that require minimal communication or product promotion. This later evolves to selling products needing exclusive promotion and customer service. The retailing evolution in India picked up pace in the late 80's and early 90's. Till then, it was a dormant sector.

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Exhibit 28.1 elaborates on Future Group's growth strategies to combat the challenges posed by the Covid-19 pandemic. Exhibit 28.1: Future Group Tweaks Strategies to face Covid-19 Challenges Future Group, a leading Indian retail group that operates multiple retail formats was founded by Kishore Biyani in 2013. Future Group which owns leading brands like Big Bazaar, Food Bazaar, Brand Factory, Central has a notable presence in fashion and food retail sector. Low Price Strategy: Recognizing the nervous consumer sentiment and mood amidst the Covid-19 pandemic, retail major, 'Future Group' has tweaked its retail strategies to face the challenges of the new economic environment. According to Kishore Biyani, CEO of Future Group, the focus of their business would be on affordable pricing. The company would do away with discounted prices and replace it with 'first price right strategy'. The prices would be so affordable that they would look attractive even without discounts. The company aims for cost leadership by offering the lowest price to its customers in the food and apparel market. Cost-Cutting Measures: The corona virus pandemic is likely to hit demand for products. Anticipating tough times, the company proposes to slash prices and simultaneously also offer consumption credit. Future Group has also tied up with Bajaj Finance to facilitate consumer credit. The company also aims to become lean by slashing management layers. This move has also been initiated to reduce cost structure. The company hopes to save over ₹ 600 crore through this cost reduction initiative. Further, the company has pruned fixed costs, cut down operations and marketing costs that led to a savings of ₹ 500 crore. To reduce losses and breakeven, Future Group has also closed down 177 small format stores. New stores would be opened only in cities that show promise. Online Sales: Future Group has partnered with Amazon in 2019 to give a boost to the company's online sales. To compete in the online market, Future Group has to reduce costs and prices significantly. As of 2020, Amazon is an authorized online channel for Future Group retail. Amazon and Future Group partnership would enable the two retail giants to leverage on each other's competencies. Amazon can now use Future Group's warehouses, distribution centers and physical stores for quicker delivery. The joint initiative of the two companies is being tested in 22 stores. It is likely to be rolled out across the nation in a couple of years. The Covid-19 pandemic is expected to change buying behavior of the customers. Due to a prolonged economic slowdown, demand for products may fall. Customers are expected to become more price sensitive. Contd....

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With shopping malls shut for a prolonged period of time, customers have got used to buying products online. The trend is expected to continue even after the virus scare goes away. Future Group has, thus aptly adopted low price and E-commerce strategy. Source: Kala Vijayraghavan and Sagar Malviya, "Future Retail Tweaks Growth Strategy," Economic Times, 19/03/2020. Accessed on 20.04.2022 28.5

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Classification of Retailers Retailing involves selling goods and services to consumers for their personal or household use. Retailers sell different kinds of products and services. There are retailers who exclusively deal in a particular type of product, for example, food products, hardware or apparel. An awareness of the different types of retailers in terms of size, product diversity and price enables better understanding of retailers and the environment in which they operate. Retailers can be classified in different ways. We will focus our discussion on retail classification based on type of ownership, type of store strategy, non-store based retailers, non-traditional retailers and retailers classified on goods or services. 28.5.1 Classification based on Type of Ownership Based on the type of ownership, retail organizations can be classified into organizations that are independently owned, chain-owned, franchise-operated, organizations that operate on a leased department format,

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consumer cooperatives. Most retailers are small operators and are usually independently owned. Each ownership type caters to specific market segments. In the following section, we will discuss various forms of retail organizations based on ownership type.

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Independent retailers Independent retailers are the most common form of retailers. They usually operate with a single store and are generally started by entrepreneurs. The advantage of this form is flexibility in operations due to minimal layers of management, low investments, customized product and service offerings, ability to maintain tight control over strategy, personalized service, convenient location and timings, home delivery and financial credit facility. Disadvantages are lack of bargaining power due to small size of operations, absence of economies of scale and limitations in resources, information and planning, as they are dependent solely on the owner. Chain stores A retail chain has many outlets under a common ownership, usually with centralized merchandizing and decision-making functions. A retail chain's size is

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not based on the geographic area of its operations. Hence, a retail chain operating in only a few cities with many units can be considered a large chain. Based on the type of operation, retail chains are differentiated into local, sectional and national chains. The first is a retail chain that operates all its units in and around a particular city. The second is one that operates in a given geographical region. For example, Saravana Stores' operations are limited to Tamil Nadu. A national retail chain operates in more than one geographical region. For example, Lifestyle and Shoppers Stop, which have outlets in major cities across the country. A retail chain has several advantages over an independent retailer. These include: better bargaining power, ability to advertise and promote products, to undertake long-range planning and the same functional efficiencies as a wholesaler. The disadvantages are lack of flexibility due to large scale of operations and high investments, strategies and operations due to multiple layers of management.

Example: Zabkha Group - A Convenient Store Chain According to a Forbes article (2022), after launching 25 stores under the Zabka Nano and Zappka labels, the Polish convenience giant Zabka Group (a chain of convenience stores based in Poland) has completed the opening of Europe's largest chain of autonomous stores, with at least another 12 slated to open in 2022. The above information shows the chain store ownership. Source: "

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Poland's Biggest Convenience Chain Overtakes Amazon in European Race for Autonomous Stores",

January 18, 2020, <https://www.forbes.com/sites/kevinrozario/2022/01/18/polands->

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biggest-convenience-chain- overtakes-amazon-in-european-race-for-autonomous-stores/?

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Franchise The International Franchise Association (IFA) defines franchising as "A continuing relationship in which the franchisor provides a licensed privilege to do business, plus assistance in organizing, training, merchandising and business, in return for a consideration from the franchisee." Franchising is an arrangement between a franchisor (one who gives the rights) and the franchisee (one who receives the rights for a fee). Retailers may adopt a fully franchised system or a mixed system. A fully franchised system is one where all outlets are franchised and a mixed system is one where the retailer operates a combination of company- owned and franchised outlets. Types

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franchising arrangements There are two types of franchising arrangements: product/trademark franchising and business-format franchising. In the former, the franchisee enters into a contract with a franchisor (suppliers/manufacturers) to sell products under the established name of the supplier. The franchisee operates independently and

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serves as an authorized distributor for the manufacturer's products. The franchisee is free to decide on store hours, selection of location and store displays and arrangements. Authorized car dealers of General Motors or bottlers for Coca-Cola are examples of product/trademark franchising. Business-format franchising involves a closer relationship between the franchisor and the franchisee. Besides the right to sell products under the supplier's trade name, the franchisee has access to the franchisor's business system or method of business operations. This includes access to successful accounting systems or management training programs of the franchisor. McDonald's is the best example of business-format franchising. Three types of structural arrangements are possible in retail franchising. They are: 1) Manufacturer-retailer arrangement 2) Wholesaler-retailer arrangement and 3) Service-sponsor retailer. In the first

type of structural arrangement,

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the manufacturer gives an independent franchisee the right to sell products or service. It is the most common form of franchising arrangement seen in India. An example is Bata. The wholesaler-retailer arrangement may be either voluntary or cooperative. In the former, the wholesaler gives licences to retailers. In the latter, retailers form a group and share the ownership of the cooperative among themselves. They also share operational functions along with the wholesaler. Maruti's True Value is an example of a dealer-owned cooperative. In the third category, the service-sponsor retailer arrangement, the service firm gives retailers the right to offer specific service packages to customers. This is commonly seen in the travel industry. For example, SITA World Travels. Advantages and disadvantages of retail franchising are: ? It allows franchisors to overcome resource constraints. For example, Kentucky Fried Chicken could not have started its first 2,700 outlets but for the \$450 million it obtained by adopting retail franchising. ? It reduces monitoring costs. As the franchisees are entrepreneurs who have invested in the business, they have the required zeal and motivation to succeed. Therefore, the need to monitor is greatly reduced. ? Franchising facilitates risk management. While starting a business, its potential and probability of success is difficult to estimate. If a franchisee fails, the company does not lose much. If the franchisee succeeds, the company has the option of bringing it under the company's fold when the agreement ends. ? The disadvantage is that too many licences may lead to oversaturation in a particular region. Also, if the royalty payment arrangement is based on gross sales and not on operating profits accrued, the arrangement may become a burden on the franchisee, as the same royalty has to be paid even when profit margins reduce.

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Leased department store Leased departments or 'shops-within-shops' involves renting space within a department, discount or specialty store to an outside party. Leased departments are used by department stores to expand operations into products and services involving highly specialized knowledge and skills. The leased department offers products that do not fall under regular product lines. They operate in categories like beauty salons, shoes, jewelry, cosmetics, photographic studio and repairs for shoes and watches. However, with increasing competition and interest shown by service firms, traditional service categories have given way to modern services like opticians, travel agents, banks, real estate and financial services. '

Share shops'

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are common in the American retail sector. Sears Roebuck has popularized share purchases over the counter in its stores with the message "buy your stocks, where you buy your socks". The rapid growth and success of discount stores is primarily due to the leased department store. Advantages and disadvantages The primary advantage of a leased department store is its ability to diversify the product lines of retail stores into segments that require special training and experience. It also reduces store costs because the leased department pays for its inventory, personnel, fixtures and displays besides paying a commission. Leased departments can be used to reposition a retail store and revive a store that is not performing to expectations. Tesco, the UK based supermarket chain, took the help of leased departments to sell a variety of products and reposition itself. The rents paid by the leased department can be utilized to shore-up bottom lines. Excess space in loss-making stores can be utilized. Leased departments can also get advantages from such arrangements. It can serve as a test marketing tool to gauge consumer expectations. Later, they can set up their own retail stores to sell their products. The retailer's image and publicity helps the leased department to sell its products without incurring heavy initial investments. The possible limitations of such arrangements include restrictions that may be imposed on the leased department regarding style of operations, store hours and range of products. Bad in-store location and very high rents are other negatives. One of the most successful users of this arrangement is Debenhams, a department store chain in the UK, which gets one-third of its sales from leased departments. Meldisco, a division of the Melville Corporation, is another leading operator of leased departments in the US. It supplies and sells footwear in all Kmart stores.

Consumer cooperative Another type of retail organization based on ownership is the consumer cooperative. Consumer cooperatives are retail firms owned by consumers. Here, a group of consumers invest in, purchase shares, elect office bearers, manage operations and share profits. This type accounts for less than one per cent of total

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sales in the retail sector. The premise behind operating such cooperatives is the belief that better service can be provided than by adopting a for-profit approach. Also, operation costs will be much less than other standard ownership formats discussed.

28.5.2 Store-based Retailers

Retail organizations can also be classified according to the type of strategy and products handled. Store formats can be primarily divided into food-based retailers and general merchandise retailers. With the advent of retail formats like hypermarkets, the traditional distinction between the food and merchandise store formats have disappeared. Hypermarkets cater to both categories. The various types of store formats that come under these categories are:

Food retailers Food retailers sell different categories of foodstuffs. Fifty per cent of their total sales comes from food products. The different types of food-based retailers are convenience stores, supermarkets, food-based superstores, combination stores, limited-line stores and warehouse stores.

Convenience store A convenience store is a conveniently located food retailer kept open for long hours. It carries a limited assortment of products and occupies floor space of around 3000-8000 square feet. The products in these stores have an average or above average price, higher than supermarkets. These stores offer the shopping convenience of not having to search through a maze of shelves or waiting in long queues. Convenience stores sell snack foods, soft drinks, car wash, lottery tickets, courier service, gasoline, ATM services and so on. 7-Eleven in the US and TM Group Inc. in the UK are well-known convenience stores.

Conventional supermarkets Conventional supermarkets are self-service departmental stores that sell a limited variety of food and non-food items. They are also called 'mom-and-pop stores' in the US. They have limited advertising and promotion and products are sold at prices lower than grocery stores in the neighborhood. Dollar Tree, Family Dollar and '99 Cents Only' are some examples in the US.

Food-based superstores These stores are larger than conventional supermarkets but smaller in size and product range than combination stores. They cover floor space of around 25,000 to 50,000 square feet and carry a reasonable stock of non-food items like kitchen appliances, prescription drugs, flowers, video tape rentals and so on. A variation of a food-based superstore is the 'conforming' superstore, which, on an average, stocks over 16,000 products across all major categories in the food and grocery sectors and are mostly self-service. Over 50 per cent of products

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stocked by these superstores are their own brands. Tesco Plc. gets over 75 per cent of its profits from such 'conforming' superstores. Combination stores A combination store is a mix of a conventional supermarket and a general merchandise store. They are typically large and cover floor space of around 30,000 to 100,000 square feet. These stores have the advantage of economies of scale and operational efficiencies. This enables them to reduce costs and improve profitability. Walmart, Kmart and Meijer are among the successfully operating combination stores in the US. A special version of the combination store is the super center. It is the American version of the European hypermarket. Super centres have not succeeded in the US as in Europe. Limited-line stores They are also called limited assortment box stores and offer a selective list of items. These stores should not be confused with 'big box' retailers like Walmart, Costco, and Home Depot. Limited-line stores are discount stores and offer less services, shorter store hours and selective national brands. A majority of products offered are private brands and perishable goods that do not figure on the shelves. This type of retail store originated in Europe in the early 1970s and expanded across that continent, forcing retail giants like J. Sainsbury and Tesco to develop similar economy stores. Warehouse stores Warehouse stores are discount food retailers and offer a range of products in a simple and flexible environment. Unlike limited-line stores, these usually cater to national brands. This retail format is favoured by one-stop food shoppers and customers seeking low prices, without concern for service or shopping environment. In terms of size, warehouse stores can be classified into three categories: (1) 15,000 to 25,000 square feet, (2) 25,000 to 35,000 square feet, and (3) 50,000 to 65,000 square feet. These stores are also called super warehouses. Home Depot, the American retailer used the warehouse format to expand. Despite the number of retail store formats available, no single format has been able to really corner a large share of the market. Retailers like Walmart have adopted all the above-mentioned forms of food retail formats to dominate the retail sector in the US.

Best Price Stores in India, which are owned and operated by Walmart, can be cited as an example of warehouse stores.

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General merchandise retailers Another major category of retail store is the general merchandise retailer. Merchandise retailers have experienced

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steady growth of 7 per cent over the years in the US market. They include: specialty stores, department stores, full-line discount stores, variety stores, off-price chains, membership clubs, thrift stores, hypermarkets and the "flea" market. The department store is the most

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successful among mass merchandisers. Argos and Woolworth are two of the biggest general merchandisers in the UK. A brief discussion on each type of general merchandise retailer follows. Specialty stores These stores stock a narrow range of product categories but have an in-depth assortment of products in each category. They cover an area less than 8,000 square feet usually and offer high levels of service. Specialty stores can tailor their strategies to focus on specific customer segments because they carry a limited line of products. They usually operate in apparel, furniture, books and sporting goods. Customers prefer these stores because of the sales personnel's expertise on the products offered by the store, the smaller store size, absence of crowding and guaranteed availability of the desired product. Specialty stores cater to the affluent as well as the price-conscious. They have maximum sales among all retail formats followed by discount stores. Toys 'R' Us is a specialty store retailer catering exclusively to the toy segment. It accounts for almost 40 per cent of all toys and games sold in the US. A 'category killer' store is a variant of the specialty store. It is a very large specialty store that offers a wide range of product lines in selective categories. Because of sheer size and low costs, consumers like to purchase products in a particular category from these stores. Other stores that stock the same products cannot compete in terms of price as well as variety and therefore the name, "category killers". Home Depot (home improvement) and Sports Authority (sports goods) are considered "category killers".

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stores stock a narrow range of product categories but have an in-depth assortment of products in each category.

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is a very large specialty store that offers a wide range of product lines in selective categories. Because of sheer size and low costs, consumers like to purchase products in a particular category from these stores. Other stores that stock the same products cannot compete in terms of price as well as variety and therefore the name, "category

Adidas, Bata, Apollo Tyres, Haldirams Bhujjiwala, Food Bazaar, Music World, etc. are examples of specialty stores.

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Department stores Department stores carry the maximum product range among all general merchandise retailers. The store is organized into separate departments and each promotes a particular category of products. The departments have their own selling counters, selling area and sales personnel. Products sold in department stores are generally priced above average due to the cost of maintaining an up- market environment, advertising and in-store promotions. Department stores can be categorized into the traditional department store and full-line discount store. The former have a separate identity unlike shopping centres and malls, which have a standard format. They have the flexibility to introduce new strategies and concepts to improve customer service and needs. Both Walmart and Kmart are predominantly department

stores

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and have captured much of the retail sector in the US.

Life Style and Max Fashion of Dubai based Land Mark Group, Shoppers Stop of the Raheja Group and Reliance Trends, DMart of Avenue Supermarkets Ltd. are leading departmental stores that operate in India.

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Example: Reliance Retail - Department Store According to The Economic Times (2021), Reliance Retail is building a new premium department store chain to compete with Shoppers Stop and Lifestyle International, which is planned to open in 2022. Reliance Retail has stated that it is searching for a facility that is between 25,000 and 35,000 square feet. The above information is about department store. Source: "

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Reliance Retail plans department stores to take on Shoppers Stop, Lifestyle",

September 9, 2021, <https://economictimes.indiatimes.com/>

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industry/services/retail/rel-retail-plans- department-stores-to-take-on-shoppers-stop-lifestyle/

articleshow/86048025.cms

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Full-line discount stores This offers a wide range of merchandise products such as apparel, consumer electronics, apparel and home, health and beauty products. It is also called a general merchandise discounter. Full-line discount stores have been very successful because of their focus on a variety of products at competitive prices. They do not generally stock premium brands. Discount stores develop special strategies to woo consumers and generate sales in each product category. For example, Kmart has a Pantry program in the food category. It is an in-store grocery concept that offers a complete grocery selection to customers. Giant retailers like Walmart have diversified store operations and opened up discount store chains to cater to larger sections of consumers. Other prominent full-line discount stores in the US are Ames, Bradlees, Caldor, Hills, ShopKo, Target (Dayton Hudson) and Value City.

Brand Factory of Pantaloon Retail Ltd., Mega Mart of Arvind Mill Ltd. are examples of Full-line discount stores.

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Some characteristics of full-line discount stores are centralized checkout, a catalogue order service, self-service with little emphasis on customer service, a large percentage of sales from hardware products like lawn and gardening equipment, house ware, automotive products and consumer electronics. These stores carry private brands for non-durable goods and national company brands for durable goods. Variety stores These stores started with the objective of selling a variety of products at low prices to consumers and were called the poor man's department store, "five-cent" stores, or the "dime" store. Variety stores initially operated over an area of 10,000 to 25,000 square feet and grew to cover areas up to 1,00,000 square feet over the years. They evolved into "junior" department stores and later into discount stores. Some well-known variety store chains include F.W. Woolworth Corporation, McCrory's

dime store

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and Variety wholesalers in the US, Marks & Spencer in the UK, Monoprix in France and Kaufhalle in Germany. Following the advent of department stores, specialty stores and "category killers", the variety store concept has virtually died out in many parts of the world. Unit 28: Retailing and E-Retailing 113 Off-price chains This type sells products like apparel, shoes, cosmetics and house ware at Everyday- Low-Prices (EDLP) in a self-service environment. They purchase goods only when there are special offers or good terms and conditions from manufacturers or wholesalers. Hence, there is no guarantee that the same products will be in stock again. Prices are nearly 30 to 40 per cent less than traditional department stores. The success of these stores lies in their ability to establish long-term relationships with suppliers under favourable purchase conditions. Companies make use of these stores to offload excess stock at the end of the season or when a product has failed in the market. Purchases are on a cash-and-carry basis and not on credit. These stores often buy seconds, cancelled orders and end-of-season stock of department and specialty stores. Some leading variety store chains in the US are TJX, SteinMart, Ross stores and the Burlington coat factory.

Big Bazaar which had unique schemes like 'Everyday Low Prices', 'Maha Bachat Offer (Savings Scheme),

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SabseSaste Din, Public Holiday Sale, Smart Search, Wednesday Bazaar, and Great Indian Home Festival 7

can be cited as an example of Off-price chain.

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Membership clubs They are also called 'warehouse clubs', 'wholesale cash-and-carry warehouses', 'wholesale clubs' and 'membership discount stores'. Consumers who shop here have to be members of the clubs and pay a monthly or annual membership fee. There are two kinds of memberships, 'wholesale' and 'group'. Wholesale memberships are for small business owners who purchase more than half the merchandise. Group members are generally government or military employees, or members of credit unions and financial institutions. These buyers make up a majority of the members but buy less than the wholesale members. Membership clubs have blurred the distinction between wholesaling and retailing operations. They mainly sell general merchandise, clothing and food products. They have large storage facilities that double up as the shopping area, hence, the name warehouse clubs. They avoid financial hassles by selling most products before having to pay suppliers. Large warehouse clubs sometimes have an inventory turnover 15 to 18 times a year, which is more than three times that of discount stores. They stock nearly 4,000 to 5,000 items of well-known brands. Food, house ware and appliances account for more than 40 per cent of total sales. Promotional spending is minimal at about one and half per cent of sales. Warehouse clubs operate on a gross margin of 10 to 11 per cent and sell merchandise at prices 20 to 40 per cent 7 "

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Big Bazaar announces pre-booking of 'Mahabachat Offer' for the first time",

August 2, 2021, <https://www.livemint.com/>

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companies/news/big-bazaar-announces-pre-booking-of-mahabachat-offer-for- the-first-time-11627891310482.

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below discount stores or supermarkets. Sam's Wholesale Club is the biggest US- based operator in this category. Other major players are Costco wholesale club, Price club and Pace membership warehouse.

In India, Future Retail's Easyday Club 8 that gives 10% flat discount on every bill of members (over and above the existing offers) is the best example of membership club. Future Retail that owns 800 supermarkets across 117 cities in India (including Nilgiris and Heritage) provides a personal and modern shopping experience to its customers through this member club.

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Thrift stores They are also called second-hand stores or second-order retail outlets. They sell second-hand products at a bargain and are generally located in low-income neighborhoods. They include both non-profit and for-profit organizations. Some well-known thrift stores are Goodwill Industries and the Salvation Army (non-profit) and Savers (for-profit). Thrift stores do not emphasize store environment and product displays and are usually situated in basements and downtown locations. '

Collections Reloved' 9 is a Bangalore based e-commerce website that sells used clothes, handbags and accessories to customers. 'Ciceroni' (Gujarat based web portal), 'Carol's shop and the tea room' (Nagaland based), 'The Salvage Story' 10 are examples of online thrift stores that have entered the reselling apparel industry. These stores inspire people who wish to shop sustainably. They have also been successful in changing negative connotations about thrifting.

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Flea markets Flea markets are an informal form of retailing and are common in countries like India, though the name originates from the US. They are also called 'Sunday' markets, where vendors gather in makeshift shops to sell a range of products. These markets have something for everyone and cater to diverse consumer tastes. Flea markets are prevalent in developed nations like the US too. Vendors in these markets set up shop on a daily, weekly or seasonal basis. The Rose Bowl flea market in California is the largest of its type in the US. The flea market is considered a part of the underground economy, as taxes, accounts and product quality are not monitored.

The Colaba Causeway of Mumbai, a flea market is considered a shopper's paradise. Tourists as well as locals of Mumbai, shop for a range of goods like books, clothes, bags, jewellery, handicrafts, souvenirs and knick-knacks. Chor Bazaar (Mumbai), Arpora Saturday Night Market (Goa), Lead Bazaar (Hyderabad), Parry's Corner (Chennai), Sarojini Nagar (Delhi) are other examples of Flea Market. 8 "Easyday Club", May 2022, https://www.futureretail.in/consumer_connect/easy_day_club.html 9 Kalwyna Rathod, "6

70%**MATCHING BLOCK 336/376****W**

Thrift Stores Across India That Are All The Rage RN", July 10, 2020, <https://www.femina.in/>

100%**MATCHING BLOCK 340/376****W**

fashion/trends/6-thrift-stores-across-india-that-are-all-the-rage-rn-163804-1.

html 10 Nirandhi Gowthaman, "Meet the women running successful thrift stores online", October 18, 2019, <https://yourstory.com/herstory/2019/10/women-running-successful-thrift-stores-online>

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Non-store Based Retailing Non-store retailing is when strategies that are not linked to the retail store are used to sell products. The traditional concept of location loses its importance in non- store based retailing formats. The last couple of decades have seen the emergence of this form due to the consumers desire to try out alternative channels of retailing. Commonly used non-store forms of retailing include direct marketing, direct selling, and automatic vending machines. Direct marketing Direct marketing has emerged as a powerful non-store communication and distribution medium for selling a host of products to consumers. It is a form of retailing where product selling is targeted at specific customers. Catalog retailing and direct mail are common forms of direct marketing. Over the years, several new forms of selling like telemarketing, direct radio and TV and Internet shopping have gained widespread acceptance. Depending on the products they sell, direct marketers can be classified into general direct marketers and specialty direct marketers. The former sell a wide range of products, not restricted to any particular category. Products offered include apparel, toys, gifts, kitchen appliances and house ware. In contrast, specialty direct marketers sell a limited range of products, restricted to certain product lines. In this aspect, they are similar to specialty retailers. Catalog retailing Catalog retailing comprises only 3 per cent of the total organized retail business in the world. It is still in a nascent stage in India. Otto Burlington (part of the German consortium of Otto Versand) was the first to venture into catalog retailing in India in 1993. It brings out the well-known catalog 'Otto Burlington'. J.C. Penney (a US-based retailer) has a 1,000

page catalog,

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covering more than 50,000 products, which is mailed to customers twice a year. The company spends a lot of time in catalog preparation to meet changing customer needs and provide a range of products. Companies have started sending tailor-made catalogs, called 'specialogs' to consumers. 'Specialogs' contain a list of products that vary for different customer segments. Despite its advantages, catalog retailing is expensive due to the enormous costs involved in paper, printing and mailing. Direct mail Another common form of non-store retailing is direct mailers. Many companies in India use this route to sell products. Reader's Digest was one of the earliest magazines to be promoted using direct mailers. Mail orders can be segregated into consumer mail order, business mail order and charitable direct response. The first has the largest share of sales among the three. The concept of direct mail is slowly growing in India. Companies using direct mail can ensure good sales if they plan their strategies well.

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For both catalog retailing and direct mailing, a detailed list of prospective customers has to be prepared. Such a database will also help the company to keep track of customer responses and classify customers based on purchase patterns. Databases played a crucial role in the turnaround of Spiegel, the American catalogue retailer. Databases helped the company to segment customer groups, develop specialty catalogues to target niche segments and update products in short time periods. Another form of direct marketing is through television and cable TV. Many companies have used this form of retailing successfully. Home shopping TV consists of 'infomercials' that introduce and demonstrate the product through 30/60 minute programmes. The

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The well-established players in this segment are Asian Sky Shop (ASK) and Tele Shopping Network (TSN). Though this type of retailing is widely accepted elsewhere, in India, no company has yet set up an exclusive channel for direct marketing because only a few people shop using this medium. Direct selling Direct selling is a method of marketing and retailing goods to the consumer. Though direct sellers too use catalogues and some form of advertising, the personal interaction of the salesperson with the customer is the catalyst for the sale. The direct selling industry worldwide has shown tremendous growth. In India, it has a steady 60 to 65 per cent growth rate in sales turnover. Over 200 direct selling companies operate in the country and 70 per cent of them are regional operators. Eureka Forbes was the pioneer of direct selling in India. A wide range of products like cosmetics, home appliances, educational material, kitchenware, food and nutritional products are sold through direct selling. In India, 68.9 per cent of products sold through direct selling are household goods, while 12.4 per cent are personal care products. There are three forms of direct selling – person-to-person selling, party plans and multi-level marketing. Women comprise the majority of direct sellers in all these forms.

Example: Direct Selling @ Mercedes-Benz According to Business Standards article (2021), direct selling is Mercedes- Benz India's new retail strategy.

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Mercedes-Benz India would not ship any cars to dealers and will instead keep track of the new models' inventory in its books. The shift to the new retail approach will help the company better service customers, make dealers more financially viable, and

better align supply to demand.

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Direct selling is a method of marketing and retailing goods to the consumer.

Source: "

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Mercedes Benz India adopts direct selling as new retail strategy",

October 22, 2021, <https://www.business-standard.com/article/automobile/>

100%**MATCHING BLOCK 344/376****W**

mercedes-benz-india-adopts-direct- selling-as-new-retail-strategy-121102201358_1.

html

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Person-to-person selling Here, the salesperson calls upon the prospect at his or her home and discusses the product first-hand. Party plans Here, the salesperson arranges to give a product demonstration to a group of consumers. The demo might be in the private residence of consumers or in a public place like a hotel. Multi-level marketing This form of direct selling uses one-to-one selling as well as party plans. Multi- Level Marketing (MLM) has gained tremendous popularity in India due to the flexibility of working hours and ease of operations. In addition, sales personnel are paid a commission or bonus for every new member they recruit to sell the company's products. Companies like Amway, Modicare and Herbalife use multi- level plans. The advantage of direct selling over direct marketing is the ability to allow consumers to have a touch and feel of the product. The US is the biggest market for direct selling operations and the South-East Asian region the fastest growing. Automatic vending machines A vending machine uses computer technology that allows dispensing of products when a coin or card is inserted. A rudimentary form of these machines is seen at railway and bus stations -- coin-operated weighing machines. Vending machines are also used to dispense products like beverages, cigarettes, food items, newspapers and candy. The vending machine eliminates the need for personnel, gives flexibility of time (it can be used at all times) and convenience of location (at railway stations, airports, hotels, offices and street corners). The major disadvantage is the high costs involved in stocking and servicing the machines. 28.5.4 Non-Traditional Retailing Non-traditional retailing involves use of computers and information technology to sell goods to consumers. It does not come under traditional or non-store forms of retailing. Some types of non-traditional retailing are use of the Internet, video kiosks and video catalogs. The Internet This form of retailing has the advantage of transmitting voice, text, video and pictures, not possible simultaneously in other forms of retailing. The Internet also allows retailers to interact with customers without incurring high costs. Tele- marketing, door-to-door selling and party plan direct selling are the other forms of selling, which enable customer interaction at low cost. The success of non- traditional retailing depends on the extent and type of product information

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provided to customers. Retailers with a strong image but a regional presence can use this form of retail selling to increase sales and expand operations.

Some advantages of this mode of retailing are: ?

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The customer can compare the various products available before making the purchase decision. This is not possible with other non-traditional forms of retailing. Product information can also be easily shared using e-mail and newsgroups. ? Digital products like software and video records can be easily sold over the Internet. Electronic catalogs offer the advantage of a detailed list of product range and extensive information. ? Internet shopping saves time and is convenient to customers as it can be done at any time of the day. The customer can check the products available and make the purchase decision without any time constraint as is present in telemarketing. ? This type of selling is non-intrusive as customers browse the Net according to their own free will. It differs from door-to-door selling and telemarketing in this. ? The marketer can track the number of times a customer has visited the website by calculating the number of clicks on the site. The most common forms of retailing using the Internet are online shopping and e-tailing. Online shopping or interactive home shopping is a spin-off from the Internet. The consumer uses an interactive electronic system like a computer or a television to make product enquiries and the retailer sends information and graphics directly through the Internet to the customer. Exchange of information is online and once the order is placed and paid for electronically, the goods are delivered to the buyer. This form of business transaction is popularly known as e-commerce. India is far behind nations like the US and Japan in e-commerce. This is because of factors such as low Internet and credit card penetration, hesitation by customers to make online purchases and payments, cultural issues etc.

According to a Nielsen study 11 (2018), a majority of online customers reported that they purchase the following five product categories online most of the time: Fashion goods, books and music, online tickets for events or travel and IT and mobile products.

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Business-to-Consumer or B2C commerce is another application of the Internet. It is popularly called e-tailing in the retail sector. Many companies have adopted 11 "

The top 5 most popular categories purchased online are ...", Marketingcharts.com, 7/12/2018 Accessed on 20.04.2022
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100%**MATCHING BLOCK 350/376****W**

this technology to provide shopping ease for consumers and to reduce operational costs. Retailers use

the e-

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tailing route to enhance the customer's online shopping experience and give them an alternate way to purchase products offered. E-tailers have increased customer visits to their websites by developing better search and navigational engines and tightening security to protect financial transactions and personal information of customers. Apparel retailers like Sears Roebuck Co. have used e-tailing successfully. Sears Roebuck Co.'s "my virtual model" allows customers to view a 3-D form of the human body based on the body measurements provided. The model helps customers in clothes selection. Yet another company using e-tailing is Macy's. It has developed 'clickable swatches', which allow a product to change colour according to the swatch selected. The company has also developed better navigational features for their website www.Macy's.com to enable customers get the desired results with fewer clicks. Video kiosks Video kiosks comprise stands mounted with a television monitor or a computer terminal, which use touch-screen technology to display products and related information to customers. Video kiosks have a location advantage and have been widely used by retail giants like Walmart and Kmart for the past decade. Home Depot, the second largest retailer in the US, uses video kiosks in its self check- out lanes, where customers can bill their products and make payments without help. Video kiosks enable retailers to add value and enhance customer relationships while simultaneously providing an interactive forum to display products. Dell computers has established its kiosks in malls to sell its computer brands. Kiosks in malls are large enclosures that have plasma screens showcasing six to seven Dell products. The kiosks allow customers to place orders on the spot. In India, video kiosks are used for advertising products at supermarkets and shopping centres. Video catalogs Video catalogs

are a

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version of catalog retailing. A video catalog consists of a retail catalog in the form of a compact disk that contains product listings in an electronic format.

The catalog

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can be viewed on a computer and based on products available, the customer can order from home. Video catalogs enable retailers to provide product information through multi-media technologies, text and sound clips. It is better than the Internet as, such large amounts of data take a long time to download from the Internet. The use of video catalogs is widely prevalent in the US, but in India, it is in a nascent stage and is confined to the software and music industry. The main reason for this is that the consumer needs a computer with a CD drive facility to view the catalog.

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Example: Wendy's Real Time Online Ordering System In 2020, Wendy's (a US-based food company) has improved its website and mobile

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app to offer a more advanced online ordering system that can be updated in real time.

Due to unstable

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supply chains, Wendy's may simply eliminate menu items that aren't available, preventing customers from making orders that can't be fulfilled.

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Online shopping or interactive home shopping is a spin-off from the internet.

Source: Blake Morgan, "

100%**MATCHING BLOCK 356/376****W**

More Customers Are Shopping Online Now Than At Height Of Pandemic, Fueling Need For Digital Transformation",

July 27, 2020, <https://www.forbes.com/sites/blakemorgan/2020/07/27/>

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more-customers-are-shopping-online- now-than-at-height-of-pandemic-fueling-need-for-digital-transformation/?

sh=3dda1c816bb9 28.5.5 E-Retailing Electronic commerce, commonly known as E-commerce or e-commerce, is trading in products or services using computer networks, such as the Internet. Electronic commerce works on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, Electronic Data Interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail. E-commerce businesses usually employ some or all of the following practices: ? Provide virtual storefront on websites with online catalogs, sometimes as a "virtual mall" ? Buy or sell on websites or online marketplaces. ? Gather and use demographic data through web contacts and social media. ? Use electronic data interchange, the business-to-business exchange of data. ? Reach prospective and established customers by e-mail or fax (for example, with newsletters). ? Use business-to-business buying and selling. ? Provide secure business transactions. Electronic retailing includes online retailing and the 24 hours shop at home television network or online portals on the mobile phones or on the internet. Online retailing or e-retailing is a type of shopping available to the consumers with personal computers and smartphones with access to the internet. It just requires surfing the retail websites and selecting and ordering the products online with a click of a mouse.

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This type of shopping is not only convenient, fast but less costly. It offers multiple benefits to the consumers like shopping from home, thus saving time on travelling and avoidance to visit a busy market place with lengthy cues and parking problems. It offers a wide variety of merchandise with latest trends and designs with an option of comparing prices, discounts and deals across different web sites. The government has strengthened the hope of a turnaround by bringing the internet to the center of its governance model. The promised broadband highways, the adoption of social media for public communication, increasing thrust on e-governance and coupled with this large number of young population that lives life online will boost the internet users in India. The growth of internet and e-commerce in India has inspired companies such as Facebook, Twitter, Google, Amazon.com, Flipkart, Snapdeal, e-bay to give attention on the market even as it remains constrained in terms of revenue potential. Online advantage The essence of e-retailing is in its ability to transcend physical boundaries and reach customers in a manner different from the traditional brick-and-mortar stores, to their very doorstep. However, the base of the e-retailing model is technology and logistical solutions that facilitate the customer acquisition and the final 'reach' process. The advantages of e-retailing are: ? No rent or land costs - E-retailers do not require sophisticated showrooms in prime locations, and operate through their websites or portals. This significantly saves the store maintenance costs, which are very high for brick and mortar or physical store retailers. ? Enhanced communication with the client - E-tailing enables personalized interaction with customers. ? Universal reach - A supermarket has a limited geographical area of coverage. It caters only to a limited number of customers of a particular area or locality, but a website can be accessed from any part of the globe, which increases its market multi-fold. Such websites also serve as a good medium of advertising at a minimum cost, and reach out to the world. ? Effortless and joyful shopping - Online shopping saves time. Shopping in the comfort of your home through the Internet is a huge attraction for customers. ? Any time accessibility - The online store is accessible 24x7 and delivers your products at home, that saves time and effort. ? Prices can be compared - Online shoppers can compare the prices of the products they want to buy on competitive sites, and then go for the purchase. ? No duplication of products - Branded products are sold at competitive prices on credible online portals. This reassures the consumer that no duplicated, low quality products will be sold on these sites.

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Minimized Turn-Around-Time (TAT) - Which will potentially lead to word-of-mouth publicity, feedback and customer retention to the e-portal or website. ? Updated information - With respect to inventory status, demand schedules and forecasts, shipment schedules and promotion plans among all the stakeholders of the supply chain which forms the backbone of an e-retailer. ? Client Data - The e-retailer can have the data on purchase pattern by demography and geography. ? Ease in strategic decisions making - For example, if an exclusively launched product is doing well in the north of the country and not in the South then strategies can be devised and promotions and deals can be redesigned immediately. 28.5.6 E-Retailing Platforms Fundamental to any e-commerce website is the platform upon which it's built. This not only forms the basis of an online business, allowing online transactions to occur, but in the rapidly evolving world of multichannel retailing; it may be the solution to drive retail business into the future. Although the basic definition of an e-commerce platform is 'software that enables transaction via the internet', these platforms have quickly developed into comprehensive, all-encompassing online retail solutions. Allowing retailers to target, capture, engage and retain customers, though not just the traditional web store, but also via offline, mobile and social media channels are the advantage of Ecommerce. Investment into an e-commerce platform is usually related to the size of the retailer. With the current attention given to the growth of online retail within the market, more and more retailers are feeling the pressure to transact online. E-commerce platforms, provide the best practice and advice about the solutions available to online and multichannel retailers. There are important considerations to make when selecting and implementing e-commerce solutions. Often the platforms are very technical and retailers struggle to maintain the backend, cannot add products easily, manage stock levels, etc. This will determine which platforms a retailer is able to implement. 28.5.7 Future of E-Retailing in India The e-commerce market in India is estimated to grow at 30 per cent year-on-year. The launch of IRCTC (Indian Railway's e-commerce arm) to power sale of railway tickets has encouraged a whole new demographic to shop online. The new e-commerce entrants are helping to increase the size of the market by encouraging new non-shoppers to turn online shoppers. Incidentally, e-tailing is

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not limited to retailers. For example, many FMCG majors are willing to take a chance as there is growth of disposable incomes and people are opening up to shopping online. E-commerce companies are also going out of their way to give the consumer not just a product but an online shopping experience. Credibility too, does not seem to be an issue, with more and more branded players stepping into the e-commerce scene. However, Indian marketers are also increasingly becoming aware about the need for a good policy for returned goods, in case a customer is not satisfied with the product. It has been estimated that about a fifth of the orders purchased online are returned to the vendor. Most online portals announce that money will be returned if a customer is not satisfied with the product. Customers who pay on delivery can also return a product if it does not come up to their expectations. The Indian consumer base is supported by a vast rural market that accounts for 70 per cent of the country's population. With rise in rural incomes, there has been a change in India's consumption basket. As consumer product companies compete among themselves to get a larger share of the consumer share, technology and innovation will play a key role in their future growth. Conventional strategies of physical distribution and communication will no longer guarantee the pace of growth or success seen in the past.

Companies will try to find easier and cost-effective ways to reach out to a larger base of consumers. Online retail in India is expected to penetrate categories beyond apparel and electronics, as companies attempt to sell essentials such as grocery and personal care products online. A few websites are now promoting social shopping, which enable an interaction between old and new customers on queries related to any of the products sold on the site. Social shopping helps increase the credibility and popularity of an e-retailer. Example: Growth of Indian E-commerce Sector According to a Mint article (2021), Bain & Company (a US-based consulting company) said India's online e-

58%**MATCHING BLOCK 359/376****W**

commerce sector is predicted to increase 25%- 30% annually over the next five years, reaching \$120 billion-\$140 billion by FY26, exceeding the amount of modern trade - \$105-\$115

billion (by FY26), in the country. Source: "E-retail to overtake modern trade by '26", August 17, 2021, <https://www.livemint.com/industry/retail/etail-to-overtake-modern-trade-by-26-11629137968463.html> Activity 28.1 Visit websites of leading e-retailers of India. Find out what they are selling and what the uniqueness of each website is.

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Answer: Activity 28.2 Ask your friends and neighbors whether they have shopped online, and what has been their experience and what is their opinion about online shopping. Answer: 28.5.8 The link between e-tailing and technology In India, the e-commerce industry is expected to grow from US\$ 38.5 billion in 2017 to US\$ 200 billion by 2026. India e-commerce industry is expected to become the second-largest in the world by 2034. On the other hand, the e-retail industry in India is primed to reach nearly 300 to 350 million shoppers in the next five years – propelling online Gross Merchandise Value (GMV) to \$100 to 120 billion by 2026. The \$850 billion Indian retail market is the fourth largest market in the world. 12 . This would be possible if a large part of India's rural population is also brought under the fold of the Internet, and has access to online shopping. The Indian consumer market is set to attain a different look. Technologies that aid in managing inventory, capturing sales data, forecasting demand and generating automatic replenishment to reduce time-to market are likely to gain prominence. Inventory tracking technologies, such as RFID (Radio Frequency Identification), which have been successful in developed countries, will see greater adoption in India. Quick Response codes, too, are expected to be in use in the country with the growing use of smart phones. With sustainability becoming integral to corporate strategies, the adoption of cost-effective green technologies—that reduce energy consumption, emission levels and wastage—is also expected to increase. The next battle for the consumer market will be fought on back of technology. Companies that are able to use technology to their benefit will move far ahead of those that do not use technology. 12 "

Future of E-retailing in India: Growth and Challenges", February 24, 2021, <https://www.indianretailer.com/article/multi-channel/etail/future-of-e-retailing-in-india-growth-and-challenges.a6856/>

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Example: IndiaMART – Linking Retailers and Consumers According to a Harvard Business Review article (2020), the success of IndiaMART, an e-commerce platform, demonstrates how firms can increase their market prospects by connecting local businesses and consumers with the rest of the world. Digital technologies support these connections at both the macro and micro levels, allowing vast groups and specialised audiences to be reached. Companies that are able to use technology to their benefit will move far ahead of those that do not use technology. Source: <https://hbr.org/2020/10/>

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how-indian-companies-are-using-technology-to-reach-new- consumers 28.5.9

E-retailing wars- Flipkart vs. Amazon Flipkart.com was launched in India in 2007, by two former Amazon employees. The company had a great initial run with some major acquisitions. Mobile revolution helped in establishing Flipkart.com as the leading online retailer in the country. The company in the month of September 2014 announced that it has raised 1 billion dollars (₹ 6,000 crores) from foreign capital after building its registered users to 22 million. Amazon.com the e-retailing company of USA entered the Indian market to give a tough competition to Flipkart. The brand reputation carried by Amazon.com, has given a unique advantage to a first-time buyer in India. Amazon.com raised the stakes in the Indian market with its founder Jeff Bezos announcing that the company would invest US\$2 billion (approx. ₹ 12,000 crores) into developing its Indian business. The company tied up with Big Bazaar the Indian brick and mortar retail chain to penetrate in larger consumer market. The battle between the two players is being played out in online media as well as in newspapers. A new trend in the Indian e-commerce market, exclusive partnerships, has been attempted by every major player. However, Flipkart got all the attention with popular sell out tie-ups with Motorola, Asus, and Xiaomi. Amazon managed to pull back some market share with the exclusive deal with Microsoft for the Xbox One. Amazon.com offers a prime subscription which allows customers better shipping deals, exclusive offers, and free access to digital content from its library. The general consensus of the customers is that while Flipkart is a leading brand for many years. Amazon is gaining lot of fans with quicker deliveries and overall experience in recent times. It's a huge market, and the competence and deep insight of either company cannot be debated. During the festival seasons of Dusherra and Diwali the archrivals 'Flipkart' and 'Amazon' wage a war by offering discounted products to consumers. As it happens every year both the companies make independent claims that their sales were highest ever in the Indian commerce history. Such claims and counter claims

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were made in the year 2019. Flipkart's TBBDs (The Big Billion Days) (6 days long shopping offer) claimed that it clocked 70 billion views 13 during those six days. Amazon quoted Nielsen's report which stated that Amazon witnessed the highest share of transacting customers during 2019. Amidst the Covid-19 economic slowdown, the big e-com shopping festival is the most expected event in the year 2020. After Walmart acquired Flipkart in May 2019, the e-commerce war in the Indian market has become more severe. During the Covid-19 lockdown period (22 nd April 2020), Facebook announced USD 5.7 billion investment in Reliance Industries Ltd. The Jio-Facebook partnership 14 is expected to intensify the e-commerce war by bringing in a third powerful player in the Indian e-commerce market. 28.5.10

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Service Vs Goods Retail Strategy Mix This classification of retailers is based on the type of offer made to customers. It might be a product or a service. Retailers may be involved only in product retailing or in-service retailing or a combination of both. Both product retailers and service retailers can adopt store-based, non-store based or non-traditional retailing formats. In service retailing, the buyer does not purchase any tangible product from the seller, while in product retailing, there is sale of a physical product through transfer of ownership between the buyer and the seller. Service retailers typically include: beauty salons, travel agencies, auto repairs, video rentals etc. They can be classified into three categories: rented goods service retailers, where consumers use a product for a certain period, (example, car and video rental agencies); owned-goods services retailing, where products owned by customers are repaired or serviced (example, automotive repair); and non-goods services, where customers experience a service (example, beauty salons). Service retailing is a big business, even in India. Insurance, travel, and cellular services are examples where service retailing is picking up in this country.

Example: Service Retailing @ Unacademy In 2022, Unacademy, a popular online education platform for schools and competitive exams, started offering offline classes by establishing offline learning centres called Unacademy Centers across India. The company claimed that nearly 15,000 learners have enrolled in the first batch. Source: Bhavya Dilipkuma, "

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Edtech's post-Covid offline push continues with Unacademy Centres",

May 18, 2022, <https://economictimes.indiatimes.com/tech/startups/edtechs-post-covid-offline-push-continues-with-unacademy-centres/articleshow/91640543.cms> 13 " Inside India's e-commerce battle royale", October 18, 2018, <https://retail.economictimes.indiatimes.com/news/e-commerce/e-tailing/inside-indias-e-commerce-battle-royale/66270894> 14 Saritha Rai, "

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W

Facebook-Jio partnership will intensify India's e-commerce war with Amazon, Flipkart",

April 23, 2020, <https://theprint.in/>

84%

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economy/facebook-jio-partnership-will-intensify-indias-e-commerce-war-with-amazon-flipkart/407137/

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Activity 28.3 Store-based retailing has various formats in which the retail players operate their business. These formats differ from each other and offer differing forms of products and services. In this context, compare and contrast limited line stores and specialty stores. Answer: Check Your Progress - 2 3. Identify from the following types of retail organizations, the option that does not correctly match with the associated characteristic. a. Independent retailers: Single stores started by entrepreneurs b. Chain stores: Shops-within-shops c. Franchise: Licensed privilege to sell products under the supplier's trade name d. Leased department stores: Offer products that do not fall under regular product lines e. Kirana stores – A neighborhood store that offers a range of essential goods to customers in a geographical area. 4. A computer or a television monitor can be used to display products and related information to customers using touch-screen technology. Identify the concept. a. Online shopping b. E-tailing c. Video kiosks d. Video catalogs e. Digital marketing 5. From the options given below, identify the informal form of retailing,

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W

where vendors gather in makeshift shops to sell a range of products.

a. Mom-and-pop stores b. Thrift stores c. Specialty stores d. Flea markets e. Guerilla markets

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Which of the following statements does not hold good for Electronic commerce? a. Trading in products or services using computer networks, such as the Internet. b. Electronic commerce works on technologies such as mobile commerce c. Electronic funds transfer & online transaction processing d. Supply chain management, internet marketing, electronic data interchange (EDI), inventory management systems e. Face-to-face contact with customer. 7. E-commerce businesses usually employ some or all of the following practices. Which of the following options does not relate to E-Commerce businesses? a. Provide virtual storefront on websites with online catalogs, sometimes as a "virtual mall" b. Buy or sell on websites or online marketplaces. c. Use electronic data interchange, the business-to-business exchange of data. d. Use business-to-business buying and selling & provide secure business transactions e. Present both physically and digitally to give a cohesive customer experience across all touch points. 8. Which of the following is not an advantage of e-retailing? a. No rent or land costs b. Enhanced communication with the client c. Universal reach d. Cumbersome and painful shopping e. Any time accessibility 9. E-retailing platforms are a. Hardware for E-retailing b. Software for E-retailing c. Computer peripherals for E-retailing d. Portals for E-retailing e. Web sites for E-retailing

28.6 Strategic Issues in Retailing
To ensure successful operations in a dynamic environment, a retailer cannot just concentrate on day-to-day operations but must also keep in mind long-term factors like possible competitive actions by competitors, their reactions to the

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strategies adopted by the retail organization and routine changes in the planning environment. Awareness of these issues will enable retailers to gain maximum leverage to increase sales. Some strategic issues to be understood in retailing include store location, store size, store image, store promotion and influence of private store brands on retail power. 28.6.1 Store Location Store location is the most important strategic issue that retailers must consider. It is a long-term decision and involves considerable costs. Unlike other elements in the marketing mix, the location cannot be easily changed. While choosing the store location, the retailer must remember some steps. First, the aspects desirable in a particular location must be decided. Second, the location must be selected from among available alternatives. Finally, the retailer must analyze alternative sites using different methods. It is necessary to follow all steps diligently, as a properly located retail outlet can offer the retailer a significant competitive advantage. The various considerations to be kept in mind by the retailer while choosing a store location include selecting one that promises maximum returns to the retailer in comparison to competitors, presence of a substantial population base in the area, easy accessibility for the public with good transportation facilities and proximity to suppliers. As the strategic issues of a multiple retail chain differ greatly from that of a single retail outlet, a multiple retail chain should also consider future implications of the store location on its business, besides the current impact. Example: DICK'S: Strategic Issue on Location Selection According to a Forbes article (2021), DICK'S Sporting Goods (a US-based sporting goods retail company) incorporated geographic research in its decision-making for over 850 locations. Executives used geographical knowledge to refine their shop opening strategy and optimise online order fulfilment, resulting in a more resilient organisation. Store location is the most important strategic issue that retailers must consider. Source: Helen Thompson, "As Retailers Shift Sales Online, Location Remains Crucial", August 26, 2021, <https://www.forbes.com/sites/esri/2021/08/26/as-retailers-shift-sales-online-location-remains-crucial/?sh=6ca077fe5d5f> 28.6.2 Retail Store Image Retail store image is another strategic issue with important implications for the success of retail stores. Store image is the way a store is perceived in the customer's mind. This perception is partly due to the store's 'functional qualities' and partly due to 'psychological attributes'. The functional qualities that influence store image are product and price range, credit policies and store layout. Psychological attributes include a sense of belonging, a feeling of excitement or friendliness and warmth.

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and Institutions 130 The retail store image can act as a source of competitive advantage. The customer's decision on store choice and store patronage is dependent on the store's image in the customer's mind. Thus, it is important for a retailer to understand how the impact of the store's image differs across consumer segments. Creating an appropriate store image attracts customers to stores and makes them stay in the store for a long time, automatically leading to increase in sales. Store image is influenced by various factors. These include product assortment, service rendered, personnel, customers who patronize the store including their age, store layout and ambience and convenience of location. Product assortment The product types that a store stocks influences the store image. The product assortment offered should be of a wide range and in tune with current trends and demand. Further, the products should be of high quality and supported by guarantees. Service rendered at the store Service plays a crucial role in establishing the store image. The service rendered can be segregated into general service, service by sales personnel, extent of self- service, delivery service and return of goods service. Store personnel Store employees, especially sales personnel, contribute to the store image. Even in stores where there are no sales personnel, for example grocery stores, customers give importance to the behaviour of stock boys and salesclerks while deciding on the store's image. Customers who patronize the store The customers who visit the store exert a strong influence on its store image. If people from the economically privileged class frequent a store, this will create an upmarket image for it. For example, retail stores like Shopper's Stop, Pantaloons and Westside have an upmarket image as the elite patronize these stores. Store layout and ambience The store layout and ambience creates the environment and influences the customers' perception of the store. The retail environment may include aspects like building architecture, store layout, elevator position, aisle space, décor, lighting, air-conditioning and so on. Convenience of location As said, the convenience the store offers to customers in terms of location, proximity to the customers' residence, parking convenience and other factors like credit card payment, phone-in facility and door-delivery play a role in building store image. Thus, the selection of a particular store location must be done keeping in mind the store image sought.

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Age of the customer Another significant factor that affects store image is the age of the customer. Studies have shown that age impacts a customer's perception of store image. Human beings age biologically, socially and psychologically, and these three patterns of aging have a different effect on their perception of retail stores. Older customers (30 to 60 years) are not easily attracted to different factors of store image compared to their younger counterparts. Younger customers (below 30) are more influenced by store image like aesthetics, responsiveness of sales staff, quality of merchandise and so on. Normally, older customers prefer stores that have evolved in time along with them. They are usually averse to retail store images based on the latest store formats. In contrast, younger customers are attracted to retail stores that project a trendy image. Older customers may lay special emphasis on service. Therefore, a retailer has to first decide which customer segment he or she wants to cater to and then create the appropriate store image to match that segment. Retailers wishing to cater to customers across all segments must take a balanced approach.

28.6.3 Store Size The store size also influences profitability and productivity. It plays a crucial role for retailers who operate in different markets and different conditions. The store size that yields maximum store performance depends on the extent to which the retail outlet has established a presence in a particular market. A store's performance is measured by productivity, which is based on sales per square foot. By determining the extent of market presence that leads to maximum store performance per square foot in a given market, the optimum store size needed for various markets can be arrived at. According to researchers, market presence alone is not sufficient for good store performance. Other factors like demand and competitive conditions, demographic factors, location, quality, investment and age of the store also affect performance. Store size can act as a competitive advantage to a retailer. By increasing store size, a retailer can increase the product range that can be displayed. This increases the product choice offered to customers and enables the retailer to gain economies of scale in pricing and transportation. 'Whole Foods' (the US-based grocery retailer), uses a large store size to display a bigger range of perishable goods like vegetables, fruits and sea-food. It helps bring in more customers, especially men, thanks to the convenience offered of a one-stop purchase point. A study conducted by PricewaterhouseCoopers states that retailers have started shifting to the small store concept because more and more customers prefer to shop in small stores when they need to purchase only a few items. It saves time and reduces fatigue associated with going around a massive store having a wide product assortment. The number of new large malls and shopping centres had decreased over the years. 'OfficeMax', a superstore in the US, has come out with a PDQ format (pretty-darn quick) that comprises stores that stock around 3,000 to 5,000 SKU's (stock keeping units) and are only around 6,000 to 8,000

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square feet big. Retailers like Sears Roebuck and Home Depot plan similar small size stores. 28.6.4 Promotion Promotion of the retail store is another issue that affects its success or failure. Retail store promotion is principally dependent on advertising. Many aspects exert an influence on the mind of a shopper in an advertisement. The customer subconsciously tries to assess the store image while viewing the advertisement. Unless the image projected is congruent with the customer's personality, the advertisement will not appeal to the customer. Hence, the retailer must concentrate on product assortment, price, discounts and other offers given while promoting the retail store. Retail advertising by itself can convey a lot – whether the store is costly, focuses on quality or discounts, has a friendly or intimidating atmosphere and so on. In India, retail advertising is generally done through newspaper inserts and hoardings. Most single-store retailers and regional supermarkets advertise through cable TV in their local regions. Large retailers like Shopper's Stop plan to advertise nationally on TV. Sales promotion is yet another tool. Sales promotion is generally done through fashion shows, seasonal or festival-based promotions and theme-based promotions. Retailers like Shopper's Stop and Globus have promotions all through the year. Promotional periods are segregated into seasonal promotions like Diwali and Dusherra and special day promotions like Valentine's Day, Mother's Day, etc. Crossroads, a shopping mall in Mumbai, promotes its merchandise through fashion shows. Word-of-mouth publicity, loyalty card schemes for regular customers and personal selling are other modes of promotion used by retailers in India. 28.6.5 Role and Impact of Private Brands on Power of Retailers Manufacturers have made considerable efforts through consumer and trade promotion to differentiate their brands in the marketplace and encourage consumers to buy. This forces retailers to stock these national brands to meet demand. However, in developed nations, the domination of private brands has caused the balance of power to shift in favour of the retailer and reduce the manufacturer's control over the retailer. Private brands help retailers to improve the store loyalty of customers and make them shift loyalty from national brands. Private brands also serve as a means of differentiation. They provide retailers with higher margins on products and reduce the manufacturers' bargaining power. Retailers can then negotiate with manufacturers and get considerable gains in terms of prices, terms of supply and other contractual issues. The increase in retail power has forced manufacturers to pay 'slotting allowances' to persuade retailers to stock and display their products. Private store brands increase the retailer's power on the consumer too; they help improve store image and customer loyalty. Greater customer loyalty in turn benefits retailers by increasing sales. An example of private store brands in India

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is the 'Smart Choice' brand across all product categories, stocked in 'Spencer's' hypermarkets set up by the RPG Group. Example: Private Brands @ Albertsons According to a Forbes article (2020), Albertsons, United States' second-largest supermarket chain, sells a fantastic example of private label items, each with its own unique features and each with

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a relevant, differentiated promise to customers, one that is not just about price but also about quality.

Albertsons views its own brands as critical to long-term performance and consumer loyalty, and all private label products are regarded as brands rather than commodities. Private store brands increase the retailer's power on the consumer. Source: Larry Light, "Albertsons: Private Label Brands Are Not Commodities", September 11, 2020,

<https://www.forbes.com/sites/larrylight/2020/09/11/albertsons-private-label-brands-are-not-commodities/?sh=30fe4bb10cb7>

Activity 28.4 Arcus, a retail chain, located its store in the upmarket Phoenix Mills area, in Mumbai, is in proximity to Big Bazaar. Arcus achieved only 8,000 footfalls per month in Mumbai as against 20,000 in Gurgaon, near Delhi. This was in direct contrast to its success in Gurgaon. Finally, Arcus closed shop in Mumbai. What were the issues that Arcus would have faced in its retailing activities in Mumbai? Answer: Check Your Progress - 3 10. From the following, identify the incorrect explanation. a. Store image: It refers to the manner in which the customer perceives the store. b. Store size: It helps to increase the product range that can be displayed. c. Store promotion: The retailer concentrates on functional qualities that influence the store promotion such as product and price range and credit policies. d. Store location: It should be based on presence of a small population base. e. Store format: Using a mix of price, assortment of goods, transactional convenience and customer experience, retailers develop store format.

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Summary ? Retailing consists of all activities that involve selling of goods or services to the final consumer for personal consumption. ? Retailing plays an important role in national development. It is a source of employment to many people. It also acts as a means for distribution of essential commodities to people in far-flung areas in under-developed nations. ? Retailing is that it acts as a means to provide a range of products to satisfy the ever-changing demands of consumers. ? The retail environment has evolved over the years. Many major developments have led to the development of various retail formats. These include: the Industrial Revolution, intense competition, innovation through technological development and the concepts of regression and assimilation. ? Retailers can be classified according to the kind of products and services they sell and the different strategies they adopt. ? Retailers can also be classified based on extent of ownership, type of store strategy, type of goods and services provided, non-store-based retailers, and non-traditional retailing. ? Based on the extent of ownership, retailers are classified as independent retailers, chain stores, franchise retailers, leased department and consumer cooperatives. ? Based on the type of store strategy, retailers are primarily divided into food retailers and general merchandise retailers. ? In non-store retailing, traditional retail stores are not used to sell products. Non-store retailers use direct marketing, direct selling, and automatic vending machines to sell products to consumers. ? Non-traditional retailers use new channels such as the internet, video kiosks, and video catalogues to promote and sell products. ? Another type of classification divides retailers into goods-based and services-based retailers depending upon whether they sell merchandise or services to consumers. ? Retailers must address certain strategic issues to succeed in the highly competitive retail sector. Store location, store image, store size, promotional aspects and private store branding can be the cause of success or failure. ? Electronic commerce, commonly known as E-commerce or e-commerce, is trading in products or services using computer networks, such as the internet. E-commerce works on technologies such as mobile commerce, electronic funds transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems.

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and E-Retailing 135 ?

E-retailing includes: online retailing and the 24 hours shop at home television network or on e-portals on the mobile phones or on internet. Online retailing or e-retailing is a type of shopping available to the consumers with personal computers and smartphones with access to the internet. It just requires surfing the retail websites and selecting and ordering the products online with a click of a mouse. This type of shopping is not only convenient, fast but less costly. ? The essence of e-retailing is in its ability to transcend physical boundaries and reach customers at their doorstep in a manner different from the traditional brick-and-mortar stores. ? Although the basic definition of an e-commerce platform is 'software' that enables transaction via the internet', these platforms have quickly developed into comprehensive, all-encompassing online retail solutions. It allows retailers to target, capture, engage and retain customers, through offline, mobile and social media channels. ? The e-commerce market in India is estimated to grow at 30 per cent every year. E-retailing comes under e-commerce. E-tailing helps retailers build loyal customers. It is aimed at selling in areas where they don't have a physical presence. ? Online retail in India is expected to penetrate categories beyond apparel and electronics, as companies attempt to sell essentials such as grocery and personal care products online. Companies that are able to use technology to their benefit will move far ahead of those that do not. E-retailers like Flipkart, Amazon.com, Snap Deal are leading the success story of online retailing in India. 28.8 Glossary Automatic vending: An impersonal form of non-store retailing in which money- or credit-card-operated machines provide products or services. Brick & Mortar retail: Retailers operating in physical buildings unlike virtually.

Combination store: A blend of a supermarket and a general merchandise store, where the general merchandise contributes more than 40 per cent of the sales.

Convenience stores: Small stores that are located near residential areas. It caters to customers who prefer 'convenience of buying or shopping' to the price of the product.

Conventional supermarkets:

Stores that focus on food and household maintenance products. These stores earn very limited revenues from the sale of non-food or general merchandise goods.

Department stores: Large retail units that offer wide variety and a deep assortment of goods and services.

E-commerce: It is trading in products or services using computer networks, such as the internet.

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E-retailing or e-tailing: It is a type of shopping available to the consumers with personal computers and smartphones with access to the internet. E-Retailing Platforms: Software that enables transaction via the internet', these platforms have quickly developed into comprehensive, all-encompassing online retail solutions.

Flea market: An outdoor or indoor facility that rents out space to vendors who offer merchandise, services and other goods that satisfy the legitimate needs of customers.

Independent store: A store which is owned by a single retailer. The entry barriers for setting up an independent store are low; licensing procedures are simple and the initial investment is low.

Leased department: A department in a retail store that is rented to an outside party.

Online catalogs: Products or group of products displayed along with their details on the e-portal. Organized retail: Retailers who have organized operations like purchasing, selling & merchandising. For example, retail chains like Big Bazaar. Retail market: A group of customers who have common or similar needs which can be collectively addressed by a retailer who chose to cater to the same group or customer segment. RFID (Radio Frequency Identification): Inventory tracking technology. Social shopping: It enables an interaction between old and new customers on queries related to any of the products sold on the site of a particular e-retailer.

Specialty store: A specialty store is a type of general merchandise store that sells limited lines of closely related products or services to a select group of customers.

Store image: Image of a store comprises how the consumer feels about the store. Therefore, retailers must be sure about how they want their store to be perceived by the customers. Superstores: Stores that combine food and non-food items in large retail locations; larger than supermarkets but smaller than hypermarkets. Tariff: A tax imposed by a government on goods entering its borders.

Trademark: The name of a product or service that has been legally registered as the property of an enterprise. Variety stores: General merchandise retailers that offer fewer product lines and fewer brand choices than discount department stores at low prices in self-service environments. They

offer a large assortment of inexpensive and popular goods like stationery, gift items, women's accessories,

housewares etc. Vending machines: Customer-operated machines that distribute products automatically upon payment.

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Warehouse club: A general merchandise retailer who offers a limited merchandise assortment with limited service at low prices to consumers as well as small businesses.

Wheel of retailing: A theory that divides the cyclical patterns in retail evolution into three stages: innovation, trading up, and vulnerability. 28.9 Self-Assessment Exercises 1. Retailing is the last step in the distribution process, but plays a fundamental role in the process. Explain the retailing and its importance. 2.

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Over the years, from a modest beginning, retailing evolved into a specialized form of selling products.

Discuss the evolution of retailing. 3.

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An awareness of different types of retailers enables better understanding of the retailers and the environment in which they operate.

What are the different classifications of retailers? 4. To ensure successful operations in a dynamic environment, a retailer should keep in mind long-term factors. Discuss the strategic issues involved in retailing. 5. What is e-commerce? What practices are generally employed by e-commerce? 6. What is e-retailing? What are the advantages of e-retailing? 7. What are e-retailing platforms? Give examples. 8. Discuss the future of e-retailing in India. 9. Discuss the link between e-tailing and technology. 10. Who are the major e-retailers in India? Discuss the strategies adopted by any two of the e-retailers for attracting the customers to online shopping. 28.10 Suggested Readings/Reference Materials 1. Venugopal Pingali (2020). "Sales and Distribution Management: An Integrative Approach", SAGE Publications Pvt. Ltd. 2. Nag A (2017). "Sales and Distribution Management," McGraw Hill Education. 3. Tapan K. Panda and Sunil Sahadev (2019). "Sales and Distribution Management," 3rd edition, Oxford University Press. 4. Krishna Havaladar and Vasant Cavale (2017). "Sales and Distribution Management: Text and Cases," Third edition, McGraw Hill Education. 5. Richard R. Still (2017). Sales and Distribution Management, Sixth Edition, Pearson Education. 6. Bholanath Dutta (2020). Fundamentals of Sales & Distribution Management: Text & Cases, Dreamtech Press. 7. Gupta S L (2018). "Sales and Distribution Management – Text and Cases An Indian Perspective," Laxmi Publications Pvt. Ltd.

Block 6: Channel Control and Institutions 138 28.11

Answers to Check Your Progress Questions 1. (b) Breaking bulk Retailers make purchase easier by selling products in small quantities. They

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purchase goods from manufacturers in bulk and convert them into smaller units to suit consumers.

This is known as breaking bulk. 2. (c) Technological risk due to product obsolescence Retailers

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act as a source of information to manufacturers. Retailers gather information about consumer tastes and preferences, and product quality and usage

to help manufacturers.

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Retailers too share the risks associated with product distribution with other channel members. It includes physical risk to product (due to damage during transportation or storage) and technological risk due to product obsolescence. 3. (

b) Chain stores: Shops-within-shops All the options are true regarding the different types of retail organizations, except statement (b). Chain stores are

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a retail chain that has many outlets under a common ownership usually with centralized merchandizing and decision-making functions. 4. (

c)

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Video kiosks Video kiosks comprise stands mounted with a television monitor or a computer terminal, which use touch-screen technology to display products and related information to customers.

These

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enable retailers to add value and enhance customer relationships while simultaneously providing an interactive forum to display products. 5. (

d)

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Flea markets Flea markets are an informal form of retailing and are common in countries like India, though the name originates from the US. They are also called 'Sunday' markets where vendors gather in makeshift shops to sell a range of products. These markets have something for everyone and cater to diverse consumer tastes. 6. (

e) Face-to-face contact with customer All statements in various options, except option 'e' hold good for E-Commerce. E-commerce is trading in products or services using computer networks, such as the internet. Electronic commerce works on technologies such as mobile commerce, electronic funds transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange(EDI), inventory management systems, and automated data collection systems. However, there is no face-to-face contact with customer in E-Commerce.

Unit 28: Retailing and

E-Retailing 139 7. (e) Present both physically and digitally to give a cohesive customer experience across all touch points. E-commerce businesses usually employ some or all of the following practices: ? Provide virtual storefront on websites with online catalogues, sometimes as a "virtual mall". ? Buy or sell on websites or online marketplaces. ? Use electronic data interchange, the business-to-business exchange of data. ? Use business-to-business buying and selling & provide secure business transactions. Option 'e' (the retailer is present both digitally and physically to optimize user experience across touch points) is a practice of offline retailers who practice omnichannel marketing. Hence it does not apply to E-Com retailers. 8. (d) Cumbersome and painful shopping E-shopping provides effortless and joyful shopping- Online shopping saves time. Shopping in the comfort of your home through the internet is effortless and enjoyable. 9. (b) Software for E-retailing e-commerce platform is 'software' that enables transaction via the internet', these platforms have quickly developed into comprehensive, all encompassing online retail solutions. 10. (c) Store promotion: The retailer concentrates on functional qualities that influence the store promotion such as product and price range and credit policies. All the options are true, except option (c). While taking a decision on the store image, the functional qualities that influence the store image are considered such as product and price range, credit policies, and store layout. Retail store promotion is principally dependent on advertising. The retailer must concentrate on product assortment, price, discounts and other offers given while promoting the retail store and the retailer uses the same set of variables to develop a store format.

Sales & Distribution Management Course Structure Block 1:

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The Sales Perspective Unit 1 Introduction to Sales Management Unit 2 The Sales Organization Unit 3 Sales Functions and Policies Unit 4 Personal Selling

Block 2: Planning the Sales Effort Unit 5 Sales Planning Unit 6 Sales Territories Unit 7 Sales Budget Unit 8 Estimating Market Potential and Forecasting Sales Unit 9 Sales Quotas Unit 10 Sales and Cost Analysis Block 3: Organizing the Sales Efforts Unit 11 Profiling and Recruiting Sales Personnel Unit 12 Developing, Delivering and Reinforcing a Sales Training Program Unit 13 Time and Territory Management Unit 14 Compensating Sales Personnel Block 4: Directing the Sales Efforts Unit 15 Motivating the Sales Force Unit 16 Sales Force Expenses and Transportation Unit 17 Leading the Sales Force Unit 18 Evaluating Sales Force Performance Unit 19 Ethical and Legal Responsibilities of a Sales Manager Block 5: Distribution Management Unit 20 Marketing Logistics & C&F Agents Unit 21 Marketing Channels Unit 22 Channel Integration Unit 23 Channel Management Block 6: Channel Control and Institutions Unit 24 Evaluating Channel Performance Unit 25 Managing Channel Conflicts Unit 26 Channel Information Systems Unit 27 Wholesaling Unit 28 Retailing and E-Retailing

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3/376	SUBMITTED TEXT	24 WORDS	100% MATCHING TEXT	24 WORDS
	Performance Measures in Marketing Channels 24.4 Models to Diagnose Channel Profitability 24.5 Appraisal of Channel Members' Contribution 24.6 Result of Channel Performance 24.7		Performance Measures in Marketing Channels, Models to Diagnose Channel Profitability, Appraisal of Channel Members' Contribution, Result of Channel Performance,	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
4/376	SUBMITTED TEXT	43 WORDS	100% MATCHING TEXT	43 WORDS
	A distribution channel consists of several relationships that assist channel members in carrying out various channel functions. Suppliers tie up with various intermediaries in the distribution channel as the latter help suppliers or manufacturers achieve the objectives of making products available to		A distribution channel consists of several relationships that assist channel members in carrying out various channel functions. Suppliers tie up with various intermediaries in the distribution channel as the latter help suppliers or manufacturers achieve the objectives of making products available to	
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5/376	SUBMITTED TEXT	55 WORDS	92% MATCHING TEXT	55 WORDS
	end customer cost effectively. While designing or structuring a distribution channel, an analysis of the performance of channel partners by suppliers becomes necessary to evaluate the channel's effectiveness. Evaluation of the functioning of intermediaries or resellers should identify the ways in which they help manufacturers achieve business objectives. A distribution channel can be		end customer cost effectively. While designing or structuring a distribution channel, an analysis of the performance of channel partner"s by supplier"s becomes necessary to evaluate the channel"s effectiveness. Evaluation of the functioning of intermediaries or resellers should identify the ways in which they help manufacturers achieve business objectives. A distribution channel can be	
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6/376	SUBMITTED TEXT	118 WORDS	97% MATCHING TEXT	118 WORDS
	assessed in terms of performance dimensions such as channel effectiveness, channel efficiency, channel productivity, channel equity and channel profitability. In this unit, we will examine how to evaluate the performance of a marketing channel. Beginning with measures that analyse the performance of a marketing channel from the macro and the micro perspective, we will proceed to discuss strategic profit model – a diagnostic tool for estimation of channel profitability. This will be followed by a discussion on the contributions made by channel members and their appraisal using activity based costing and direct product profit. The unit will end with a discussion on the result of channel performance that emphasizes and evaluates the quality of services offered to		assessed in terms of performance dimensions such as channel effectiveness, channel efficiency, channel productivity, channel equity and channel profitability. In this unit, we will examine how to evaluate the performance of a marketing channel. Beginning with measures that analyse the performance of a marketing channel from the macro and the micro perspective, we will proceed to discuss strategic profit model - a diagnostic tool for estimation of channel profitability. These will be followed by a discussion on the contributions made by channel members and their appraisal using activity based costing and direct product profit. The chapter will end with a discussion on the result of channel performance that emphasizes and evaluates the quality of services offered to	
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this unit, you should be able to: ? Explain how to measure performance in marketing channels. ? Analyze the models to diagnose channel profitability. ? Evaluate the appraisal of channel

this unit you will be able to understand: ? The Performance Measures in Marketing Channels. ? The Models of Diagnose Channel Profitability. ? The Appraisal of Channel

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Performance Measures in Marketing Channels The performance of a marketing channel can be evaluated from various perspectives. The evaluation assesses the channel's financial performance and looks into societal contributions made by individual members of the channel. From the societal perspective, the performance of marketing channels can be evaluated by measurement of overall channel performance in terms of the channel's efficiency, equity and effectiveness. To evaluate at a micro-level, an individual channel member's financial performance is determined by studying the channel tasks undertaken by the member. The following section deals with evaluation of channel performance at macro and micro levels. 24.3.1 Channel Performance at Macro Level A marketing channel's performance is measured in terms of the intermediaries' ability to meet the manufacturer's objectives. Performance at macro-level is evaluated in terms of contributions made by the intermediaries to the society. Major elements that will determine the success of an intermediary are channel efficiency, productivity, effectiveness, equity, and profitability. Channel efficiency is a channel performance dimension that judges the ability of intermediaries to undertake necessary channel functions by incurring minimal costs. Productivity deals with the extent to which the total channel investment in the form of inputs have been optimized to yield maximum outputs. Productivity and efficiency deal with maximizing outputs for a given level of inputs while keeping costs down irrespective of problems encountered during the distribution Unit 24: Evaluating Channel Performance 3

Performance Measures in Marketing Channels The performance of a marketing channel can be evaluated from various perspectives. The evaluation assesses the channel's financial performance and looks into societal contributions made by individual members of the channel. From the societal perspective, the performance of marketing channels can be evaluated by measurement of overall channel performance in terms of the channel's efficiency, equity and effectiveness. To evaluate at a micro- level, an individual channel member's financial performance is determined by studying the Channel Control 32 Distribution Management, Channel Control and Selling channel tasks undertaken by the member. The following section deals with evaluation of channel performance at macro and micro levels. 2.2.1 Channel Performance at a Macro Level A marketing channel's performance is measured in terms of the intermediaries" ability to meet the manufacturer"s objectives. Performance at macro- level is evaluated in terms of contributions made by the intermediaries to the society. Major elements that will determine the success of an intermediary are channel efficiency, productivity, effectiveness, equity and profitability. Channel efficiency is a channel performance dimension that judges the ability of intermediaries to undertake necessary channel functions by incurring minimal costs. Productivity deals with the extent to which the total channel investment in the form of inputs have been optimized to yield maximum outputs. Productivity and efficiency deal with maximizing outputs for a given level of inputs while keeping costs down irrespective of problems encountered during the distribution process. The channel"s performance

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	<p>process. The channel's performance is also measured by the intermediary's assistance to suppliers in meeting their objectives. The intermediary's contribution towards the supplier's efficiency and productivity is determined by the extent of contribution to the supplier's profit and sales. However, the CEOs of about 75% of financial service companies perceive channel productivity as an area of concern. Channel effectiveness is another dimension that measures channel performance and considers its ability to satisfy customer needs. It focuses on issues like lot size, delivery time, location convenience and assortment breadth. It has been observed that channel effectiveness in industrially and technologically developed countries is usually higher than that in developing countries. Developed countries meet customer demands better and cost effectively as well. Channel equity refers to the distribution of opportunities available to all customers in accessing the market channels of a region. It has been observed that even in advanced countries, there is no equitable distribution of accessibility of marketing channels. Even in countries like the U.S, the under-privileged see no equity in distribution and pay more for products of inferior quality. Channel profitability is concerned with a channel member's financial performance and is discussed in the section "Models to diagnose channel profitability". Example: Channel</p> <p>process. The channel's performance is also measured by the intermediary's assistance to suppliers in meeting their objectives. The intermediary's contribution towards the supplier's efficiency and productivity is determined by the extent of contribution to the suppliers' profit and sales. However, the CEO's of about 75 % of financial service companies perceive channel productivity as an area of concern. Channel effectiveness is another dimension that measures channel performance and considers its ability to satisfy customer needs. It focuses on issues like lot size, delivery time, location convenience and assortment breadth. It has been observed that channel effectiveness in industrially and technologically developed countries is usually higher than that in developing countries. Developed countries meet customer demands better and cost effectively as well. Channel equity refers to the distribution of opportunities available to all customers in accessing the market channels of a region. It has been observed that even in advanced countries there is no equitable distribution of accessibility of marketing channels. Even in countries like the U.S, the under- privileged see no equity in distribution and pay more for products of inferior quality. Channel Control 33 Channel profitability is concerned with a channel member's financial performance and is discussed in the section "Models to diagnose channel profitability." 2.2.2 Channel</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
10/376	SUBMITTED TEXT	14 WORDS	88% MATCHING TEXT	14 WORDS
	<p>get its products into a major retail store in Canada, a new market.</p> <p>get its products into a major retail outlet in Canada, a new market,</p> <p>W https://sloanreview.mit.edu/article/shifting-from-b2b-to-b4b-can-build-a-more-sustainable-business/</p>			
11/376	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
	<p>Shifting From B2B to B4B Can Build a More Sustainable Business",</p> <p>Shifting From B2B to B4B Can Build a More Sustainable Business</p> <p>W https://sloanreview.mit.edu/article/shifting-from-b2b-to-b4b-can-build-a-more-sustainable-business/</p>			
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	<p>shifting-from-b2b- to-b4b-can-build-a-more-sustainable-business/ 24.3.2</p> <p>Shifting From B2B to B4B Can Build a More Sustainable Business</p> <p>W https://sloanreview.mit.edu/article/shifting-from-b2b-to-b4b-can-build-a-more-sustainable-business/</p>			

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	Channel Performance at Micro Level Channel performance at micro-level involves a closer look at the performance of individual intermediaries associated with a marketing channel. Each intermediary should aid the manufacturer attain the objectives of goal attainment, pattern maintenance, integration and adaptation.		Channel Performance at a Micro Level Channel performance at micro- level involves a closer look at the performance of individual intermediaries associated with a marketing channel. Each intermediary should aid the manufacturer attain the objectives of goal attainment, pattern maintenance, integration adaptation.	
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	and Institutions 4 Goal attainment refers to achieving the firm's goals by interacting with the task environment and maximizing outputs given the constraints of costs and company- specific obstacles. Pattern maintenance involves coordination of processes and functions among organizational units to help the system function smoothly.		and adaptation. Goal attainment refers to achieving the firm"s goals by interacting with the task environment and maximizing outputs given the constraints of costs and company-specific obstacles. Pattern maintenance involves coordination of processes and functions among organizational units to help the system function smoothly.	
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	Integration refers to the coordination among the components of a channel or an organization to meet common objectives and maintain the entity as one single unit. Adaptation is the modification of resources required to meet system objectives. An organization must be able to fulfill all four objectives to facilitate smooth functioning of the system.		Integration refers to the coordination among the components of a channel or an organization to meet common objectives and maintain the entityas one single unit. Adaptation is the modification of resources required to meet system objectives. Channel Control 34 Distribution Management, Channel Control and Selling An organization must be able to fulfil all four objectives to facilitate smooth functioning of the system.	
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	An intermediary's or reseller's performance and their contribution towards the manufacturer's objectives can be measured on three different types of scales -- the facet scale, global scale and composite scale. Facet scales are used for a detailed study of any facet of reseller performance like sales performance, financial performance, reseller competence, reseller loyalty, reseller compliance, reseller adaptation, reseller growth or customer satisfaction. These facets can be used as measures of reseller performance. Global scales are used for summarizing the performance or contribution based on a few performance parameters. Composite scales require individual facets to be added as it is assumed that an entity is made up of its components.		An intermediary"s or reseller"s performance and their contribution towards the manufacturer"s objectives can be measured on three different types of scales — the facet scale, global scale and composite scale. Facet scales are used for a detailed study of any facet of reseller performance like sales performance, financial performance, reseller competence, reseller loyalty, reseller compliance, reseller adaptation, reseller growth or customer satisfaction. These facets can be used as measures of reseller performance. Global scales are used for summarizing the performance or contribution based on a few performance parameters. Composite scales require individual facets to be added as it is assumed that an entity is made up of its components.	
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	for automotive dealers has a team of CSMs (customer success managers) that monitor each customer's software usage. The CSM's role is not just to sell, but to help customers		for automotive dealers has a team of customer success managers monitoring each customer's usage of its software. The customer success manager's role is not to sell, but rather to help customers	
	W https://www.bain.com/insights/how-to-get-and-maintain-b2b-tech-buyers-attention-tech-report-2021/			
18/376	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
	How to Grab Tech Buyers at "Hello" and Never Say "Goodbye",		How to Grab Tech Buyers at "Hello" and Never Say "Goodbye"	
	W https://www.bain.com/insights/how-to-get-and-maintain-b2b-tech-buyers-attention-tech-report-2021/			
19/376	SUBMITTED TEXT	13 WORDS	83% MATCHING TEXT	13 WORDS
	measured on three different types of scales- facet scale, composite scale and		measured on three different types of scales — the facet scale, global scale and	
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20/376	SUBMITTED TEXT	199 WORDS	96% MATCHING TEXT	199 WORDS
	Models to Diagnose Channel Profitability Apart from measuring a reseller's contribution to meeting the manufacturer's objectives, evaluation of channel performance also involves measuring the financial performance of a reseller or a channel intermediary. In other words, channel profitability has to be analysed. Channel profitability is a dimension that considers the financial performance of channel members in terms of Return on Investment (ROI), liquidity of the channel member, financial leverage, growth pattern and potential for sales and profits. Of all the financial dimensions, profitability or ROI is accepted as a good performance indicator in both the wholesale and retail trades. Profitability forms an important element in ascertaining the financial well-being of a business. The Strategic Profit Model (SPM) functions as an efficient tool to evaluate the profitability of channel members. The term 'profit' is somewhat ambiguous in terms of its reference. It is sometimes used for profit before tax, sometimes for profit after tax and sometimes for dollar (or any currency) profit. However, return on net worth (RONW) is the most commonly used measure of profitability and the SPM uses RONW to measure the profitability of a business. 24.4.1 Strategic Profit Model The		Models to Diagnose Channel Profitability Apart from measuring a reseller's contribution to meeting the manufacturer's objectives, evaluation of channel performance also involves measuring the financial performance of a reseller or a channel intermediary. In other words, channel profitability has to be analysed. Channel profitability is a dimension that considers the financial performance of channel members in terms of Return on Investment (ROI), liquidity of the channel member, financial leverage, growth pattern and potential for sales and profits. Of all the financial dimensions, profitability or ROI is accepted as a good performance indicator in both the whole sale and retail trades. Profitability forms an important element in ascertaining the financial well-being of a business. The Strategic Profit Model (SPM) functions as an efficient tool to evaluate the profitability of channel members. Channel Control 36 Distribution Management, Channel Control and Selling The term „profit" is somewhat ambiguous in terms of its reference. It is sometimes used for profit before tax, sometimes for profit after tax and sometimes for dollar (or any currency) profit. However, return on net worth (RONW) is the most commonly used measure of profitability and the SPM uses RONW to measure the profitability of a business. 2.3.1 Strategic The	
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21/376	SUBMITTED TEXT	20 WORDS	97% MATCHING TEXT	20 WORDS
	Strategic Profit Model (SPM) is a tool for planning and evaluating the financial performance of a business. It considers		Strategic Profit Model The SPM is a tool for planning and evaluating the financial performance of a business. It considers	
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RONW) as the most informative and significant measure of profitability of a business. It uses data from the income statement as well as from the balance sheet to measure profitability and performance of a business. The formula used in strategic profit model is given below.

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RONW as the most informative and significant measure of profitability of a business. It uses data from the income statement as well as from the balance sheet to measure profitability and performance of a business. The formula used in strategic profit model is given below.

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the formula for the strategic profit model can be simplified into:

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the formula for the strategic profit model can be simplified into:

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Assets Total Profit Net Assets Total Sales Net Sales Net Profit Net ? ? Worth Net Profit Net Worth Net Assets Total Assets Total Profit Net ? ? The SPM identifies three areas, which have to be focused on to improve a firm's return on net worth. A firm can maximize its profitability in terms of RONW through profit margin management (net profit/net sales), asset management and debt management. Management of profit margins, assets and debt are discussed in detail in the following section. Profit margin management A significant and perhaps vital factor for an owner is the profit margin (net profit/net sales). The net profit margin considers profit as a percentage of sales. The ratio is useful for planning and analysis as it describes the way in which a firm manages its costs in relation to its revenues. Margin management involves planning and controlling sales and expenses and plays an important role in improving business profitability. Asset management Another factor expressed in the SPM that can help a firm improve financial performance and profitability is its assets. The utilization of an asset is commonly determined by its turnover ratio that measures the amount of sales generated for each dollar of investment in assets. Asset turnover ratio is calculated as: $\text{Assets Total Sales Net Turnover}$ Assets ? A higher turnover ratio indicates that assets are being converted into sales more number of times and is an indicator of better productivity. However, for comparison of a firm's financial performance with other industries, the asset productivity has to be measured in terms of profits. The return on assets ratio measures the ratio of net profit to total assets. It relates the profit margin

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Assets Total Profit Net Assets Total Sales Net Sales Net Profit Net ? ? ? The SPM identifies three areas, which have to be focused on to improve a firm's return on net worth. A firm can maximize its profitability in terms of RONW through profit margin management (net profit/net sales), asset 37 management and debt management. Management of profit margins, assets and debt are discussed in detail in the following section. Profit Margin Management A significant and perhaps vital factor for an owner is the profit margin (net profit/net sales). The net profit margin considers profit as a percentage of sales. The ratio is useful for planning and analysis as it describes the way in which a firm manages its costs in relation to its revenues. Margin management involves planning and controlling sales and expenses and plays an important role in improving business profitability. Asset management Another factor expressed in the SPM that can help a firm improve financial performance and profitability is its assets. The utilization of an asset is commonly determined by its turnover ratio that measures the amount of sales generated for each dollar of investment in assets. Asset turnover ratio is calculated as: $\text{Assets Total Sales Net Turnover}$ A higher turnover ratio indicates that assets are being converted into sales more number of times and is an indicator of better productivity. However, for comparison of a firm's financial performance with other industries, the asset productivity has to be measured in terms of profits. The return on assets ratio measures the ratio of net profit to total assets. It relates the profit margin

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percentage and the asset turnover ratio to obtain the ratio of net profit to total assets that measures the asset productivity in terms of profit. Assets Total Profit Net Assets Total Sales Net Sales Net Profit Net ? ? i.e., Profit Margin \times Asset Turnover = Return on Assets The management can work towards better asset turnover by increasing sales for a given level of assets or decreasing assets for a given level of sales through better management of current assets like cash, accounts receivable etc. Financial leverage Return on assets measures the effective utilization of the firm's assets but does not assess the return on net worth. A company can maximize its profitability using debt management as a tool. Debt management for a firm involves considering the cost of debt, the impact on shareholders and the company's financial soundness. A company uses bonds, debentures etc. as instruments of borrowing to raise debt capital. Financial leverage is one of the elements in debt management and refers to the contribution of owners and creditors in financing a firm. The leverage ratio is a measure of debt capital that a firm has used. It establishes a relationship between total assets and net worth and measures the leverage taken by the owners of the company using their capital or the net worth. Leverage ratio is calculated as:

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percentage and the asset turnover ratio to obtain the ratio of net profit to total assets that measures the asset productivity in terms of profit. Assets Total Profit Net Assets Total Sales Net Sales Net Profit Net ? ? i.e. Profit Margin \times Asset Turnover = Return on Assets The management can work towards better asset turnover by increasing sales for a given level of assets or decreasing assets for a given level of sales through better management of current assets like cash, accounts receivable etc. Channel Control 38 Distribution Management, Channel Control and Selling Financial leverage Return on assets measures the effective utilization of the firm's assets but does not assess the return on net worth. A company can maximize its profitability using debt management as a tool. Debt management for a firm involves considering the cost of debt, the impact on shareholders and the company's financial soundness. A company uses bonds, debentures etc. as instruments of borrowing to raise debt capital. Financial leverage is one of the elements in debt management and refers to the contribution of owners and creditors in financing a firm. The leverage ratio is a measure of debt capital that a firm has used. It establishes a relationship between total assets and net worth and measures the leverage taken by the owners of the company using their capital or the net worth. Leverage ratio is calculated as

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Leverage Ratio = Worth Net Assets Total To decide the composition of owners' and creditors' funds in the capital structure, the management has to consider costs associated with debt and equity. The cost of debt covers the interest rate to be paid on borrowed funds, while cost associated with equity refers to the rate of return to be paid to shareholders. The company has a greater obligation in terms of interests to be paid to bond, debenture or other debt holders. Interest to debt holders has to be paid before shareholders are paid their returns as the former do not have ownership rights in the company and are legally entitled to receive payments before shareholders. Since the risks assumed by a debt holder are less (as payment is more or less guaranteed) than those of shareholders, the rate of interest earned by debt holders is less than returns earned by shareholders. The difference in rates of return earned by debt holders and shareholders leads to financial leverage. Financial leverage deals with increasing the debt component in the capital structure so that returns to shareholders are maximized due to the lower costs associated with the debt component. In other words, financial leverage involves using an optimum debt component in the capital structure to maximize shareholders' returns. Financial leverage rises with an increase in debt.

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Leverage ratio is calculated as Net Worth Assets Total Ratio Leverage ? To decide the composition of owners" and creditors" funds in the capital structure, the management has to consider costs associated with debt and equity. The cost of debt covers the interest rate to be paid on borrowed funds, while cost associated with equity refers to the rate of return to be paid to shareholders. The company has a greater obligation in terms of interests to be paid to bond, debenture or other debt holders. Interest to debt holders has to be paid before shareholders are paid their returns as the former do not have ownership rights in the company and are legally entitled to receive payments before shareholders. Since the risks assumed by a debt holder are less (as payment is more or less guaranteed) than those of shareholders, the rate of interest earned by debt holders is less than returns earned by shareholders. The difference in rates of return earned by debt holders and shareholders leads to financial leverage. Financial leverage deals with increasing the debt component in the capital structure so that returns to shareholders are maximized due to the lower costs associated with the debt component. In other words, financial leverage involves using an optimum debt component in the capital structure to maximize shareholders" returns. Financial leverage rises with an increase in debt.

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When the rate of interest to be paid to debt holders is higher than returns to shareholders, bringing in additional debt will lead to a reduction in a firm's net worth. A higher debt component is not advisable in times of high interest rates. Higher leverage in capital structure should be carefully considered as it has an inherent risk of bankruptcy if the company is not able to make regular payments to creditors. Thus, the strategic profit model identifies the best way to achieve a company's financial targets through systematic control and evaluation of margin management, asset management and debt management.

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When the rate of interest to be paid to debt holders is higher than returns to shareholders, bringing in additional debt will lead to a reduction in a firm's net worth. A higher debt component is not advisable in times of high interest rates. 39 Higher leverage in capital structure should be carefully considered as it has an inherent risk of bankruptcy if the company is not able to make regular payments to creditors. Thus, the strategic profit model identifies the best way to achieve a company's financial targets through systematic control and evaluation of margin management, asset management and debt management. 2.3.2

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tool to determine the true cost of capital, to decide on financial resource allocations. EVA considers the cost of both debt and equity capital. EVA ensures that capital is allocated most efficiently. It is extensively used in cases that require decisions on cost justification. It is determined as the difference between the net operating profit after tax and the total cost of capital. EVA is computed as: $EVA = \text{After-tax Operating Profit} - \text{Total Annual Cost of Capital}$ EVA also examines the capital used by an intermediary in the distribution channel.

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tool to determine the true cost of capital, to decide on financial resource allocations. EVA considers the cost of both debt and equity capital. EVA ensures that capital is allocated most efficiently. It is extensively used in cases that require decisions on cost justification. It is determined as the difference between the net operating profit after tax and the total cost of capital. EVA is computed as $EVA = \text{after-tax operating profit} - \text{total annual cost of capital}$ EVA also examines the capital used by an intermediary in the distribution channel.

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Appraisal of Channel Members' Contribution A firm's financial performance is analysed through the SPM and economic value analysis. These also serve as tools to improve productivity and profitability of intermediaries in a marketing channel. However, to study channel performance in detail, activity based costing and direct product profitability have to be used. 24.5.1 Activity-based Costing Activity-based Costing (ABC) is a method that calculates the cost of a product or service depending on the activities that constitute the making of the

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Appraisal of Channel Members' Contribution A firm's financial performance is analysed through the SPM and economic value analysis. These also serve as tools to improve productivity and profitability of intermediaries in a marketing channel. However, to study channel performance in detail, activity based costing and direct product profitability have to be used. 2.4.1 Activity Based Costing Activity based costing (ABC) is a method that calculates the cost of a product or service depending on the activities that constitute the making of the

product/service. It measures the cost of performing activities within an organization and provides accurate cost information to decision makers. ABC provides better reports of overhead costs involved in the production process by considering all indirect and support expenses incurred and linking them with activities and processes. These costs are then associated with the products or services concerned. The basic assumption of ABC is that the manufacture of a product leads to a series of activities that govern associated costs, unlike classical or traditional costing, where it is assumed that costs are directly governed by the products or service. ABC performs a micro-analysis and identifies all activities associated with production of a particular product or a group of similar products, irrespective of the size of the group or the number of products in each category. The identification of activities is followed by a description of revenues generated and resources utilized by each activity. This allows a manager to prioritize activities based on revenues and costs associated and focus on top priority activities. The managers can separate the expenses and associate them with a level of activity and resources utilized. They must find means to carry out activities with lower resource utilization. Reduction in utilization of resources for a given level of output or an increase in output for a given level of resources, contributes directly to increased profits. Usage of ABC has helped companies like Procter & Gamble to increase profits as it enables cost-revenue analysis at a micro-level. Controlling costs by looking only at financial statements will not help managers, as control over expenses cannot be exercised from a macro-level. Managers can use ABC to identify

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product/service. It measures the cost of performing activities within an organization and provides accurate cost information to decision makers. ABC provides better reports of overhead costs involved in the production process by considering all indirect and support expenses incurred and linking them with activities and processes. These costs are then associated with the products or services concerned. The basic assumption of ABC is that the manufacture of a product leads to a series of activities that govern associated costs, unlike classical or traditional costing, where it is assumed that costs are directly governed by the products or service. ABC performs a micro-analysis and identifies all activities associated with production of a particular product or a group of similar products, irrespective of the size of the group or the number of products in each category. Fig 2.1 Represents these Approaches Diagrammatically. 41 The identification of activities is followed by a description of revenues generated and resources utilized by each activity. This allows a manager to prioritize activities based on revenues and costs associated and focus on top priority activities. The managers can separate the expenses and associate those with a level of activity and resources utilized. They must find means to carry out activities with lower resource utilization. Reduction in utilization of resources for a given level of output or an increase in output for a given level of resources, contributes directly to increased profits. Usage of ABC has helped companies like Procter & Gamble to increase profits as it enables cost-revenue analysis at a micro- level. Controlling costs by looking only at financial statements will not help managers, as control over expenses cannot be exercised from a macro- level. Managers can use ABC to identify

activities related to a segment of business, ascertain revenues, resources and costs associated with activities and take necessary steps to earn more profits. Activity-based costing involves: ? Activity accounting: This involves determining product costs accurately. Special emphasis is laid on attributing overhead costs related to production, unlike in traditional accounting. ? Cost drivers: Cost drivers are activities that incur costs. ? Direct traceability: Costs are allotted to products or processes on which they are incurred, allowing managers to track them at any point of time. ? Identification of costs that do not add value: Costs that do not add any value to the product or service, or the process concerned are identified so that they can be minimized or eliminated. ABC is combined with Economic Value Added for better understanding and calculation of after-tax profitability. The concept of ABC can be applied to

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activities related to a segment of business, ascertain revenues, resources and costs associated with activities and take necessary steps to earn more profits. Activity based costing involves: ? Activity accounting: This involves determining product costs accurately. Special emphasis is laid on attributing overhead costs related to production, unlike in traditional accounting. ? Cost drivers: Cost drivers are activities that incur costs. ? Direct traceability: Costs are allotted to products or processes on which they are incurred, allowing managers to track them at any point of time. ? Identification of costs that do not add value: Costs that do not add any value to the product or service, or the process concerned are identified so that they can be minimized or eliminated. ABC is combined with Economic Value Added for better understanding and calculation of after-tax profitability. The concept of ABC can be applied to

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	distribution channels for cross comparison of productivity and costs incurred across channels. An activity-based costing process in a distribution channel involves identifying the channel resources used and costs incurred in making the product reach end users, allocation of costs to specific channel activities, allocating flow costs by channel and preparation of profit and loss accounts for each channel.		distribution channels for cross comparison of productivity and costs incurred across channels. An activity based costing process in a distribution channel involves identifying the channel resources used and costs incurred in making the product reach end users, allocation of costs to specific channel activities, allocating flow costs by channel and preparation of profit and loss accounts for each channel.	
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33/376	SUBMITTED TEXT	27 WORDS	57% MATCHING TEXT	27 WORDS
	of the group or the number of products in each category. The identification of activities is followed by a description of revenues generated and resources		of the group size and number of products in each category. The identification Of activities also involves details Of revenues generated and resources	
	W https://electricalworkbook.com/channel-management/			
34/376	SUBMITTED TEXT	18 WORDS	55% MATCHING TEXT	18 WORDS
	shelf space to profitable items. Different approaches like mathematical programming, non-linear programming and Direct Product Profit (DPP)		shelf space to the products. Intermediaries use different approaches like non-linear programming, mathematical programming and direct product profit (DPP)	
	W https://electricalworkbook.com/channel-management/			
35/376	SUBMITTED TEXT	152 WORDS	100% MATCHING TEXT	152 WORDS
	Direct Product Profit Allotment of shelf space is an important parameter for sellers as products differ in their contribution to sales and profits. Channel members give more priority to allocation of shelf space to profitable items. Different approaches like mathematical programming, non-linear programming and Direct Product Profit (DPP) are adopted by intermediaries while allocating shelf space. Of these, DPP is an important tool used by retail outlets for shelf management. Direct Product Profit represents a product's contribution to the channel member's profits. DPP is a method used to derive contribution to profits on the basis of an item's gross margin. DPP looks beyond gross margins as it is believed that gross margin alone might not reflect a product's true performance. It subtracts direct costs like warehousing costs, delivery costs and costs incurred in placing products on the shelf, from gross profit. Any cash discounts offered are added to gross profits.		Direct Product Profit Allotment of shelf space is an important parameter for sellers as products differ in their contribution to sales and profits. Channel members give more priority to allocation of shelf space to profitable items. Different approaches like mathematical programming, non- linear programming and direct product profit (DPP) are adopted by intermediaries while allocating shelf space. Of these, DPP is an important tool used by retail outlets for shelf management. Direct product profit represents a product's contribution to the channel member's profits. DPP is a method used to derive contribution to profits on the basis of an item's gross margin. DPP looks beyond gross margins as it is believed that gross margin alone might not reflect a product's true performance. It subtracts direct costs like warehousing costs, delivery costs and costs incurred in placing products on the shelf, from gross profit. Any cash discounts offered are added to gross profits.	
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36/376	SUBMITTED TEXT	70 WORDS	100% MATCHING TEXT	70 WORDS
	Financial performance of individual items is taken into account to arrive at direct product profit. As individual profit and loss statements are created for each product carried by intermediaries, this method requires accounting data provided by implementation of costing techniques like ABC. DPP helps channel members identify products that require high costs for storage and maintenance. The intermediaries then rework the packaging, sizing or distribution methods to reduce costs.		Financial performance of individual items is taken into account to arrive at direct product profit. As individual profit and loss statements are created for each product carried by intermediaries, this method requires accounting data provided by implementation of costing techniques like ABC. 43 DPP helps channel members identify products that require high costs for storage and maintenance. The intermediaries then rework the packaging, sizing or distribution methods to reduce costs.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
37/376	SUBMITTED TEXT	15 WORDS	67% MATCHING TEXT	15 WORDS
	Offline retailers refuse to sell Realme mobiles due to low margins", February 25, 2019, https://www.cnbctv18.com/retail/offline-retailers-refuse-to-sell-realme-mobiles-due-to-low-margins-2399261 .		Offline retailers refuse to sell Realme mobiles due to low margins Offline retailers refuse to sell Realme mobiles due to low margins	
	W https://www.cnbctv18.com/retail/offline-retailers-refuse-to-sell-realme-mobiles-due-to-low-margin ...			
38/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
	DPP), is an important tool used by retail outlets for shelf management.		DPP is an important tool used by retail outlets for shelf management.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
39/376	SUBMITTED TEXT	16 WORDS	66% MATCHING TEXT	16 WORDS
	Direct Product Profit Allotment of shelf space is an important parameter for sellers as products		Direct Product Profit: Allocation of shelf space is a key parameter for sellers as different products	
	W https://electricalworkbook.com/channel-management/			
40/376	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
	allows a manager to prioritize activities based on revenues and costs.		allows a manager to prioritize activities based on revenues and costs	
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41/376	SUBMITTED TEXT	45 WORDS	100% MATCHING TEXT	45 WORDS
	Result of Channel Performance Distribution channels comprise intermediaries who facilitate the flow of goods and services manufactured, from producers through the channel to end users. The efficiency of channel performance is measured by the quality of goods and services offered by channel members.		Result of Channel Performance Distribution channels comprise intermediaries who facilitate the flow of goods and services manufactured, from producers through the channel to end users. The efficiency of channel performance is measured by the quality of goods and services offered by channel members.	
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42/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
business/business-news/lic-mega-ipo-opens-for-subscription-to- close-on-may-9-1106305.		Business • Business News • LIC mega IPO opens for subscription, to close on May 9		
W https://www.deccanherald.com/business/business-news/lic-mega-ipo-opens-for-subscription-to-close- ...				

43/376	SUBMITTED TEXT	57 WORDS	100% MATCHING TEXT	57 WORDS
there are methods available to test the quality of tangible goods offered, measures to evaluate the (intangible) quality of services offered by channel members are inadequate. Evaluation of service quality offered is difficult both for consumers and producers. Consumers cannot evaluate service quality objectively as they perceive it by comparing their expectations with the actual service		there are methods available to test the quality of tangible goods offered, measures to evaluate the (intangible) quality of services offered by channel members are inadequate. Evaluation of service quality offered is difficult both for consumers and producers. Consumers cannot evaluate service quality objectively as they perceive it by comparing their expectations with the actual service		
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44/376	SUBMITTED TEXT	144 WORDS	93% MATCHING TEXT	144 WORDS
service offered. The characteristics of intangibility, heterogeneity and inseparability of services further complicates evaluation. The intangibility of services arises because they are experienced and are not physical entities with distinct identifiable features like style, color, etc. Owing to the intangible nature of services, a set of standards or specifications cannot always be found for services. Hence, their quality cannot always be measured objectively. The heterogeneity of services adds to evaluation problems. The quality and process followed for offering services are not consistent among all producers and at all times. Inseparability refers to simultaneous production and consumption of services. For most services, the production and consumption take place simultaneously. Examples are the services offered by medical practitioners, lawyers etc. Participation of clients in the delivery of services also has an impact on the quality of services offered. Such situations make evaluation complicated. Parasuraman,		service quality. The characteristics of intangibility, heterogeneity and inseparability of services further complicate evaluation. The intangibility of services arises because they are experiences and are not physical entities with distinct identifiable features like style, colour etc. Owing to the intangible nature of services, a set of standards or specifications cannot always be found for services? Hence, their quality cannot always be measured objectively. Channel Control 44 Distribution Management, Channel Control and Selling The heterogeneity of services adds to evaluation problems. The quality and process followed for offering services are not consistent among all producers and at all times. Inseparability refers to simultaneous production and consumption of services. For most services, the production and consumption take place simultaneously. Examples are the services offered by medical practitioners, lawyers etc. Participation of clients in the delivery of services also has an impact on the quality of services offered. Such situations make evaluation complicated. Parasuraman,		
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45/376	SUBMITTED TEXT	61 WORDS	99% MATCHING TEXT	61 WORDS
Berry (1985) identified 10 dimensions, based on which consumers perceive quality of service. Though these dimensions were formulated after research in the services industry, they are as relevant in distribution or any other business. Hence, all businesses can focus on these dimensions and work towards offering better services to customers to be successful and score high on channel performance. 24.7		Berry (1985) identified 10 ten dimensions, based on which consumers perceive quality of service. Though these dimensions were formulated after research in the services industry, they are as relevant in distribution or any other business. Hence, all businesses can focus on these dimensions and work towards offering better services to customers to be successful and score high on channel performance.		
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46/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
The performance of a marketing channel can be evaluated from various perspectives.		The performance of a marketing channel can be evaluated from various perspectives.		
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47/376	SUBMITTED TEXT	32 WORDS	87% MATCHING TEXT	32 WORDS
of inputs Channel effectiveness measures channel performance and considers its ability to satisfy customer needs. It focuses on issues like lot size, delivery time, location convenience, and assortment breadth.		of concern. Channel effectiveness is another dimension that measures channel performance and considers its ability to satisfy customer needs. It focuses on issues like lot size, delivery time, location convenience and assortment breadth.		
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48/376	SUBMITTED TEXT	27 WORDS	100% MATCHING TEXT	27 WORDS
Productivity and efficiency deal with maximizing outputs for a given level of inputs while keeping costs down irrespective of problems encountered during the distribution process. 3. (Productivity and efficiency deal with maximizing outputs for a given level of inputs while keeping costs down irrespective of problems encountered during the distribution process.		
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49/376	SUBMITTED TEXT	22 WORDS	100% MATCHING TEXT	22 WORDS
of reseller performance. Global scales are used for summarizing the performance or contribution based on a few performance parameters.		of reseller performance. Global scales are used for summarizing the performance or contribution based on a few performance parameters.		
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50/376	SUBMITTED TEXT	44 WORDS	100% MATCHING TEXT	44 WORDS
facet scales are used for a detailed study of any facet of reseller performance like sales performance, financial performance, reseller competence, reseller loyalty, reseller compliance, reseller adaptation, reseller growth, or customer satisfaction. These facets can be used as measures of reseller performance. 4. (Facet scales are used for a detailed study of any facet of reseller performance like sales performance, financial performance, reseller competence, reseller loyalty, reseller compliance, reseller adaptation, reseller growth or customer satisfaction. These facets can be used as measures of reseller performance.		
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51/376	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
Channel effectiveness is another dimension that measures channel performance and considers its ability to satisfy customer needs.		Channel effectiveness is another dimension that measures channel performance and considers its ability to satisfy customer needs.		
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52/376	SUBMITTED TEXT	21 WORDS	100% MATCHING TEXT	21 WORDS
	Channel equity refers to the distribution of opportunities available to all customers in accessing the market channels of a region.		Channel equity refers to the distribution of opportunities available to all customers in accessing the market channels of a region.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
53/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
	Channel profitability is concerned with a channel member's financial performance.		Channel profitability is concerned with a channel member"s financial performance	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
54/376	SUBMITTED TEXT	24 WORDS	100% MATCHING TEXT	24 WORDS
	Channel efficiency is a channel performance dimension that judges the ability of intermediaries to undertake necessary channel functions by incurring minimal costs. 5. (Channel efficiency is a channel performance dimension that judges the ability of intermediaries to undertake necessary channel functions by incurring minimal costs.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
55/376	SUBMITTED TEXT	15 WORDS	96% MATCHING TEXT	15 WORDS
	Profit Model (SPM) is a tool for planning and evaluating the financial performance of		Profit Model The SPM is a tool for planning and evaluating the financial performance of	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
56/376	SUBMITTED TEXT	27 WORDS	100% MATCHING TEXT	27 WORDS
	of a business. It uses data from the income statement as well as from the balance sheet to measure profitability and performance of a business. 6. (of a business. It uses data from the income statement as well as from the balance sheet to measure profitability and performance of a business.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
57/376	SUBMITTED TEXT	36 WORDS	100% MATCHING TEXT	36 WORDS
	identification of costs that do not add value. Costs that do not add any value to the product or service, or the process concerned are identified so that they can be minimized or eliminated.		Identification of costs that do not add value: Costs that do not add any value to the product or service, or the process concerned are identified so that they can be minimized or eliminated.	
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58/376	SUBMITTED TEXT	27 WORDS	91% MATCHING TEXT	27 WORDS
	represents a product's contribution to the channel member's profits. It is used to derive contribution to profits on the basis of an item's gross margin. 8. (represents a product"s contribution to the channel member"s profits. DPP is a method used to derive contribution to profits on the basis of an item"s gross margin.	
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59/376	SUBMITTED TEXT	12 WORDS	95% MATCHING TEXT	12 WORDS
The characteristics of intangibility, heterogeneity and inseparability of services complicate evaluation.		The characteristics of intangibility, heterogeneity and inseparability of services further complicate evaluation.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
60/376	SUBMITTED TEXT	25 WORDS	100% MATCHING TEXT	25 WORDS
DPP) is an important tool used by retail outlets for shelf management. Direct product profit represents a product's contribution to the channel member's profits.		DPP is an important tool used by retail outlets for shelf management. Direct product profit represents a product"s contribution to the channel member"s profits.		
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61/376	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
Sources of Conflict 25.4 Types of Conflicts 25.5 Conflict Management Techniques 25.6 Channel Leadership 25.7		Sources of Conflict, Types of Conflicts, Conflict Management Techniques, Channel Leadership,		
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62/376	SUBMITTED TEXT	168 WORDS	100% MATCHING TEXT	168 WORDS
Sources of Conflict There are many reasons why conflicts arise in distribution channels. Learning about them is the first step in conflict analysis. Conflicts primarily arise because of faulty channel design. The different sources of conflicts can be broadly divided into -- those arising from attitudinal differences and those arising from structural differences among channel members. Structural causes arise mainly due to goal divergence or incompatibility among channel members, tendency towards autonomy and greater control by channel members and competition for scarce channel resources (financial, technological support), especially from manufacturers in multi-channel systems. Attitudinal sources arise from differences in perception, channel roles and channel communications. Unexpected changes in the competitive environment, consumers and markets, differences in economic and ideological objectives among channel members, etc., also lead to conflicts. In addition to external changes, market channel strategies adopted by channel members are also an important source of channel conflicts.		Sources of Conflict There are many reasons why conflicts arise in distribution channels. Learning about them is the first step in conflict analysis. Conflicts primarily arise because of faulty channel design. The different sources of conflicts can be broadly divided into — those arising from attitudinal differences and those arising from structural differences among channel members. Structural causes arise mainly due to goal divergence or incompatibility among channel members, tendency towards autonomy and greater control by channel members and competition for scarce channel resources (financial, technological support), especially from manufacturers in multi-channel systems. Attitudinal sources arise from differences in perception, channel roles and channel communications. Unexpected changes in 45 the competitive environment, consumers and markets, differences in economic and ideological objectives among channel members, etc., also lead to conflicts. In addition to external changes, market channel strategies adopted by channel members are also an important source of channel conflicts.		
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63/376	SUBMITTED TEXT	227 WORDS	96% MATCHING TEXT	227 WORDS
	<p>Now, we will discuss some prevalent sources of conflicts in distribution channels. They are – goal incompatibility, differing perceptions of reality and clashes over domain. 25.3.1 Goal Incompatibility Conflicts may arise due to differences or incompatibility of goals among channel members. Differences in policies and procedures of a channel member may be problematic and impede the progress of other channel members. Channel conflict arises when a channel member has a set of goals and objectives that are incompatible with those of other channel members. This divergence of goals may lead to one channel member acting in a way that is detrimental to goal achievement for another channel member. This may occur without the former being aware of its impact on the latter. Goals may differ within an organization. The goals decided by top management may vary from 'operational' goals that are set as a result of day-to-day operational policies. Hence, it is necessary to ensure that operational goals are aligned with other goals of the organization. Difficulty in measuring goals is another reason for goal incompatibility, leading to channel conflicts. It becomes impossible for channel members to compare the compatibility of their mutual goals and measure the extent of performance of other channel members. For example, customer service levels. Such lack of awareness leads to a sense of doubt and conflict.</p>		<p>Now, we will discuss some prevalent sources of conflicts in distribution channels. They are role incompatibility, differing perceptions of reality and clashes over domain. Fig 2.3 Channel Conflict Model 2.6.1 Goal Incompatibility Conflicts may arise due to differences or incompatibility of goals among channel members. Differences in policies and procedures of a channel member may be problematic and impede the progress of other channel members. Channel conflict arises when a channel member has a set of goals and objectives that are incompatible with those of other channel members. This divergence of goals may lead to one channel member acting in a way that is detrimental to goal achievement for another channel member. This may occur without the former being aware of its impact on the latter. Channel Control 46 Distribution Management, Channel Control and Selling Goals may differ within an organization. The goals decided by top management may vary from „operational" goals that are set as a result of day-to- day operational policies. Hence, it is necessary to ensure that operational goals are aligned with other goals of the organization. Difficulty in measuring goals is another reason for goal incompatibility, leading to channel conflicts. It becomes impossible for channel members to compare the compatibility of their mutual goals and measure the extent of performance of other channel members. For example, customer service levels. Such lack of awareness leads to a sense of doubt and conflict. 2.6.2</p>	
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64/376	SUBMITTED TEXT	16 WORDS	97% MATCHING TEXT	16 WORDS
	<p>margins from fast-moving consumer goods (FMCG) companies as offered to business-to-business (B2B) and emerging wholesaler</p>		<p>margins from fast-moving consumer goods (FMCG) companies as offered to new business-to-business (B2B) and emerging wholesaler</p>	
	<p>W https://economictimes.indiatimes.com/industry/cons-products/fmcg/hul-distributor-conflict-postpon ...</p>			
65/376	SUBMITTED TEXT	16 WORDS	97% MATCHING TEXT	16 WORDS
	<p>margins from fast-moving consumer goods (FMCG) companies as offered to business-to-business (B2B) and emerging wholesaler</p>		<p>margins from fast-moving consumer goods (FMCG) companies as offered to new business-to-business (B2B) and emerging wholesaler</p>	
	<p>W https://economictimes.indiatimes.com/industry/cons-products/fmcg/hul-distributors-standoff-resolv ...</p>			
66/376	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
	<p>one channel member acting in a way that is detrimental to goal achievement for another channel member</p>		<p>one channel member acting in a way that is detrimental to goal achievement for another channel member.</p>	
	<p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			

67/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
	Distributors withdraw protest against HUL; company assures to resolve issues",		Distributors withdraw protest against HUL; company assures to resolve issues -	
	W https://economictimes.indiatimes.com/industry/cons-products/fmcg/hul-distributor-conflict-postpon ...			
68/376	SUBMITTED TEXT	154 WORDS	100% MATCHING TEXT	154 WORDS
	Differing Perceptions of Reality This is another prominent source of conflicts in distribution channels. It is perception of reality that guides channel members to anticipate future events and their consequences. This, in turn, induces channel members to develop alternative courses of action and estimate the probable results. The perception of reality also has an influence on the goals and values of channel members. However, perceptions of reality can vary. Some different perceptions of channel members may be: ? When one channel member wrongly perceives the role of another channel member regarding marketing channel functions and flows, conflicts arise. ? Lack of proper communication flow among channel members affects the way reality is perceived by them. ? Information influences the decision-making process, which affects the behaviour of channel members. Thus, when channel members have divergent approaches to interpreting information, decisions made and goals set, conflicts arise among channel members.		Differing Perceptions of Reality This is another prominent source of conflicts in distribution channels. It is perception of reality that guides channel members to anticipate future events and their consequences. This, in turn, induces channel members to develop alternative courses of action and estimate the probable results. The perception of reality also has an influence on the goals and values of channel members. However, perceptions of reality can vary. Some different perceptions of channel members may be: ? When one channel member wrongly perceives the role of another channel member regarding marketing channel functions and flows, conflicts arise. ? Lack of proper communication flow among channel members affects the way reality is perceived by them. ? Information influences the decision-making process, which affects the behaviour of channel members. Thus, when channel members have divergent approaches to interpreting information, decisions made and goals set, conflicts arise among channel members. 2.6.3	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
69/376	SUBMITTED TEXT	21 WORDS	100% MATCHING TEXT	21 WORDS
	When one channel member wrongly perceives the role of another channel member regarding marketing channel functions and flows, conflicts arise.		When one channel member wrongly perceives the role of another channel member regarding marketing channel functions and flows, conflicts arise. ?	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
70/376	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
	The Counterfeit Problem And How Retailers Can Fight Back in 2020",		The Counterfeit Problem And How Retailers Can Fight Back in 2020	
	W https://www.forbes.com/sites/forbestechcouncil/2020/03/17/the-counterfeit-problem-and-how-retaille ...			
71/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	the-counterfeit- problem-and-how-retailers-can-fight-back-in-2020/?		The Counterfeit Problem And How Retailers Can Fight Back in 2020	
	W https://www.forbes.com/sites/forbestechcouncil/2020/03/17/the-counterfeit-problem-and-how-retaille ...			

72/376

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98% MATCHING TEXT

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Clashes Over Domains Conflicts in marketing channels stem from the domain definition and the extent to which other channel members accept it. The domain of channel members consists of three elements. They are: product range, population and territories served, and functions or duties to be performed. Differences in domain will automatically lead to conflicts among channel members. Product range Handling a large number of products leads to reduction in loyalty among channel members. Distributors cannot show the same level of loyalty towards the products of all manufacturers. This variation in loyalty will lead to conflict of interest between manufacturers and distributors. Population and territory coverage When there are many channel members catering to a particular consumer segment, conflict over customer accounts and territory coverage is bound to arise. Channel members may service certain accounts and other channel members may compete for the same accounts. Unless clearly defined in the terms of the contract, channel members do not prefer to share accounts with other channel members who have recently joined the channel. Hence, it is necessary for manufacturers or suppliers to specify territories for channel members. The same is true in franchising. Market territory expansion is a major source of conflicts in franchising. The franchiser's decision to increase market penetration with the help of new franchisees may reduce the sales of existing franchisees. This may occur despite the franchiser protecting the territories of existing franchisees. This is because a franchisee attracts customers from beyond the assigned territories too. When a new franchisee enters the region, customers beyond the actual territory may shift to the new franchisee due to proximity of location. Hence, even though the franchiser does not infringe the contract, franchisees become dissatisfied.

Clashes over Domains Conflicts in marketing channels stem from the domain definition and the extent to which other channel members accept it. The domain of channel members consists of three elements. They are product range, population and territories Channel Control 47 served, and functions or duties to be performed. Differences in domain will automatically lead to conflicts among channel members. Product range Handling a large number of products leads to reduction in loyalty among channel members. Distributors cannot show the same level of loyalty towards the products of all manufacturers. This variation in loyalty will lead to conflict of interest between manufacturers and distributors. Population and territory coverage When there are many channel members catering to a particular consumer segment, conflict over customer accounts and territory coverage is bound to arise. Channel members may service certain accounts and other channel members may compete for the same accounts. Unless clearly defined in the terms of the contract, channel members do not prefer to share accounts with other channel members who have recently joined the channel. Hence, it is necessary for manufacturers or suppliers to specify territories for channel-members. The same is true in franchising. Market territory expansion is a major source of conflicts in franchising. The franchiser"s decision to increase market penetration with the help of new franchisees may reduce the sales of existing franchisees. This may occur despite the franchiser protecting the territories of existing franchisees. This is because a franchisee attracts customers from beyond the assigned territories too. When a new franchisee enters the region, customer"s beyond the actual territory may shift to the new franchisee due to proximity of location. Hence, even though the franchiser does not infringe the contract, franchisees become dissatisfied.

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SUBMITTED TEXT

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96% MATCHING TEXT

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Performance of channel functions In a channel, members are expected to perform certain functions based on interdependence and common expectations. Sometimes, channel members may feel that they are being asked to reciprocate by performing functions incompatible with their organizational goals. This happens when channel members prefer to undertake only channel functions that help them attain individual goals. As these goals are not common to all channel members, functional conflicts arise. For instance, manufacturers have a strategic outlook towards marketing their products, while retailers concentrate on operational aspects. For example, let us consider the product refund policy. To avoid inconvenience of operations, retailers may not train their personnel to identify whether a product returned is genuinely faulty, and then refund

Performance of channel functions In a channel, members are expected to perform certain functions based on interdependence and common expectations. Sometimes, channel members may feel that they are being asked to reciprocate by performing functions incompatible with their organizational goals. This happens when channel members prefer to undertake only channel functions that help them attain individual goals. As these goals are not common to all channel members, functional conflicts arise. For instance, manufacturers have a strategic outlook towards marketing their products, while retailers concentrate on operational aspects. For example, let us consider the product refund policy. To avoid inconvenience of operations, retailers may not Channel Control 48 Distribution Management, Channel Control and Selling train their personnel to identify whether a product returned is genuinely faulty, and then refund

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74/376	SUBMITTED TEXT	51 WORDS	100% MATCHING TEXT	51 WORDS
	customers. Owing to this lacuna, manufacturers will face losses when many products are returned and retailers have to be compensated. Thus, a difference in roles among channel members causes conflict. Other than the above-mentioned sources of conflicts, the channel structure by itself can lead to conflicts among channel members.		customers. Owing to this lacuna, manufacturers will face losses when many products are returned and retailers have to be compensated. Thus, a difference in roles among channel members causes conflict. Other than the above-mentioned sources of conflicts, the channel structure by itself can lead to conflicts among channel members.	
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75/376	SUBMITTED TEXT	13 WORDS	76% MATCHING TEXT	13 WORDS
	Following the lead of other US-based corporations such as McDonald's, Papa John's (following the lead of other US-based brands such as McDonald's. Well, the country's 190 Papa John's	
	W https://economictimes.indiatimes.com/news/international/us/us-based-papa-johns-outlets-continue-t...			
76/376	SUBMITTED TEXT	14 WORDS	78% MATCHING TEXT	14 WORDS
	The country's 190 Papa John's locations are still open and providing pizza. They		the country's 190 Papa John's outlets are still open and serving pizza. They	
	W https://economictimes.indiatimes.com/news/international/us/us-based-papa-johns-outlets-continue-t...			
77/376	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
	US-based Papa John's outlets continue to stay open in Russia despite grim situation",		US-based Papa John's outlets continue to stay open in Russia despite grim situation -	
	W https://economictimes.indiatimes.com/news/international/us/us-based-papa-johns-outlets-continue-t...			
78/376	SUBMITTED TEXT	1 WORDS	85% MATCHING TEXT	1 WORDS
	news/international/us/us-based-papa-johns-outlets-continue-to-stay-open-in-russia-despite-grim-situation/		News>International>US News>US-based Papa John's outlets continue to stay open in Russia despite grim situation	
	W https://economictimes.indiatimes.com/news/international/us/us-based-papa-johns-outlets-continue-t...			

79/376

SUBMITTED TEXT

230 WORDS

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Types of Conflicts Channel conflicts can be divided into different types depending on timing and levels of the channel. They are pre-contractual and post-contractual conflicts, vertical, horizontal and multi-channel conflicts. We will briefly discuss each aspect in the following section. 25.4.1 Pre-contractual and Post-contractual Conflicts Channel conflicts may arise at two different points of time in the channel relationship. It could be before a relationship develops or after it commences between channel members. These conflicts arise whenever channel members enter into new relationships. It is frequently seen in agency relationships. Pre-contractual problems crop up when the principal decides to offer a contract to an agent. The major issues here are whether a particular agent has the characteristics the principal wants and what strategy the principal should employ to find this out. For example, these problems occur during recruitment of new salespeople or marketing personnel, selection of dealers for their distribution channels and choosing advertising agencies. Post-contractual conflicts happen once the relationship between channel members begins. The causes are generally unforeseen events or contingencies, which must be identified and dealt with immediately. One major issue that appears in post-contractual conflicts is the method by which agents should be evaluated, so that their actions confirm to the principal's goals.

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Types of Conflicts Channel conflicts can be divided into different types depending on timing and levels of the channel. They are pre-contractual and post-contractual conflicts, vertical, horizontal and multi-channel conflicts. We will briefly discuss each aspect in the following section. 2.7.1 Pre-contractual and Post-contractual Conflicts Channel conflicts may arise at two different points of time in the channel relationship. It could be before a relationship develops or after it commences Channel Control 49 between channel members. These conflicts arise whenever channel members enter into new relationships. It is frequently seen in agency relationships. Pre-contractual problems crop up when the principal decides to offer a contract to an agent. The major issues here are whether a particular agent has the characteristics the principal wants and what strategy the principal should employ to find this out. For example, these problems occur during recruitment of new salespeople or marketing personnel, selection of dealers for then- distribution channels and choosing advertising agencies. Post-contractual conflicts happen once the relationship between channel members begins. The causes are generally unforeseen events or contingencies, which must be identified and dealt with immediately. One major issue that appears in post-contractual conflicts is the method by which agents should be evaluated, so that their actions confirm to the principal's goals.

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Thus, at both stages of the channel relationship, it is necessary to identify and manage conflicts to ensure proper channel coordination. Channel members must take all necessary precautions to identify possible sources of conflicts and design mechanisms to prevent them.

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Thus, at both stages of the channel relationship, it is necessary to identify and manage conflicts to ensure proper channel coordination. Channel members must take all necessary precautions to identify possible sources of conflicts and design mechanisms to prevent them. 2.7.2

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e-commerce startup, has filed a complaint with the Competition Commission of India (CCI) against India's largest biscuit producer, Parle Products. It claimed that Parle is abusing its dominating position by rejecting to deliver its fast-moving items directly to the Bengaluru- based

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e-commerce start-up, has filed a complaint against India's largest biscuit maker Parle Products before the Competition Commission of India (CCI). In its complaint, Udaan has alleged that Parle is abusing its dominant position by refusing to supply its fast-moving products directly to the Bengaluru-based

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Startup Udaan files complaint before CCI against biscuit maker Parle",

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Startup Udaan files complaint before CCI against biscuit maker Parle •

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	startup-udaan-files-complaint-before-cci- against-biscuit-maker-parle-121090200654_1.		Startup Udaan files complaint before CCI against biscuit maker Parle •	
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	Channel Level Conflicts Conflicts can take place at different levels of the channel system. For instance, between manufacturer and retailer, wholesaler and retailers, between two wholesalers or retailers at the same level and so on. Channel level conflicts can be divided into vertical, horizontal and multi-level channel conflicts. Vertical and horizontal types of conflict are commonly called intra-channel conflicts. Vertical channel conflicts Vertical channel conflicts occur between channel members operating at different levels within the same channel structure. For example, conflict between manufacturer and distributors, when the manufacturer tries to enforce pricing and service policies on the distributor or expands distribution, is a type of vertical channel conflict.		Channel Level Conflicts Conflicts can take place at different levels of the channel system. For instance between manufacturer and retailer, wholesaler and retailers, between two wholesalers or retailers at the same level and so on. Channel level conflicts can be divided into vertical, horizontal and multi-level channel conflicts. Vertical and horizontal types of conflict are commonly called intra-channel conflicts. Vertical channel conflicts Vertical channel conflicts occur between channel members operating at different levels within the same channel structure. For example, conflict between manufacturer and distributors, when the manufacturer tries to enforce pricing and Channel Control 50 Distribution Management, Channel Control and Selling service policies on the distributor or expands distribution, is a type of vertical channel conflict.	
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85/376	SUBMITTED TEXT	22 WORDS	63% MATCHING TEXT	22 WORDS
	of selling their products at reduced costs to wholesalers like Reliance JioMart, Metro Cash & Carry, and the business-to-business portal Udaan.		of selling their products at lower prices to wholesalers such as Reliance JioMart, Metro Cash & Carry and business-to-business platform Udaan,	
	W https://economictimes.indiatimes.com/industry/cons-products/fmcg/distributors-suspend-movement-ag ...			
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	Horizontal type of channel conflicts arises between channel members operating at the same level within the channel structure.		Horizontal type of conflict arises between channel members operating at the same level with in the channel structure.	
	W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx			
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	when the manufacturer has established two or more channels catering to the same market.		when the manufacturer has established two or more channels that sell to the same market.	
	W https://docplayer.net/8669197-Managing-channel-conflict-for-enhanced-organizational-performance.html			

88/376	SUBMITTED TEXT	88 WORDS	92% MATCHING TEXT	88 WORDS
	Horizontal channel conflicts Horizontal type of channel conflicts arises between channel members operating at the same level within the channel structure. For example, a conflict between two franchisees over clash of domains comes under this type of conflict. Multi-channel conflicts Multi-channel conflicts arise when the manufacturer has established two or more channels catering to the same market. For example, conflicts arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesalers by resorting to newer channels like the Internet or direct mail.		Horizontal channel conflicts Horizontal type of channel conflicts arises between channel members operating at the same level within the channel structure. For example, a conflict between two franchisees over clash of domains comes under this type of conflict. Multi-channel conflicts Multi-channel conflict comes to when the manufacturer has established two or more channels catering to the same market. For example, conflicts arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesaler"s by resorting to newer channels like the Internet or direct mail.	
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89/376	SUBMITTED TEXT	59 WORDS	100% MATCHING TEXT	59 WORDS
	Though conflicts are generally perceived as dysfunctional, a complete elimination of conflict among channel members is not recommended. This is because channel members may become complacent in developing symbiotic relationships with other channel members and will not compete effectively. Innovation may also be lost. Hence, a certain level of conflict acts as a constructive mechanism in channel relationships.		Though conflicts are generally perceived as dysfunctional, a complete elimination of conflict among channel members is not recommended. This is because channel members may become complacent in developing symbiotic relationships with other channel members and will not compete effectively. Innovation may also be lost. Hence, a certain level of conflict acts as a constructive mechanism in channel relationships.	
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	This is an example of which type of conflict? a. Franchise conflict b. Multi-channel conflict c. Vertical channel conflict d. Horizontal channel conflict e.		This is an example of (a) Horizontal channel conflict (b) Lateral channel conflict (c) Narrow conflict (d) Vertical channel conflict (e)	
	W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx			
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	channel members operating at the same level within the channel structure?		channel members operating at the same level within the channel structure.	
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	arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesalers by resorting to newer channels like the Internet or direct mail.		arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesaler"s by resorting to newer channels like the Internet or direct mail.	
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Conflict Management Techniques The types of intra-channel conflicts prevailing in a distribution channel and the characteristics of their sources have important implications for channel members. Intra-channel conflicts that arise due to structural differences require different

Conflict Management Techniques The types of intra-channel conflicts prevailing in a distribution channel and the characteristics of their sources have important implications for channel members. Intra-channel conflicts that arise due to structural differences require different

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conflict management techniques. Conflicts between two channel members (dyadic framework), can be solved either by one channel member modifying/changing its organizational goals or by conceding some amount of autonomy/resources to the other channel member. Conflict resolution processes can be done through mutual agreement or the use of channel power. Conflict resolution mechanisms can be divided into two categories. In the first (systematic mechanism), the conflict resolution mechanism is based on the policies that channel leaders implement to resolve channel conflicts in a streamlined manner. These conflict resolution mechanisms are aimed at increasing interaction and communication among various channel members. Some systematic mechanisms include joint memberships in trade organizations, exchange of personnel between two or more channels, distributor councils, arbitration and mediation boards and various programmes such as co-optation. The second category of conflict resolution mechanisms is based on

conflict management techniques. Conflicts between two channel members (dyadic framework) can be solved either by one channel members modifying/changing its organizational goals or by conceding some amount of autonomy/resources to the other channel member. Conflict resolution processes can be done through mutual agreement or the use of channel power. Conflict resolution mechanisms can be divided into two categories. In the first (systematic mechanism), the conflict resolution mechanism is based on the policies that channel leaders implement to resolve channel conflicts in a streamlined manner. These conflict resolution mechanisms are aimed at increasing interaction and communication among various channel members. Some systematic mechanisms include joint memberships in trade organizations, exchange of personnel between two or more channels, distributor councils, arbitration and mediation boards and various programmes such as co-optation. The second category of conflict resolution mechanisms is based on

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political strategies. Some strategies implemented under both categories are discussed in the following sections. 25.5.1 Negotiation (Bargaining) Negotiation or bargaining is used by channel members as a method of resolving conflicts. Negotiations usually take place over price, cash credit, discounts, delivery, inventory levels and other elements in the marketing mix. In negotiations, goal differences are considered as fixed and conflict resolution mechanisms do not mean that common goals have to be developed. The outcome of negotiations varies depending on the number of channel members and the extent of balance of power among them. During negotiations, channel members indulge in low risk behaviour, where information exchange is kept to the minimal to lessen the financial, social and physical costs incurred. Channel members, during the bargaining process, sometimes behave rigidly and stick to their stand. Threats, promises and conditional commitments are commonly seen during negotiations. Negotiations generally occur under asymmetrical power conditions. For example, negotiations between a retailer and manufacturers of private store labels take place in conditions where the retailer has a strong bargaining power. Asymmetric negotiations also occur between franchisers and franchisees. The negotiation process is very important for channel members, especially in marketing channels, because its efficiency has a direct impact on the selling and purchasing costs among channel members.

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Channel Conflicts 33 Some differences commonly seen during negotiations under asymmetric power conditions are: Initial bids During bargaining, channel members with greater power than their partners make more demanding initial bids. Similarly, weak bargainers send less demanding bids or conditions. Extent of flexibility Channel members with greater power do not yield much from their initial bargaining conditions compared to channel members who have less power. Time of negotiation When negotiations take place in asymmetric power conditions, more powerful channel members are able to obtain an acceptable agreement faster than less powerful channel members. Communication content Channel members with greater power frequently make use of commanding language and actions during negotiations with other channel members. Negotiation outcome In asymmetric power conditions, channel members with more power achieve agreements that give them a larger share of total profits of the channel group. In this process, the overall profitability of the channel decreases.

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	after the two companies agreed on a minimum price at which Amazon would sell PopSockets.		after the two companies decided on a minimum price at which Amazon would sell PopSockets,	
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	Amazon Antitrust Report Reveals 'Strong-Arm' Negotiating Tactics With Brands",		Amazon Antitrust Report Reveals 'Strong-Arm' Negotiating Tactics With Brands	
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	amazon-antitrust-report- reveals-strong-arm-negotiating-tactics-with-brands/?		Amazon Antitrust Report Reveals 'Strong-Arm' Negotiating Tactics With Brands	
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	Persuasive Mechanism Persuasive conflict resolution mechanism is another method used by channel leaders to resolve conflicts. The objective is to move both parties (channel members) towards a common set of goals. In this method, each channel member tries to influence and change the view of other channel member with regard to the conflicting issues. The basic approach used in persuasive conflict resolution		Persuasive Mechanism Persuasive conflict resolution mechanism is another method used by channel leaders to resolve conflicts. The objective is to move both parties (channel members) towards a common set of goals. In this method, each channel member tries to influence and change the view of other channel member with regard to the conflicting issues. The basic approach used in persuasive conflict resolution	
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	mechanism is to highlight the importance of mutually beneficial common goals over individual goals and also reduce differences present in individual goals of each channel member. However, in this method, channel members involve in high risk behaviour by sharing important information to arrive at a common goal. This is in contrast to the low-risk behaviour observed during negotiations. This type of conflict resolution mechanism is often seen between franchisers and franchisees. For instance, franchisers may have to persuade franchisees to maintain product quality levels consistently to project a uniform image.		mechanism is to highlight the importance of mutually beneficial common goals over individual goals and also reduce differences present in individual goals of each channel member. However, in this method, channel members involve in high risk behaviour by sharing important information to arrive at a common goal. This is in contrast to the low-risk behaviour observed during negotiations. This type of conflict resolution mechanism is often seen between franchisers and franchisees. For instance, franchisers may have to persuade franchisees to maintain product quality levels consistently across franchises to project a uniform image. 2.8.3	
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	FMCG distributors call off stir against Colgate after talks with company",		FMCG distributors call off stir against Colgate after talks with company •	
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fmcg-distributors-call-off-stir- against-colgate-after-talks-with-company-122010601464_1.		FMCG distributors call off stir against Colgate after talks with company •		
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Problem-solving Strategies This method is also used as a conflict resolution mechanism to settle conflicts in distribution channels. Here, both parties share common objectives but differ on the criteria used for decision-making. Open transfer of information about goals and objectives happens and both parties try to sort out differences by seeking alternative solutions. Cooperation and coordination is also present between channel members, unlike in negotiations. Channel members are ready to concede or modify certain conditions to reach a mutually acceptable solution.		Problem-Solving Strategies This method is also used as a conflict resolution mechanism to settle conflicts in distribution channels. Here, both parties share common objectives but differ on the criteria used for decision-making. Open transfer of information about goals and objectives happens and both parties try to sort out differences by seeking alternative solutions. Cooperation and coordination is also present between channel members, unlike in negotiations. Channel members are ready to concede or modify certain conditions to reach a mutually acceptable solution.		
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pricing parity between traditional distributors and organised business-to-business (pricing parity between traditional distributors and organised business-to-business		
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over pricing parity between traditional distributors and organised business-to-business (B2B) platforms has been resolved through collaborative efforts between the All India Consumer Products Distributors Federation (AICPDF)		over pricing parity between traditional distributors and organised business-to-business (B2B) platforms has been resolved for now, with distributors withdrawing their protest against HUL. All India Consumer Products Distributors Federation (AICPDF)		
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a preview of the consumer trends that the company will be working on, and asks them to produce packaging solutions		a preview of the consumer trends that the company will be working on, and asks them to develop packaging solutions		
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Channel Leadership Effective channel management can be achieved if channel members appoint effective leaders who take

Channel Leadership Effective channel management can be achieved if channel members appoint effective leaders who take

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inter-organizational perspective of distribution opportunities and problems. These leaders must emphasize the need for developing cordial channel relationships. Frequent conflicts due to differences in role perceptions, goals and objectives forces channel members to take the help of channel leaders. Channel leadership can be effective only when the leader judiciously plans the channel control mix. Channel leaders can use positive reinforcement as well as negative reinforcement to ensure that channel members comply with formulated policies. 25.6.1 Role of Leadership Power in Resolving Conflicts Channel leaders can use their leadership power to manage and resolve conflicts effectively, leading to improvement in coordination and functioning of channels. The effectiveness of channel leaders depends on the extent of power they hold and the acceptance and attitude of the rest of the channel members. Channel leaders must seek to reduce functional conflict and levels of dysfunctional conflict in the channel. Channel leaders can use different methods to resolve channel conflicts. They include coercion, economic rewards and the use of legitimate, expert and referent power. Let us briefly look at each aspect. Reward power Channel leaders can use reward power to resolve channel conflicts. This is based on the belief of channel members that the channel leader is capable of granting benefits if they comply with the dictated policies. For example, the channel leader may have the power to grant better promotional allowances or higher margins to channel members. Coercive power Channel leaders can use coercive power to control the actions of channel members. The channel leader can use negative reinforcement methods like

inter-organizational perspective of distribution opportunities and problems. These leaders must emphasize the need for developing cordial channel relationships. Frequent conflicts due to differences in role perceptions, goals and objectives forces channel members to take the help of channel leaders. Channel leadership can be effective only when the leader judiciously plans the channel control mix. Channel leaders can use positive reinforcement as well as negative reinforcement to ensure that channel members comply with formulated policies. 2.9.1 Role of Leadership Power in Resolving Conflicts Channel leaders can use their leadership power to manage and resolve conflicts effectively, leading to improvement in coordination and functioning of Channel Control 55 channels. The effectiveness of channel leaders depends on the extent of power they hold and the acceptance and attitude of the rest of the channel members. Channel leaders must seek to reduce functional conflict and levels of dysfunctional conflict in the channel. Channel leaders can use different methods to resolve channel conflicts. They include coercion, economic rewards and the use of legitimate, expert and referent power. Let us briefly look at each aspect. Reward power Channel leaders can use reward power to resolve channel conflicts. This is based on the belief of channel members that the channel leader is capable of granting benefits if they comply with the dictated policies. For example, the channel leader may have the power to grant better promotional allowances or higher margins to channel members. Coercive power Channel leaders can use coercive power to control the actions of channel members. The channel leader can use negative reinforcement methods like

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	<p>sanctions, cancellation of exclusive distribution rights or decrease in margins to ensure that all channel members toe the line. Expert power The channel leader can make use of expert power to align the activities of channel members for better cooperation and coordination. Expert power can be in the form of knowledge about certain channel functions that other members are unaware of, but would stand to benefit from. For example, the manufacturer may have expert knowledge about competitors' products, which will be beneficial for dealers. Referent power Channel leaders have the right to permit other channel members to be associated with certain trade associations. They can develop policies that permit memberships of channel members in certain associations, only on condition of compliance with rules and regulations. Legitimate power Channel leaders can reduce conflicts by using their legitimate power, which gives them the right to make certain decisions and ensure that other channel members follow them. The role of the channel leader in resolving conflicts will be restricted if power sources cannot be used extensively. The extent to which channel leaders can effectively inhibit conflict depends on the extent to which the channel leader can direct the use of leadership power over each channel member. The level to which leadership power has an influence on the performance of channel members is also crucial. The channel leader's role in resolving conflicts will be restricted if power sources cannot be used extensively.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
112/376	SUBMITTED TEXT	30 WORDS	95% MATCHING TEXT	30 WORDS
	<p>The revised incentives focused on infusing more liquidity into the system, rewarding higher sales performance and taking care of the dealer's overhead expenses like buying sanitisers and safety equipment.</p> <p>W https://economictimes.indiatimes.com/news/company/corporate-trends/manufacturers-use-sops-to-get- ...</p>			
113/376	SUBMITTED TEXT	19 WORDS	91% MATCHING TEXT	19 WORDS
	<p>The channel leaders may have the power to grant better promotional allowances or higher margins to channel members.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
114/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
	<p>There are many reasons why conflicts arise in distribution channels.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			

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Channel conflicts can be divided into different types depending on timing and levels of the channel. What are		Channel conflicts can be divided into different types depending on timing and levels of the channel. They are		
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Effective channel management can be achieved if channel members appoint effective leaders who take		Effective channel management can be achieved if channel members appoint effective leaders who take		
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unexpected changes in the competitive environment, consumers, and markets. Differences in economic and ideological objectives among channel members lead to conflicts. In addition to external changes, market channel strategies adopted by channel members are also an important source of channel conflicts.		Unexpected changes in 45 the competitive environment, consumers and markets, differences in economic and ideological objectives among channel members, etc., also lead to conflicts. In addition to external changes, market channel strategies adopted by channel members are also an important source of channel conflicts.		
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Conflicts in marketing channels stem from the domain definition and the extent to which other channel members accept it. The domain of channel members consists of three elements. They are: product range, population and territories served, and functions or duties to be performed. Differences in domain will automatically lead to conflicts among channel members. 4. (Conflicts in marketing channels stem from the domain definition and the extent to which other channel members accept it. The domain of channel members consists of three elements. They are product range, population and territories Channel Control 47 served, and functions or duties to be performed. Differences in domain will automatically lead to conflicts among channel members.		
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Vertical channel conflict Vertical channel conflicts occur between channel members operating at different levels within the same channel structure. For example,		Vertical channel conflicts Vertical channel conflicts occur between channel members operating at different levels within the same channel structure. For example,		
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conflict between manufacturer and distributors, when the manufacturer tries to enforce pricing and service policies on the distributor or expands distribution, is a type of vertical channel conflict. 6. (conflict between manufacturer and distributors, when the manufacturer tries to enforce pricing and Channel Control 50 Distribution Management, Channel Control and Selling service policies on the distributor or expands distribution, is a type of vertical channel conflict.		
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121/376	SUBMITTED TEXT	15 WORDS	85% MATCHING TEXT	15 WORDS
conflict arises between channel members operating at the same level within the channel structure.		conflict arises between channel members operating at the same level with in the channel structure.		
W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx				
122/376	SUBMITTED TEXT	18 WORDS	76% MATCHING TEXT	18 WORDS
channel conflict arises when the manufacturer has established two or more channels catering to the same market.		channel. Multichannel conflict exists when the manufacturer has established two or more channels that sell to the same market.		
W https://docplayer.net/8669197-Managing-channel-conflict-for-enhanced-organizational-performance.html				
123/376	SUBMITTED TEXT	87 WORDS	90% MATCHING TEXT	87 WORDS
Horizontal type of channel conflict arises between channel members operating at the same level within the channel structure. For example, a conflict between two franchisees over clash of domains comes under this type of conflict. 7. (c) Multi-channel Multi-channel conflict arises when the manufacturer has established two or more channels catering to the same market. For example, conflicts arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesalers by resorting to newer channels like the Internet or direct mail. 8. (Horizontal type of channel conflicts between channel members operating at the same level within the channel structure. For example, a conflict between two franchisees over clash of domains comes under this type of conflict. Multi-channel conflicts Multi-channel comes to pass when the manufacturer has established two or more channels catering to the same market. For example, conflicts arise between the manufacturer and wholesalers, when the manufacturer tries to bypass wholesaler"s by resorting to newer channels like the Internet or direct mail.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
124/376	SUBMITTED TEXT	20 WORDS	97% MATCHING TEXT	20 WORDS
conflict resolution mechanism based on the policies that channel leaders implement to resolve channel conflicts in a streamlined manner.		conflict resolution mechanism is based on the policies that channel leaders implement to resolve channel conflicts in a streamlined manner.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
125/376	SUBMITTED TEXT	64 WORDS	97% MATCHING TEXT	64 WORDS
Channel leader Frequent conflicts due to differences in role perceptions, goals and objectives forces channel members to take the help of channel leaders. Channel leadership can be effective only when the leader judiciously plans the channel control mix. Channel leaders can use positive reinforcement as well as negative reinforcement to ensure that channel members comply with formulated policies.		channel relationships. Frequent conflicts due to differences in role perceptions, goals and objectives forces channel members to take the help of channel leaders. Channel leadership can be effective only when the leader judiciously plans the channel control mix. Channel leaders can use positive reinforcement as well as negative reinforcement to ensure that channel members comply with formulated policies. 2.9.1		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				

126/376	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
Elements of Channel Information Systems 26.4 Impact of Information Systems on Channel Flow 26.5		Elements of Channel Information Systems, Impact of Information Systems on Channel Flow		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
127/376	SUBMITTED TEXT	18 WORDS	90% MATCHING TEXT	18 WORDS
the elements of channel information systems. ? Explain the impact of information systems on channel flow. ?		The Elements of Channel Information Systems. 31 ? The Impact of Information Systems on Channel Flow. 2.1		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
128/376	SUBMITTED TEXT	32 WORDS	98% MATCHING TEXT	32 WORDS
to preserve, collect, interpret, and transmit useful and timely information to respective channel members. The basic elements of a channel information system are hardware and networks and database for CIS.		to preserve, collect, interpret and transmit useful and timely information to respective channel members. The basic elements of a channel information system are a hardware and networks and database for CIS. 2.10.1		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
129/376	SUBMITTED TEXT	55 WORDS	100% MATCHING TEXT	55 WORDS
Hardware and Networks in an Information System Hardware and networks consist of software, computer components, programs and other related technologies that help efficient transmission of information among channel members. The hardware and networks used in information flow among channel members can be differentiated, based on applications, into business-to- business applications, retailing applications, business-to-consumer applications,		Hardware and Networks in an Information System Hardware and networks consist of software, computer components, programs and other related technologies that help efficient transmission of information among channel members. The hardware and networks used in information flow among channel members can be differentiated, based on applications, into: 1. Business-to-business applications 2. Retailing applications 3. Business-to-consumer applications 57 4.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
130/376	SUBMITTED TEXT	88 WORDS	97% MATCHING TEXT	88 WORDS
interactive applications for consumers. Business-to-business applications Information systems facilitate the transmission of relevant information among channel members within a distribution channel. Owing to increasing competition and changing consumer tastes, channel members have begun to cooperate and coordinate with each other, so that they can develop a competitive advantage through a distribution system. CIS facilitate the sharing of information among manufacturers, suppliers, wholesalers and retailers, improve inventory management, develop efficient production schedules, reduce transaction costs, help assortment planning, new product development and order processing and replenishment.		Interactive applications for consumers Let us elaborate these: 1. Business-to-Business Applications Information systems facilitate the transmission of relevant information among channel members within a distribution channel. Owing to increasing competition and changing consumer tastes, channel members have begun to cooperate and coordinate with each other so that they can develop a competitive advantage through a distribution system. CIS facilitate the sharing of information among manufacturers, suppliers, wholesalers and retailers, improve inventory management, develop efficient production schedules, reduce transaction costs, help assortment planning, new product development and order processing and replenishment. 2.		
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131/376	SUBMITTED TEXT	16 WORDS	96% MATCHING TEXT	16 WORDS
It is a variation of the continuous replenishment program used in the apparel industry. ECR		It is a variation of the continuous replenishment program used in the apparel industry a. ECR		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
132/376	SUBMITTED TEXT	24 WORDS	100% MATCHING TEXT	24 WORDS
helps integrate the process and communication of information about every transaction, right from product purchase at consumer level back to the manufacturer's level.		helps integrate the process and communication of information about every transaction, right from product purchase at consumer level back to the manufacturer"s level.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
133/376	SUBMITTED TEXT	111 WORDS	96% MATCHING TEXT	111 WORDS
Retailing applications Retailers use information systems to enhance communications between headquarters and retail outlets. Some retailers use computer-based networks running on proprietary software while some use satellite information networks to transmit information between different units. IT plays a critical role in enhancing in-store service for customers by providing value-added delivery services. It also helps retailers to configure their stores, prevent stockout and develop product assortments that give superior value to customers. A Retail Information System (RIS) involves software management and training, server and database technologies and wide and local area networking. IT-based systems extensively used in retailing applications are Shipping Container Marking technology (SCM) and Electronic Shelf Labels (ESL)		Retailing Applications Retailers use information system to enhance communications between headquarters and retail outlets. Some retailers use computer-based networks running on proprietary software while some use satellite information networks to transmit information between different units. IT plays a critical role in enhancing in-store service for customers by providing value-added delivery services. It also helps retailers to configure their stores, prevent stock-outs and develop product assortments that give superior value to customers. A retail information system (RIS) involves software management and training, server and database technologies and wide and local area networking. IT-based systems extensively used in retailing applications are Shipping Container Marking technology (SCM) and Electronic Shelf Labels (ESL) 3.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
134/376	SUBMITTED TEXT	31 WORDS	95% MATCHING TEXT	31 WORDS
Business-to-consumer online applications Companies use electronic sales channels to provide information to customers about products and services. These channels include online Internet services and interactive multimedia. For example,		Business-to-consumer online applications Companies use electronic sales channels to provide information to customers" about products and senders. These channels include online Internet services and interactive multimedia. For example,		
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135/376	SUBMITTED TEXT	75 WORDS	96% MATCHING TEXT	75 WORDS
	<p>applications Shopping through interactive multi-media has become an important marketing channel. Companies and retailers are increasingly using online information systems for mutual benefit. Unlike other information systems, online systems enable customers to respond to information in the form of queries or purchase orders. J.C.Penny, an American retail giant, uses Telaction, an interactive online shopping system that provides customers a virtual shopping experience from the comfort of their home. Customers access this system through</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>applications Shopping through interactive multimedia has become an important marketing channel. Companies and retailers are increasingly using online information systems for mutual benefit. Unlike other information systems, online systems enable customers to respond to information in the form of queries or purchase orders. J. C. Penny, an American retail giant, uses Telaction, an interactive online shopping system that provides customers a virtual shopping experience from the comfort of their home. Customers access this system through</p>	
136/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
	<p>cable television channel and obtain product information using a push-button telephone.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>cable television channel and obtain product information using a push-button telephone.</p>	
137/376	SUBMITTED TEXT	16 WORDS	62% MATCHING TEXT	16 WORDS
	<p>Flipkart partners with Tata for distribution of essential supplies during coronavirus lockdown", April 11, 2020, https://www.businessinsider.in/business/ecommerce/news/flipkart-partners-with-tata-for-distribution-of-essential-supplies-during-coronavirus-lockdown/</p> <p>W https://www.businessinsider.in/business/ecommerce/news/flipkart-partners-with-tata-for-distributi ...</p>		<p>Flipkart partners with Tata for distribution of essential supplies during coronavirus lockdown Advertisement IANS Apr 11, 2020, 13:27 IST Flipkart partners with Tata for distribution of essential supplies during coronavirus lockdown</p>	
138/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
	<p>Checkpoint Systems Partners with JCPenney to Provide Enhanced Shopping Experience",</p> <p>W https://www.prnewswire.com/news-releases/checkpoint-systems-partners-with-jcpenney-to-provide-enh ...</p>		<p>Checkpoint Systems Partners with JCPenney to Provide Enhanced Shopping Experience •</p>	
139/376	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
	<p>Hurst store are equipped with Checkpoint's 'InterACT Fitting Room' solution and</p> <p>W https://www.prnewswire.com/news-releases/checkpoint-systems-partners-with-jcpenney-to-provide-enh ...</p>		<p>Hurst store are equipped with Checkpoint's InterACT Fitting Room solution and</p>	
140/376	SUBMITTED TEXT	32 WORDS	100% MATCHING TEXT	32 WORDS
	<p>Private information service providers are also available. Customers can access such systems and collect information for a range of products and services. Information services like Dow Jones News Retrieval Service and</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Private information service providers are also available. Customers can access such systems and collect information for a range of products and services. Information services like Dow Jones News Retrieval Service and</p>	

141/376	SUBMITTED TEXT	60 WORDS	100% MATCHING TEXT	60 WORDS
<p>Service are well known in America. The diffusion of computer technology has become the major determinant for the success of online information services. Customers enter the product features and the system gives a list of products matching the criteria. If the customer decides to purchase a product, the information system directly sends the order to the manufacturer's shipping centre.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Service are well known in America. The diffusion of computer technology has become the major determinant for the success of online information services. Customers enter the product features and the system gives a list of products matching the criteria. If the customer decides to purchase a product, the information-system directly sends the order to the manufacturer"s shipping centre. 2.10.2</p>		
142/376	SUBMITTED TEXT	3 WORDS	100% MATCHING TEXT	3 WORDS
<p>https://www.prnewswire.com/news-releases/checkpoint-systems-partners-with-jcpenney-to-provide-enhanced-shopping-experience-301021858.html</p> <p>W https://www.prnewswire.com/news-releases/checkpoint-systems-partners-with-jcpenney-to-provide-enh...</p>		<p>https://www.prnewswire.com/news-releases/checkpoint-systems-partners-with-jcpenney-to-provide-enhanced-shopping-experience-301021858.html 11</p>		
143/376	SUBMITTED TEXT	63 WORDS	100% MATCHING TEXT	63 WORDS
<p>Databases for Channel Information Systems A company can achieve greater accuracy in results by using information stored in a database. However, data stored in databases has to be converted into useful information for distribution channels to become more efficient. In this section, we will discuss the importance of databases and their application by channel members in distribution channels.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Databases for Channel Information Systems A company can achieve greater accuracy in results by using information stored in a database. However, data stored in databases has to be converted into useful information for distribution channels to become more efficient. In this section, we will discuss the importance of databases and their application by channel members in distribution channels.</p>		
144/376	SUBMITTED TEXT	41 WORDS	97% MATCHING TEXT	41 WORDS
<p>Data warehousing Data warehousing involves copying and storing data from different operational databases into a centralized database, known as a data warehouse. Data warehousing allows employees from different departments to access information stored in the centralized database. This is</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Data Warehousing Data warehousing involves copying and storing data from different operational databases into a centralized database, known as a data warehouse. Channel Control 59 Data warehousing allows employees from different departments to access information stored in the centralized database. This is</p>		
145/376	SUBMITTED TEXT	59 WORDS	100% MATCHING TEXT	59 WORDS
<p>advancement on traditional operational databases where access to stored data was complicated and collection of relevant information by users was not easy. Information in a data warehouse is arranged so that it is comprehensible to the user, who can obtain information needed to solve a particular problem without wasting time scanning the mounds of information in the database.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>advancement on traditional operational databases where access to stored data was complicated and collection of relevant information by users was not easy. Information in a data warehouse is arranged so that it is comprehensible to the user, who can obtain information needed to solve a particular problem without wasting time scanning the mounds of information in the database</p>		

146/376**SUBMITTED TEXT**

222 WORDS

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222 WORDS

chain selling apparel for women, has used data warehousing to good effect. Retail database systems (RDM) Retail database management technology enables retailers to gather useful data about individual customers from the information base in an easy, cost-effective and simple manner. By giving a query, an employee of the retail chain, such as the chief financial officer, can access relevant information from the in-house database. In a very short time, the retail database system delivers the information in the form of customer analysis reports. Since RDM systems are updated every 24 hours, they provide up-to-date information about customers quickly. RDM also helps retailers divide customers into different segments, manage promotion campaigns and analyse results. Customer buying habits can also be evaluated at individual customer level. An in-house RDM system can provide retailers with information on the purchase patterns of customers in a given region so that promotional material can be developed to aid cross-shopping. For example, based on information obtained from an in-house database, the retailer can work out a special Father's day promotion campaign for all customers coming under the same postal code, and who have purchased gifts on Mother's day. An RDM system can provide retailers with information that allows them to categorize customers into various types like window shoppers and those who actually purchase a product.

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chain selling apparel for women, has used data warehousing to good effect. Retail Database Systems (RDM) Retail database management technology enables retailers to gather useful data about individual customers from the information base in an easy, cost-effective and simple manner. By giving a query, an employee of the retail chain, such as the chief financial officer, can access relevant information from the in-house database. In a very short time, the retail database system delivers the information in the form of customer analysis reports. Since RDM systems are updated every 24 hours, they provide up-to-date information about customers quickly. RDM also helps retailers divide customers into different segments, manage promotion campaigns and analyse results. Customer buying habits can also be evaluated at individual customer level. An in-house RDM system can provide retailers with information on the purchase patterns of customers in a given region so that promotional material can be developed to aid cross-shopping. For example, based on information obtained from an in-house database, the retailer can work out a special Father's day promotion campaign for all customers coming under the same postal code, and who have purchased gifts on Mother's day. An RDM system can provide retailers with information that allows them to categorize customers into various types like window shoppers and those who actually purchase a product.

147/376**SUBMITTED TEXT**

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Let us now discuss some information management systems in use at present. Precision Code It is a Windows NT geocoding system used by retailers in the US. It categorizes

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Let us now discuss some information management systems in use at present. Precision Code It is a Windows NT geocoding system used by retailers in the US. It categorizes

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based on geographic region. Using a Qualitative Marketing Software geocoding engine, it calculates the address or intersection latitude and longitude coordinates of customers. It then adds these coordinates and market segmentation codes from leading segmentation packages to customer address files. Thus, the information system standardizes customer address records (modifies street, city, and state names within the customer's file) to adhere to United States Postal Service (USPS) standards. Data designs for healthcare This is a Windows 95-based database management system designed specifically for the health-care industry. It enables health-care professionals to gather and compile data from different information systems into a single database. Data designs combines patient, physician and contract information into a single file. It also assesses medical plans, contracts and claim proposals. The system evaluates physicians for consistency across contracts, categorizes and monitors patients into groups for specific diagnosis and makes outcome comparisons. Archer Retail Database Marketing System 4.2 (ARDMS) Retail Target Marketing Systems, an American software solutions provider, developed Archer Retail Database Marketing System 4.2 (ARDMS), an information system designed for large retail companies. ARDMS is a decision support system enabling retailers to develop individualized marketing programs for customers based on current customer information and buying patterns. Retailers can also segregate customers into segments, transfer data, organize promotion campaigns, and so on. Another example of a company making use of information systems to improve customer service down the channel is Toyota Motor Sales Corporation. In the USA, Toyota uses a centralized database system and surveys to collect information from dealers about customers' service experiences. All dealers are required to link their databases to the centralized database. Dealers are provided with survey results so that they can improve their operations.

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based on geographic region. Using a Qualitative Marketing Software geocoding engine, it calculates the address or intersection latitude and longitude coordinates of customers. It then adds these coordinates and market segmentation codes from leading segmentation packages to customer address files. Thus, the information system standardizes customer address records Channel Control 60 Distribution Management, Channel Control and Selling (modifies street, city, and state names within the customer's file) to adhere to United States Postal Service (USPS) standards. Data designs for healthcare This is a Windows 95-based database management system designed specifically for the health-care industry. It enables health-care professionals to gather and compile data from different information systems into a single database. Data Designs combines patient, physician and contract information into a single file. It also assesses medical plans, contracts and claim proposals. The system evaluates physicians for consistency across contracts, categorizes and monitors patient's into groups for specific diagnosis and makes outcome comparisons. Archer Retail Database Marketing System 4.2 (ARDMS) Retail Target Marketing Systems, an American software solutions provider, developed Archer Retail Database Marketing System 4.2 (ARDMS), an information system designed for large retail companies. ARDMS is a decision support system enabling retailer to develop individualized marketing programs for customer's based on current customer information and buying patterns. Retailers can also segregate customers into segments, transfer data, and organize promotion campaigns and so on. Another example of a company making use of information systems to improve customer service down the channel is Toyota Motor Sales Corporation. In the USA, Toyota uses a centralized database system and surveys to collect information from dealer's about customers service experiences. All dealers are required to link their databases to the centralized database. Dealers are provided with survey results so that they can improve their operations.

149/376

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Data gathered at various channel levels can be used to improve the management of functions at other channel levels. Data collection requires the development of a well-designed and efficient database. A company can use its database to formulate customer-retention and product-promotion strategies, improve customer service, study consumer behaviour patterns and keep track of sales at different outlets across the world on a periodic basis.

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Data gathered at various channel levels can be used to improve the management of functions at other channel levels. Data collection requires the development of a well-designed and efficient database. A company can use its database to formulate customer-retention and product-promotion strategies, improve customer service, study consumer behaviour patterns and keep track of sales at different outlets across the world on a periodic basis.

150/376	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
	Retail database management technology enables retailers to gather useful data about individual customers from the information base.		Retail database management technology enables retailers to gather useful data about individual customers from the information base	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
151/376	SUBMITTED TEXT	102 WORDS	100% MATCHING TEXT	102 WORDS
	Impact of Information Systems on Channel Flow With the advent of information systems, companies have adopted numerous methods through which products can be delivered to the consumer or end-user. Gone are the days when manufacturers circulated their products through traditional relationships with distributors or a group of exclusive dealers. Companies can use CIS to improve channel functions and flow. Implementing a channel information system can affect channel flow, right from inventory holding to ordering and payment. Efficient performance of channel functions improves channel flow, which leads to lower costs of operating the channel, reduction in channel conflicts and gaining competitive advantage.		Impact of Information Systems on Channel Flow With the advent of information systems, companies have adopted numerous methods through which products can be delivered to the consumer or end-user. Gone are the days when manufacturers circulated their products through traditional relationships with distributors or a group of exclusive dealers. Companies can use CIS to improve channel functions and flow. Implementing a channel information system can affect channel flow, right from inventory holding to ordering and payment. Efficient performance of channel functions improves channel flow, which leads to lower costs of operating the channel, reduction in channel conflicts and gaining competitive advantage.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
152/376	SUBMITTED TEXT	54 WORDS	100% MATCHING TEXT	54 WORDS
	ways in which information systems impact channel flow. 26.4.1 Transaction Flow Inter-organizational systems using IT have influenced channel distribution significantly. Electronic Data Interchange (EDI) systems, a category of		ways in which information systems impact channel flow. 2.11.1 Transaction Flow Inter-organizational systems using IT have influenced channel distribution significantly. Electronic Data Interchange (EDI) systems, a category of	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
153/376	SUBMITTED TEXT	68 WORDS	92% MATCHING TEXT	68 WORDS
	inter-organizational systems, facilitate the flow of products and services between channel members. EDI involves electronic exchange of purchase orders, invoices, shipping manifests and other business documents between retailer and supplier computer systems. It has proven more efficient than mailing or faxing documents and entering them manually later. EDI greatly reduces errors that occur when information is manually entered. Many organizations have therefore turned to EDI systems.		inter-organizational systems, facilitate the flow of products and services between channel members. EDI involves electronic exchange of purchase orders, invoices, shipping manifests and other business documents between retailer and supplier computer systems. It has proven more efficient than mailing or faxing documents Channel Control Channel Control 62 Distribution Management, Channel Control and Selling and entering them manually later. EDI greatly reduces errors that occur when information is manually entered. Many organizations have therefore turned to EDI systems.	
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154/376	SUBMITTED TEXT	19 WORDS	57% MATCHING TEXT	19 WORDS
<p>The data is used to improve recommendation algorithms, personalise search experiences, and even understand what private-label items to</p>		<p>The data is used to optimize recommendation algorithms, customize search experiences, and even learn from third-party merchants what private-label products to</p>		
<p>W https://hbr.org/2021/10/network-based-platforms-must-be-regulated-but-how</p>				
155/376	SUBMITTED TEXT	106 WORDS	100% MATCHING TEXT	106 WORDS
<p>EDI systems improve the speed and accuracy of transactions between channel members and provide complete data on channel transactions. Faster transactions reduce order processing times. This improves channel flow through better flow of goods between channel members. Quick response is a source of competitive advantage to downstream channel members. For example, General Electric (GE) uses electronic data transmission systems to help its independent appliance dealers compete with category specialists like Circuit City. GE delivers products directly to customers from its warehouses within 24 hours of order entry into GE's computerized system. This has helped independent appliance dealers to maintain minimal inventory levels, reducing operational costs.</p>		<p>EDI systems improve the speed and accuracy of transactions between channel members and provide complete data on channel transactions. Faster transactions reduce order processing times. This improves channel flow through better flow of goods between channel members. Quick response is a source of competitive advantage to downstream channel members. For example, General Electric (GE) uses electronic data transmission systems to help its independent appliance dealers compete with category specialists like Circuit City. GE delivers products directly to customers from its warehouses within 24 hours of order entry into GE's computerized system. This has helped independent appliance dealers to maintain minimal inventory levels, reducing operational costs. 2.11.2</p>		
<p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>				
156/376	SUBMITTED TEXT	20 WORDS	100% MATCHING TEXT	20 WORDS
<p>EDI systems improve the speed and accuracy of transactions between channel members and provide complete data on channel transactions.</p>		<p>EDI systems improve the speed and accuracy of transactions between channel members and provide complete data on channel transactions.</p>		
<p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>				
157/376	SUBMITTED TEXT	66 WORDS	100% MATCHING TEXT	66 WORDS
<p>Inventory Flow Information systems have a marked influence on inventory management of channel members. Efficient processing and flow of information is crucial for wholesalers, suppliers and retailers, as it can give competitive advantage. Better information flow leads to better inventory management. This helps channel partners shore-up bottom lines, especially in the retail industry where most channel members make significant investments in stocking goods.</p>		<p>Inventory Flow Information systems have a marked influence on inventory management of channel members. Efficient processing and flow of information is crucial for wholesalers, suppliers and retailers, as it can give competitive advantage. Better information flow leads to better inventory management. This helps channel partners shore-up bottom lines, especially in the retail industry where most channel members make significant investments in stocking goods.</p>		
<p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>				

Continuous Replenishment Program (CRP) is an inventory management method using information systems. CRP advocates increased information sharing so that products are delivered on time at the right place with maximum accuracy. When such sizeable information is transmitted across channel members with speed and accuracy, the transit time become minimal. This leads to lower product refusal and returns. CRP also reduces the costs of transportation planning and invoicing, contributing to smoother flow of various channel functions. CRP, however, has to be compatible with the processes of different channel partners and aligned with their business objectives. The software and hardware must be customized. Toshiba America Information Systems Inc, a California-based information systems developer, has designed a web-based configuration and ordering system for its channel partners. Distributors and Value-Added Resellers (VARs) can ask the company to ship products directly to customers without having to stock products. Toshiba plans to use the configuration system to reduce inventory levels down to two weeks and deliver standard Stock Keeping Units (SKUs) in a week's time. The system will make the ordering process easier for resellers and enable Toshiba to ship products directly to customers.

26.4.3 Distribution Flow Information systems have improved product flow from the manufacturer to retail stores. A typical case is Pepsi Pennsauken, one of PepsiCo's biggest bottlers in the US. At Pepsi Pennsauken, wireless technology has helped the company save thousands of dollars and its reputation too. The bottler had a problem of not being able to receive sales orders in time from its sales personnel. With New Age teas, juices and waters competing for market share, the situation was grim for PepsiCo. Generally, bottlers sell soft drinks to retailers either on a route-sales basis (where drivers travel on specified routes, take orders from retailers and deliver cases on the spot) or pre-sell (where sales personnel take orders in advance and deliver them the following day). Every weekend, the bottling company had a backlog of 30,000 to 40,000 cases because the sales reps and route drivers could not communicate order details back to the company over the telephone because of busy signals. To overcome this, Pepsi Pennsauken gave its sales reps and route driver's hand-held computers that instantly transmitted information to distribution centres over a wireless network. The distribution centre had access to data, moments after it was sent from the retail outlet. Thus, by the time the drivers returned, their delivery schedule was ready. This enabled Pepsi Pennsauken to reduce its fleet from 39 trucks to 19. There was also a 25% increase in labour efficiency and the company was able to deliver orders within 24 hours.

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Continuous Replenishment Program (CRP) is an inventory management method using information systems. CRP advocates increased information sharing so that products are delivered on time at the right place with maximum accuracy. When such sizeable information is transmitted across channel members with speed and accuracy, the transit time become minimal. This leads to lower product refusal and returns. CRP also reduces the costs of transportation planning and invoicing, contributing to smoother flow of various channel functions. CRP, however, has to be compatible with the processes of different channel partners and aligned with their business objectives. The software and hardware must be customized. 63 Toshiba America Information Systems Inc., a California-based information systems developer, has designed a web-based configuration and ordering system for its channel partners. Distributors and value-added resellers (VARs) can ask the company to ship products directly to customers without having to stock products. Toshiba plans to use the configuration system to reduce inventory levels down to two weeks and deliver standard stock keeping units (SKUs) in a week's time. The system will make the ordering process easier for resellers and enable Toshiba to ship products directly to customers.

2.11.3 Distribution Flow Information systems have improved product flow from the manufacturer to retail stores. A typical case is Pepsi Pennsauken, one of PepsiCo's biggest bottlers in the US. At Pepsi Pennsauken, wireless technology has helped the company save thousands of dollars and its reputation too. The bottler had a problem of not being able to receive sales orders in time from its sales personnel. With New Age teas, juices and waters competing for market share, the situation was grim for PepsiCo. Generally, bottlers sell soft drinks to retailers either on a route-sales basis (where drivers travel on specified routes, take orders from retailers and deliver cases on the spot) or pre-sell (where sales personnel take orders in advance and deliver them the following day). Every weekend, the bottling company had a backlog of 30,000 to 40,000 cases because the sales reps and route drivers could not communicate order details back to the company over the telephone because of busy signals. To overcome this, Pepsi Pennsauken gave its sales reps and route driver's hand-held computers that instantly transmitted information to distribution centres over a wireless network. The distribution centre had access to data, moments after it was sent from the retail outlet. Thus, by the time the drivers returned, their delivery schedule was ready. This enabled Pepsi Pennsauken to reduce its fleet from 39 trucks to 19. There was also a 25% increase in labour efficiency and the company was able to deliver orders within 24 hours.

to exchange messages with 1 million preconnected trading partners (suppliers, logistics service providers, and contract manufacturers).

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W [https://www.forbes.com/sites/stevebanker/2021/04/20/business-to-everything-integration-supports-agi ...](https://www.forbes.com/sites/stevebanker/2021/04/20/business-to-everything-integration-supports-agi-...)

160/376	SUBMITTED TEXT	27 WORDS	83% MATCHING TEXT	27 WORDS
	<p>application programs that facilitate channel flow. One such is Vital Suite 3.0 developed by International Network Services, a California- based network and business solutions provider.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>application programs that facilitate channel flow. One such is Vital Suite 3.0 developed by International Channel Control 64 Distribution Management, Channel Control and Selling Network Services, a California- based network and business solutions provider.</p>	
161/376	SUBMITTED TEXT	43 WORDS	96% MATCHING TEXT	43 WORDS
	<p>Vital Suite 3.0 contains a Business Transaction Management System that helps identify and keep track of transactions using sales-order automation, supply-chain management, order fulfillment and other applications. The software also helps identify causes of slowdown in transactions and related performance issues.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Vital Suite 3.0 contains a Business Transaction Management System that helps identify and keep track of transactions using sales-order automation, supply-chain management, order fulfillment and other applications. The software also helps identify causes of slowdown in transactions and related performance issues. 2.11.4</p>	
162/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
	<p>Information systems have improved product flow from the manufacturer to retail stores.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Information systems have improved product flow from the manufacturer to retail stores.</p>	
163/376	SUBMITTED TEXT	10 WORDS	100% MATCHING TEXT	10 WORDS
	<p>How Walmart Canada Uses Blockchain to Solve Supply-Chain Challenges”,</p> <p>W https://hbr.org/2022/01/how-walmart-canada-uses-blockchain-to-solve-supply-chain-challenges</p>		<p>How Walmart Canada Uses Blockchain to Solve Supply-Chain Challenges</p>	

164/376	SUBMITTED TEXT	215 WORDS	97% MATCHING TEXT	215 WORDS
<p>Promotional Flow Information systems are also useful to improve a channel's promotional efforts. Direct marketers have used databases for a long time to send catalogues and other promotional material to prospective buyers. Many companies use electronic- based promotional systems nowadays. E-based systems help channel members identify and customize promotional activities aimed at customers. For example, Procter & Gamble, with the help of Philips Consumer Electronics, placed point- of-sale kiosks in Boots and Tesco supermarkets throughout the UK. P&G developed these kiosks exclusively to promote their new 'Oil of Olay' colour cosmetics line. Each kiosk is tailor-made to suit the consumer profile of each store and is staffed by a colour consultant from P&G or the concerned retailer. Consumers enter their personal details at these kiosks and get suggestions about products suitable to their skin types and complexion. 26.4.5 Negotiation Flow</p> <p>Negotiations between channel members have also changed due to the adoption of different information systems. New technologies like EDI, Quick Response System, Continuous Replenishment Program, Efficient Consumer Response etc., have led to channel members discarding old-fashioned negotiation methods. Upstream channel members are aware of information on consumer tastes, product specifications and delivery schedules. Similarly, downstream channel members get to know of the costs and difficulties of production and distribution. This has</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Promotional Flow Information systems are also useful to improve a channel's promotional efforts. Direct marketers have used databases for a long time to send catalogues and other promotional material to prospective buyers. Many companies use electronic-based promotional systems nowadays. E-based systems help channel members identify and customize promotional activities aimed at customers. For example, Procter & Gamble, with the help of Philips Consumer Electronics, placed point-of-sale kiosks in Boots and Tesco supermarkets throughout the UK. P & G developed these kiosks exclusively to promote their new „Oil of Ulay" colour cosmetics line. Each kiosk is tailor-made to suit the consumer profile of each store and is staffed by a colour consultant from P&G or the concerned retailer. Consumers enter their personal details at these kiosks and get suggestions about products suitable to their skin types and complexion. Negotiations between channel members have also changed due to the adoption of different information systems. New technologies like EDI, Quick Response System, Continuous Replenishment Program, Efficient Consumer Response etc., have led to channel members discarding old-fashioned negotiation methods. Upstream channel members are aware of information on consumer tastes, product specifications and delivery schedules. Similarly, downstream channel members get to know of the costs and difficulties of production and distribution. has</p>		
165/376	SUBMITTED TEXT	44 WORDS	100% MATCHING TEXT	44 WORDS
<p>led to retailers consciously demanding the best prices and quality products. Mass merchandisers and manufacturers also want to reap the advantages that retailers and vendors have, by negotiating for changes in prices and delivery schedules. Channel members are able to spend more time</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>led to retailers consciously demanding the best prices and quality products. Mass merchandisers and manufacturers also want to reap the advantages that retailers and vendors have, by negotiating for changes in prices and delivery schedules. Channel members are able to spend more time. 65</p>		
166/376	SUBMITTED TEXT	5 WORDS	100% MATCHING TEXT	5 WORDS
<p>how-walmart-canada-uses-blockchain-to-solve-supply-chain-challenges 26.4.4</p> <p>W https://hbr.org/2022/01/how-walmart-canada-uses-blockchain-to-solve-supply-chain-challenges</p>		<p>How Walmart Canada Uses Blockchain to Solve Supply-Chain Challenges</p>		
167/376	SUBMITTED TEXT	18 WORDS	91% MATCHING TEXT	18 WORDS
<p>and bargaining. Negotiations between channel members have also changed due to the adoption of different information systems.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>and complexion. Negotiations between channel members have also changed due to the adoption of different information systems.</p>		

168/376	SUBMITTED TEXT	25 WORDS	56% MATCHING TEXT	25 WORDS
	a machine evaluates the aspects that are adjustable in a supplier contract and conducts bargaining via email or chat, is giving procurement teams even		a machine determines the factors that are negotiable in a supplier contract and carries out negotiations over email or a chat interface—is giving procurement teams even	
	W https://www.forbes.com/sites/martinrand/2021/07/06/digital-sourcing-is-the-future-of-procurement- ...			
169/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	digital-sourcing-is-the-future-of- procurement-but-will-e-auctions-or-autonomous-negotiations-dominate/?		Digital Sourcing Is The Future Of Procurement, But Will E-Auctions Or Autonomous Negotiations Dominate?	
	W https://www.forbes.com/sites/martinrand/2021/07/06/digital-sourcing-is-the-future-of-procurement- ...			
170/376	SUBMITTED TEXT	63 WORDS	97% MATCHING TEXT	63 WORDS
	Impact of Information Systems on Channel Relationships Companies are building powerful information systems to serve customer needs better, and in the process, developing the marketing channel as a source of differentiation and competitive advantage. The necessity for detailed information about customer needs has tilted the scales in favour of downstream channel members, especially retailers, as they are in direct contact with customers.		IMPACT OF INFORMATION SYSTEMS ON CHANNEL RELATIONSHIPS Companies like Kao Corporation are building powerful information systems to serve customer needs better, and in the process, developing the marketing channel as a source of differentiation and competitive advantage. The necessity for detailed information about customer needs has tilted the scales in favour of downstream channel members, especially retailers, as they are in direct contact with customers.	
	W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx			
171/376	SUBMITTED TEXT	107 WORDS	99% MATCHING TEXT	107 WORDS
	the impact of channel information systems on channel power, conflict, cooperation and coordination. 26.5.1 Power IT has become the single-most important factor to change the dynamics of power among channel members in a given value-chain. This shift in power is somewhat difficult to comprehend because of the various ways in which power can be defined and measured. Power over channel members may be in the form of economic power or bargaining power. The sources of power (referent, coercive, reward, legitimate and expertise) and the relationships between channel members (supplier-retailer, wholesaler-retailer, supplier-wholesaler), also add to the difficulty in understanding power shifts in a channel.		The impact of channel information systems on channel power, conflict, cooperation and coordination discusses below. Power IT has become the single-most important factor to change the dynamics of power among channel members in a given value-chain. This shift in power is somewhat difficult to comprehend because of the various ways in which power can be defined and measured. Power over channel members may be in the form of economic power or bargaining power. The sources of power (referent, coercive, reward, legitimate and expertise) and the relationships between channel members (supplier-retailer, wholesaler-retailer, supplier-wholesaler) also add to 18 the difficulty in understanding power shifts in a channel.	
	W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx			
172/376	SUBMITTED TEXT	34 WORDS	100% MATCHING TEXT	34 WORDS
	The traditional channel roles of manufacturers, wholesalers and retailers have changed after customer information systems were put in place. Point-of-sale systems were primarily responsible for the shift in power from manufacturer to		The traditional channel roles of manufacturers, wholesalers and retailers have changed after customer information systems were put in place. Point -of-sale systems were primarily responsible for the shift in power from manufacturer to	
	W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx			

173/376	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
	retailer. These systems enabled retailers to collect first-hand information about customers' tastes and shopping behaviour.		retailer. These systems enabled retailers to collect first-hand information about customers' tastes and shopping behaviour.	
	W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx			
174/376	SUBMITTED TEXT	21 WORDS	100% MATCHING TEXT	21 WORDS
	Many retailers are using point-of-sale systems and frequent-shopper programs to collect valuable information on customers, to develop customer information systems.		Many retailers are using point-of-sale systems and frequent-shopper programs to collect valuable information on customers, to develop customer information systems.	
	W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx			
175/376	SUBMITTED TEXT	198 WORDS	100% MATCHING TEXT	198 WORDS
	Conflict Channel conflict takes place when there is a difference in the roles that channel members are expected to perform. Channel conflicts may be vertical, horizontal or multi-channel in nature. Conflict among channel members may arise due to several reasons. It may arise because of goal incompatibility, differences in perception or dominance of a channel member over others. To reduce the probability of conflicts, it is necessary that the roles and rights of all channel members are clearly specified. Information systems play a major role in transmitting information about the activities of different channel members in a timely manner. This reduces the possibility of incompatibility of roles. In the absence of an information system, the manufacturer may ship a wrong consignment or the shipment may not arrive on time. In both cases, the retailer has to face a stock-out situation, which will be detrimental to the store's reputation. Sometimes, the retailer places orders at the last minute or keeps changing the order quantity or assortment. It then becomes difficult for the supplier to deliver the required order on time. These problems can be avoided by using information systems to facilitate regular information exchange between channel members.		Conflict Channel conflict takes place when there is a difference in the roles that channel members are expected to perform. Channel conflicts may be vertical, horizontal or multi-channel in nature. Conflict among channel members may arise due to several reasons. It may arise because of goal incompatibility, differences in perception or dominance of a channel member over others. To reduce the probability of conflicts, it is necessary that the roles and rights of all channel members are clearly specified. Information systems play a major role in transmitting information about the activities of different channel members in a timely manner. This reduces the possibility of incompatibility of roles. In the absence of an information system, the manufacturer may ship a wrong consignment or the shipment may not arrive on time. In both cases, the retailer has to face a stock-out situation, which will be detrimental to the store's reputation. Sometimes the retailer places orders at the last minute or keeps changing the order quantity or assortment. It then becomes difficult for the supplier to deliver the required order on time. These problems can be avoided by using information systems to facilitate regular information exchange between channel members.	
	W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx			
176/376	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
	Digital Sourcing Is The Future Of Procurement, But Will E-Auctions Or Autonomous Negotiations Dominate?",		Digital Sourcing Is The Future Of Procurement, But Will E-Auctions Or Autonomous Negotiations Dominate?	
	W https://www.forbes.com/sites/martinrand/2021/07/06/digital-sourcing-is-the-future-of-procurement- ...			
177/376	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
	Why Qr Code Scanning Will Be At The Forefront Of Retail Success This Holiday",		Why QR Code Scanning Will Be At The Forefront Of Retail Success This Holiday	
	W https://www.forbes.com/sites/niallmurphy/2020/11/07/why-qr-code-scanning-will-be-at-the-forefront ...			

178/376

SUBMITTED TEXT

74 WORDS

100% MATCHING TEXT

74 WORDS

Cooperation and Coordination CIS have changed the way channel members operate by influencing the traditional relationships between channel members. It facilitates channel coordination and permits channel members to adopt mutually acceptable goals that supersede individual goals. Earlier, channel members made every effort to get the best bargain from each individual transaction with other channel members. Information systems have changed this. One can gain the full benefits of information systems only when

Cooperation and Coordination CIS have changed the way channel members operate by influencing the traditional relationships between channel members. It facilitates channel coordination and permits channel members to adopt mutually acceptable goals that supersede individual goals. Earlier, channel members made every effort to get the best bargain from each individual transaction with other channel members. Information systems have changed this. One can gain the full benefits of information systems when

W <https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx>

179/376

SUBMITTED TEXT

265 WORDS

99% MATCHING TEXT

265 WORDS

Information Systems 61 channel members cooperate and coordinate with each other. This has led to channel members looking at the interests of the channel as a whole and not just themselves. Collective goals have superseded individual goals. Information systems have led to sharing of data, which has facilitated the growth of 'information partnerships'. Cooperation Channels differ based on the extent of cooperation between channel members. Some channel members cooperate informally without formal commitments while negotiating channel transactions. These channels are more or less similar to conventional channels in their mode of operation. A higher degree of cooperation among channel members gives rise to consensus. Vertical and horizontal channel systems represent the highest level of formal cooperation and coordination among channel members. Channels can also be differentiated based on the type of channel members. In horizontal cooperation, channel members of the same type cooperate with each other. For example, a retailer cooperates with another retailer. In inter-type channel cooperation, different types of channel members operating at the same level cooperate with each other. For example, a discount store cooperates with a department store. Vertical cooperation involves cooperation between channel members at different levels in the channel. For instance, cooperation between a manufacturer and a wholesaler. Another variant is channel system cooperation. Here, cooperation takes place between types of channel systems. It is widely seen in multi-channel systems. For example, the traditional distribution system for one product cooperates with the direct selling system for another product. Coordination Companies begin their quest for channel coordination by trying to acquire other channel members across the channel.

information systems only when channel members cooperate and coordinate with each other. This has led to channel members looking at the interests of the channel as a whole and not just themselves. Collective goals have superseded individual goals. Information systems have led to sharing of data, which has facilitated the growth of 'information partnerships'. Cooperation Channels differ based on the extent of cooperation between channel members. Some channel members cooperate informally without formal commitments while negotiating channel transactions. These channels are more or less similar to conventional channels in their mode of operation. A higher degree of cooperation among channel members gives rise to consensus. Vertical and horizontal channel systems represent the highest level of formal cooperation and coordination among channel members. Channels can also be differentiated based on the type of channel members. In horizontal cooperation, channel members of the same type cooperate with each other. For example, a retailer cooperates with another retailer. In inter-type channel cooperation, different types of channel members operating at the same level cooperate with each other. For example, a discount store cooperates with a department store. Vertical cooperation involves cooperation between channel members at different levels in the channel. For instance, cooperation between a manufacturer and a wholesaler. Another variant is channel system cooperation. Here, cooperation takes place between types of channel systems. It is widely seen in multi-channel systems. For example, the traditional distribution system for one product cooperates with the direct selling system for another product. Coordination Companies begin their quest for channel coordination by trying to acquire other channel members across the channel.

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180/376	SUBMITTED TEXT	92 WORDS	100% MATCHING TEXT	92 WORDS
<p>In general, information system-based coordination or partnerships are divided into four major categories -- joint marketing partnerships, intra-industry partnerships, customer-supplier partnerships and IT vendor-driven partnerships. We will focus our discussion on coordination between channel members within a channel. Information systems have been used in different ways to enhance coordination among members at all levels across the value-chain, be it manufacturers- wholesalers, manufacturers-suppliers, companies-dealers/agents, etc.</p> <p>W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx</p>		<p>In general, information system-based coordination or partnerships are divided into four major categories - joint marketing partnerships, intra-industry partnerships, customer-supplier partnerships and IT vendor-driven partnerships. We will focus our discussion on coordination between channel members within a channel. Information systems have been used in different ways to enhance coordination among members at all levels across the value-chain, be it manufacturers-wholesalers, manufacturers-suppliers, companies-dealers/agents, etc. 19</p>		
181/376	SUBMITTED TEXT	57 WORDS	100% MATCHING TEXT	57 WORDS
<p>Information flow in a distribution channel cannot be separated from product flow. Unless an effective communication system unites channel members, coordination is difficult. Efficiency of physical distribution will also be impossible to achieve. Hence, it is necessary to share and transmit information efficiently and on a timely basis to plan and coordinate physical product flow adequately.</p> <p>W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx</p>		<p>Information flow in a distribution channel cannot be separated from product flow. Unless an effective communication system unites channel members, coordination is difficult. Efficiency of physical distribution will also be impossible to achieve. Hence, it is necessary to share and transmit information efficiently and on a timely basis to plan and coordinate physical product flow adequately. 20</p>		
182/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
<p>why-qr-code-scanning-will-be-at-the- forefront-of-retail-success-this-holiday/?</p> <p>W https://www.forbes.com/sites/niallmurphy/2020/11/07/why-qr-code-scanning-will-be-at-the-forefront ...</p>		<p>Why QR Code Scanning Will Be At The Forefront Of Retail Success This Holiday</p>		
183/376	SUBMITTED TEXT	9 WORDS	100% MATCHING TEXT	9 WORDS
<p>business-to-business applications, retailing applications, business to consumer applications</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Business-to-business applications 2. Retailing applications 3. Business-to-consumer applications 57 4.</p>		
184/376	SUBMITTED TEXT	17 WORDS	75% MATCHING TEXT	17 WORDS
<p>and transmits useful and timely information to respective channel members. Explain the elements of channel information</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>and transmit useful and timely information to respective channel members. The basic elements of a channel information</p>		
185/376	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>Implementing a channel information system can affect channel flow, right from inventory holding to ordering and payment.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Implementing a channel information system can affect channel flow, right from inventory holding to ordering and payment.</p>		

186/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	companies/godrej-consumer-keen-to-strengthen-leadership-in- household-insecticides/		Companies Godrej Consumer keen to strengthen leadership in household insecticides	
	W https://www.thehindubusinessline.com/companies/godrej-consumer-keen-to-strengthen-leadership-in-h ...			
187/376	SUBMITTED TEXT	19 WORDS	100% MATCHING TEXT	19 WORDS
	IT-based systems extensively used in retailing applications are Shipping Container Marking technology (SCM) and Electronic Shelf Labels (ESL).		IT-based systems extensively used in retailing applications are Shipping Container Marking technology (SCM) and Electronic Shelf Labels (ESL) 3.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
188/376	SUBMITTED TEXT	17 WORDS	76% MATCHING TEXT	17 WORDS
	the process and communicates information from product purchase at consumer level back to the manufacturer's level.		the process and communication of information about every transaction, right from product purchase at consumer level back to the manufacturer"s level.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
189/376	SUBMITTED TEXT	22 WORDS	100% MATCHING TEXT	22 WORDS
	Retail database management technology enables retailers to gather useful data about individual customers from the information base in an easy, cost-effective		Retail database management technology enables retailers to gather useful data about individual customers from the information base in an easy, cost- effective	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
190/376	SUBMITTED TEXT	15 WORDS	96% MATCHING TEXT	15 WORDS
	Negotiations between channel members have changed due to the adoption of different information systems.		Negotiations between channel members have also changed due to the adoption of different information systems.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
191/376	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
	This has led to retailers consciously demanding the best prices and quality products. 6. (This has led to retailers consciously demanding the best prices and quality products.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			

192/376	SUBMITTED TEXT	42 WORDS	100% MATCHING TEXT	42 WORDS
<p>Electronic Data Interchange (EDI) systems, a category of inter-organizational systems, facilitate the flow of products and services between channel members. EDI involves electronic exchange of purchase orders, invoices, shipping manifests and other business documents between retailer and supplier computer systems.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Electronic Data Interchange (EDI) systems, a category of inter-organizational systems, facilitate the flow of products and services between channel members. EDI involves electronic exchange of purchase orders, invoices, shipping manifests and other business documents between retailer and supplier computer systems.</p>		
193/376	SUBMITTED TEXT	31 WORDS	100% MATCHING TEXT	31 WORDS
<p>Wholesaling and its Importance 27.4 Types of Wholesalers 27.5 Strategic Issues in Wholesaling 27.6 Trends Shaping Wholesale Distribution 27.7 Impact of Information Technology on Wholesaling 27.8 Challenges in Wholesaling 27.9</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Wholesaling and its Importance, Types of Wholesalers, Strategic Issues in Wholesaling, Trends Shaping Wholesale Distribution, Impact of Information Technology on Wholesaling, Challenges in Wholesaling,</p>		
194/376	SUBMITTED TEXT	174 WORDS	97% MATCHING TEXT	174 WORDS
<p>Distribution channels typically consist of individuals and marketing organizations that assist in the flow of goods and services from the producer to the consumer. As goods and services flow from the producer to the consumer, they pass through several intermediaries in the form of wholesalers, retail outlets, etc. Wholesalers purchase the goods from the manufacturer. Retail outlets like departmental stores and supermarkets then purchase the goods from these wholesalers. And consumers buy the goods from the retail outlets. Unit 27: Wholesaling 71 Thus, wholesalers are individuals or organizations that specialize in procuring goods from the producers and making them available to the lower level intermediaries in the distribution channel. Wholesalers act as facilitators for distributing goods and products. Of the various intermediaries in the distribution channel, it is the wholesalers who form the vital link between the manufacturers and the resellers. By taking up the distribution of goods produced by the manufacturer, a wholesaler allows the manufacturer to concentrate on production and other vital aspects that contribute to improving his profitability.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Distribution channels typically consist of individuals and marketing organizations mat assist in the flow of goods and services from the producer to the consumer. As goods and services flow from the producer to the consumer, they pass through several intermediaries in the form of wholesalers, retail outlets, etc. Wholesalers purchase the goods from the manufacturer. Retail outlets like departmental stores and supermarkets then purchase the goods from these wholesalers. And consumers buy the goods from the retail outlets. Thus, wholesalers are individuals or organizations that specialize in procuring goods from the producers and making them available to the lower level intermediaries in the distribution channel. Wholesalers act as facilitators for distributing goods and products. Of the various intermediaries in the distribution channel, it is the wholesalers who form the vital link between the manufacturers and the resellers. By taking up the distribution of goods produced by the manufacturer, a wholesaler allows the manufacturer to concentrate on production and other vital aspects that contribute to improving his profitability.</p>		

195/376

SUBMITTED TEXT

176 WORDS

98% MATCHING TEXT

176 WORDS

Wholesaling and its Importance As mentioned earlier, a distribution channel connects the producers or manufacturers with various customer segments through a number of intermediaries such as wholesalers, retailers, etc. Each intermediary plays an important role in making the products available to the end users. A wholesaler gets the goods from the producer and delivers them to other intermediaries down the channel. The intermediaries, in turn, make the goods available to the consumers. For example, software wholesalers of the 1-2- 3 spreadsheet applications purchase the product from its manufacturer, Lotus Development Corporation, and sell them to computer retail dealers. These dealers in turn, sell them to individuals or organizational customers. A wholesaler is distinguished from other intermediaries by means of the particular class of customers to whom he supplies the merchandise. Wholesalers resell the merchandise to retailers, industrial, commercial, farm or professional business users, and also to other wholesalers. They may also purchase or sell merchandise on a commission basis. In such transactions, the wholesaler plays the role of an agent or a broker.

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Wholesaling and its Importance As mentioned earlier, a distribution channel connects the producers or manufacturers with various customer segments through a number of intermediaries such as wholesalers, retailers, etc. Each intermediary plays an important role in making the products available to the end users. A wholesaler gets the goods from the producer and delivers them to other intermediaries down the channel. The intermediaries, in turn, make the goods available to the consumers. For example, software wholesalers of the 1-2- 3spreadsheet applications purchase the product from its manufacturer, Lotus Development Corporation, and sell them to computer retail dealers. These dealers in turn, sell them to individuals or organizational customers. A wholesaler is distinguished from other intermediary"s by means of the particular class of customers to whom he supplies the merchandise. Wholesalers resell the merchandise to retailers, to industrial, commercial, farm or professional business users, and also to other wholesalers. They may also purchase or sell merchandise on a commission basis. In such transactions, the wholesaler plays the role of an agent or a broker.

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Wholesale trade is most common in food products, beverages, drugs, tobacco products, household goods, etc. In India, for example, the Agricultural Produce Market Committees (APMCs) located in various cities deal in the wholesale trade of fruits and vegetables and make them available to customers through the markets. Wholesalers simplify the product and information flows between the manufacturer and the end users in a distribution channel. They perform those functions in the distribution channel that would not be profitable for the manufacturer or the retailer to perform himself. The type of support the wholesalers provide is difficult and expensive for the manufacturers or the retailers to take up themselves. Wholesalers make bulk purchases of goods from manufacturers and store them until the ultimate consumers need them. Maintaining large inventories of the goods or products is both uneconomical and impractical for manufacturers as well as retailers. Wholesalers also take up a few sales and marketing functions of the manufacturers, as for instance, order processing, customer service, and maintaining sales contacts. This frees up the time and resources the manufacturer spent on activities involving these functions. Wholesalers also make goods available to resellers in large quantities at a discounted price.

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Wholesale trade is most common in food products, beverages, drugs, tobacco products, household goods, etc. In India, for example, the Agricultural Produce Market Committees (APMCs) located in various cities deal in the Wholesaling and Retailing 72 Distribution Management, Channel Control and Selling wholesale trade of fruits and vegetables and make them available to customers through the markets. Wholesalers simplify the product and information flows between the manufacturer and the end users in a distribution channel. They perform those functions in the distribution channel that would not be profitable for the manufacturer or the retailer to perform himself. The type of support the wholesalers provide is difficult and expensive for the manufacturers or the retailers to take up themselves. Wholesalers make bulk purchases of goods from manufacturers and store them until the ultimate consumers need them. Maintaining large inventories of the goods or products is both uneconomical and impractical for manufacturers as well as retailers. Wholesalers also take up a few sales and marketing functions of the manufacturers, as for instance, order processing, customer service, and maintaining sales contacts. This frees up the time and resources the manufacturer spent on activities involving these functions. Wholesalers also make goods available to resellers in large quantities at a discounted price.

197/376	SUBMITTED TEXT	130 WORDS	98% MATCHING TEXT	130 WORDS
<p>Wholesaling adds value to the goods offered by the manufacturer by making these available to the end consumers at the right place, right time and right price. The functions of a wholesaler can be broadly categorized into transactional, logistical, and facilitating functions. The transactional function involves buying, selling, and risk taking. The buying function involves purchasing goods or products from the producers and storing them in warehouses to make them available to consumers when the need arises. The selling function involves distributing the manufacturer's goods to retailers, thus enabling the manufacturer to reach individual customers through retailers. The risk-taking function involves obtaining the title to the goods and products produced by the manufacturer and storing them in inventory despite the risk of theft, spoilage, and possible product obsolescence.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Wholesaling ads value to the goods offered by the manufacturer by making these available to the end consumers at the right place, right time and right price. 73 The functions of a wholesaler can be broadly categorized into transactional, logistical, and facilitating functions. The transactional function involves buying, selling, and risk taking. The buying function involves purchasing goods or products from the producers and storing them in warehouses to make them available to consumers when the need arises. The selling function involves distributing the manufacturer"s goods to retailers, thus enabling the manufacturer to reach individual customers through retailers. The risk-taking function involves obtaining the title to the goods and products produced by the manufacturer and storing them in inventory despite the risk of theft, spoilage, and possible product obsolescence.</p>		
198/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>functions. The transactional function involves buying, selling, and risk taking.</p> <p>W https://quizlet.com/104295223/chapter-15-flash-cards/</p>		<p>functions. The transactional function involves buying, selling, and risk taking</p>		
199/376	SUBMITTED TEXT	21 WORDS	55% MATCHING TEXT	21 WORDS
<p>have worked with them to assure the availability of an extensive selection of items and commodities for kiranas and MSMEs.</p> <p>W https://www.livemint.com/companies/news/flipkart-wholesale-to-be-launched-next-month-5-things-to- ...</p>		<p>have partnered with them to ensure the availability of an exhaustive range of products and merchandise for kiranas and MSMEs. 0</p>		
200/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
<p>companies/news/flipkart-wholesale-to-be-launched-next-month-5- things-to-know-11595497882724.</p> <p>W https://www.livemint.com/companies/news/flipkart-wholesale-to-be-launched-next-month-5-things-to- ...</p>		<p>Companies / News/ Flipkart Wholesale to be launched next month: 5 things to know</p>		
201/376	SUBMITTED TEXT	17 WORDS	84% MATCHING TEXT	17 WORDS
<p>They perform those functions that would not be profitable for the manufacturer or retailer to perform.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>They perform those functions in the distribution channel that would not be profitable for the manufacturer or the retailer to perform</p>		

Types of Wholesalers The evolution of distribution channels was accompanied by the introduction of several intermediaries in the distribution channel to make the products easily available to the end users. The period also saw an increase in the types of intermediaries to meet the growing needs of the customers as well as the producers. In this section, we will discuss the different types of wholesaler intermediaries that have evolved over time to meet the needs of producers and the retailers. Wholesalers can be divided into three broad categories – merchant wholesalers, agents & brokers, and manufacturer's wholesalers.

27.4.1 Merchant Wholesalers

Merchant wholesalers take over the title of ownership to the goods from the producer. They are responsible for the stock owned. Merchant wholesalers buy and assemble goods in large lots and resell them in small quantities to retail outlets, industrial, commercial or professional users through salesmen. They sell and buy in the domestic market on their own account and make payments to the manufacturer for the goods purchased. Merchant wholesalers perform various functions of wholesaling such as extending credit to customers, delivery and merchandise servicing, and rendering trade related advice. Based on the range of services or functions they perform, merchant wholesalers can be further classified into full-service merchant wholesalers and limited- service merchant wholesalers.

Unit 27: Wholesaling 75 Full-service merchant wholesalers

Full-service wholesalers provide most of the services of a wholesaler like storing, delivery, providing credit facility, warehousing, taking title to the goods, etc. Depending on the products carried and the services offered, full-service merchant wholesalers are further classified into general merchandise wholesalers, limited line wholesalers, specialty line wholesalers, rack jobbers, and cooperatives. General merchandise wholesalers carry a wide range of products that are resold to the retailers. They mostly cater to the needs of small retailers and carry almost all the products that customers need. Limited line wholesalers offer a narrow range of products to retailers. They create an extensive assortment of products that are purchased from different producers and make them available to the retailers and other organizational customers. Specialty line wholesalers carry a very specialized range of products, which is usually a single product or a few products from a product line. Examples of specialty line wholesalers are tobacco wholesalers, hardware wholesalers, etc. Rack jobbers purchase goods from the manufacturers, and display and stock them at the retailer's place. The rack jobber receives payment from the retailer only when the items are sold (consignment selling). However, the complexities involved in this form of distribution make rack jobbing an option that not many retailers prefer.

Types of Wholesalers The evolution of distribution channels was accompanied by the introduction of several intermediaries in the distribution channel to make the products easily available to the end users. The period also saw an increase in the types of intermediaries to meet the growing needs of the customers as well as the producers. In this section, we will discuss the different types of wholesaler intermediaries that have evolved over time to meet the needs of producers and the retailers. Figure presents the classification of wholesalers into various types. Wholesalers can be divided into three broad categories - merchant wholesalers, agents & brokers, and manufacturer's wholesalers.

Wholesaling and Retailing 74 Distribution Management, Channel Control and Selling 3.3.1 Merchant Wholesalers

Merchant wholesalers take over the title of ownership to the goods from the producer and are responsible for the stock owned. They buy and assemble goods in large lots and resell them in small quantities to retail outlets, industrial, commercial or professional users through salesmen. They sell and buy in the domestic market on their own account and make payments to the manufacturer for the goods purchased. Merchant wholesalers perform various functions of wholesaling such as extending credit to customers, delivery and merchandise servicing, and rendering trade related advice. Based on the range of services or functions they perform, merchant wholesalers can be further classified into full-service merchant wholesalers and limited-service merchant wholesalers.

Fig 3.2 Types of Wholesalers 75 Full-Service Merchant Wholesalers

Full-service wholesalers provide most of the services of a wholesaler like storing, delivery, providing credit facility, warehousing, taking title to the goods, etc. Depending on the products carried and the services offered, full-service merchant wholesalers are further classified into general merchandise wholesalers, limited line wholesalers, specialty line wholesalers, rack jobbers, and cooperatives. ? General merchandise wholesalers carry a wide range of products that are resold to the retailers. They mostly cater to the needs of small retailers and carry almost all the products that customers need. ? Limited line wholesalers offer a narrow range of products to retailers. They create an extensive assortment of products that are purchased from different producers and make them available to the retailers and other organizational customers. ? Specialty line wholesalers carry a very specialized range of products, which is usually a single product or a few products from a product line. Examples of specialty line wholesalers are tobacco wholesalers, hardware wholesalers, etc. ? Rack jobbers purchase goods from the manufacturers, and display and stock them at the retailer's place. The rack jobber receives payment from the retailer only when the items are sold (consignment selling). However, the complexities involved in this form of distribution make rack jobbing an option that not many retailers prefer.

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Yet, another example of cooperatives is seen in the dairy industry. Some of the well-known dairy cooperatives in India are Gujarat Cooperative Milk Marketing Federation (GCMMF), known for the household brand, Amul; Andhra Pradesh Dairy Development Cooperative Federation Ltd (APDDCF), known for the brand, Vijaya; and Punjab State Cooperative Milk Producers' Federation Ltd (MILKFED), known for the brand, Verka. Limited-service merchant wholesalers Limited-service merchant wholesalers do not undertake all the functions of a wholesaler. They specialize and so offer only limited services to retailers. Limited-service merchant wholesalers include cash-and-carry wholesalers, drop shippers, mail-order wholesalers, truck jobbers, rack jobbers, and manufacturers' sales branches.

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Flipkart Wholesale to be launched next month: 5 things to know",

Flipkart Wholesale to be launched next month: 5 things to know |

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Cash-and-carry wholesalers Cash-and-carry wholesalers do not perform the activities of delivery, credit facilitation, and promotional activities but they undertake warehousing and own the title of the goods purchased from the manufacturers. Cash-and-carry wholesalers do not arrange for transportation. The retailers have to arrange for transportation after paying the wholesaler for the goods purchased. Wholesale furniture outlets are an example of cash-and-carry wholesalers. Cash-and-carry wholesalers adopt different strategies to move their products from the display shelf. For example, cash-and-carry wholesalers in Okachimachi district of Tokyo, in keeping with their 'no inventory' policy, slash prices of electronic gadgets that remain on the shelves for more than a day. In their efforts to display the latest gadgets on their shelves, these wholesalers do not mind selling slow moving products at very low prices which might even sometimes affect their margins. Drop shippers A drop shipper does not physically handle the merchandise. Once, he obtains the order from the customer, he locates a manufacturer who can fulfill the order and arranges for him to deliver the goods to the customer directly. Thus, drop shippers do not perform the storage function of wholesalers. The risk of the drop shipper begins at the time of his taking the order and lasts till the time the goods are delivered to the customer. It is during this duration that the drop shipper takes over the title of the goods. According to Jupiter Research 5 , most online retailers lose money in shipments and in handling deliveries and plan to use drop shippers to reduce costs. Mail-order wholesalers Mail-order wholesalers make extensive use of catalogs instead of using the services of a sales force for marketing. Thus, mail-order wholesalers do not perform the personal selling function in wholesaling. Mail orders are usually used to buy jewelry, cosmetics, etc. The customers of a mail-order wholesaler include: the retailers, and institutional and industrial buyers.

Cash-and-carry whole Cash-and-carry wholesalers do not perform the activities of delivery, credit facilitation, and promotional activities but they undertake warehousing and own the title of the goods purchased from the manufacturers. Cash-and-carry wholesalers do not arrange for transportation. The retailers have to arrange for transportation after paying the wholesaler for the goods purchased. Wholesale furniture outlets are an example of cash-and-carry wholesalers. Cash-and-carry wholesalers adopt different strategies to move their products from the display shelf. For example, cash-and-carry wholesalers in Okachimachi district of Tokyo, in keeping with their „no inventory" policy, slash prices of electronic gadgets that remain on the shelves for more than a day. In their efforts to display the latest gadgets on their shelves these wholesalers do not mind selling slow moving products at very low prices which might even sometimes affect their margins. ? Drop shippers: A drop shipper does not physically handle the merchandise. Once he obtains the order from the customer, he locates a manufacturer who can fulfil the order and arranges for him to deliver the goods to the customer directly. Thus, drop shippers do not perform the storage function of wholesalers. The risk of the drop shipper begins at the time of his taking the order and lasts till the time the goods are delivered to the customer. It is during this duration that the drop shipper takes over the .title of the goods. According to Jupiter Research, most online retailers lose money in shipments and in handling deliveries and plan to use drop slippers to reduce costs. ? Mail-order wholesalers: Mail-order wholesalers make extensive use of catalogs instead of using the services of a sales force for marketing. Thus, mail-order wholesalers do not perform the personal selling function in wholesaling. Mail orders are usually used to buy jewellery, cosmetics, etc. The customers of a mail-order wholesaler include the retailers, and institutional and industrial buyers. 77 3.3.2

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CoutLoot, a social commerce network, announced the establishment of a wholesale platform that will connect millions of offline and online vendors to small and medium manufacturers across the country.

CoutLoot, a social commerce platform, has announced the launch of a wholesale platform to connect millions of offline and online sellers directly to small and medium manufacturers across the country.

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CoutLoot launches wholesale platform to connect sellers to manufacturers directly",

CoutLoot launches wholesale platform to connect sellers to manufacturers directly -

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	tech/technology/coutloot-launches-wholesale-platform-to-connect-sellers-to-manufacturers-directly/		Tech & Internet>CoutLoot launches wholesale platform to connect sellers to manufacturers directly	
	W https://economictimes.indiatimes.com/tech/technology/coutloot-launches-wholesale-platform-to-connn...			
209/376	SUBMITTED TEXT	289 WORDS	100% MATCHING TEXT	289 WORDS
	<p>Agents and Brokers Agents and brokers facilitate purchases and negotiate sales between buyers and sellers. They work on a commission basis without taking over the title of the goods. So what distinguishes agents and brokers from merchant wholesalers are that they do not take over the title of the goods and do not offer all the services of a wholesaler. Agents and brokers are also termed as functional middlemen. Agents represent buyers or sellers on a permanent basis (for example, insurance agents), while brokers represent buyers or sellers only temporarily (for example, real estate brokers, securities and financial services brokers). Both agents and brokers specialize in a particular product or type of customers. Brokers Brokers bring the buyers and sellers together and negotiate between them. They receive a commission for their services from the parties involved in the negotiations. They do not undertake the wholesaling functions such as carrying inventory, facilitating credit, or risk-taking. They only bring the buyer and seller together. A broker does not receive payment until the product is sold and has to ensure the best deal for the customer. The broker also has to ensure the timely delivery of the customer's order. He has to keep himself informed about the trends in the industry and share them with the clients. A broker can offer discounts and freebies to the retailers on the products he promotes. He also takes back the goods if they are not sold. Depending on their field of specialization, brokers can be classified into real estate brokers, securities and financial services brokers, tea brokers, etc. Real estate brokers facilitate the buying and selling of property and real estate by bringing together prospective buyers and sellers. Securities and financial services</p>		<p>Agents and Brokers Agents and brokers facilitate purchases and negotiate sales between buyers and sellers. They work on a commission basis without taking over the title of the goods. So what distinguishes agents and brokers from merchant wholesalers are that they do not take over the title of the goods and do not offer all the services of a wholesaler. Agents and brokers are also termed as functional middlemen. Agents represent buyers or sellers on a permanent basis (for example, insurance agents), while brokers represent buyers or sellers only temporarily (for example, real estate brokers, securities and financial services brokers). Both agents and brokers specialize in a particular product or type of customers. Brokers Brokers bring the buyers and sellers together and negotiate between them. They receive a commission for their services from the parties involved in the negotiations. They do not undertake the wholesaling functions such as carrying inventory, facilitating credit, or risk-taking. They only bring the buyer and seller together. A broker does not receive payment until the product is sold and has to ensure the best deal for the customer. The broker also has to ensure the timely delivery of the customer's order. He has to keep himself informed about the trends in the industry and share them with the clients. A broker can offer discounts and freebies to the retailers on the products he promotes. He also takes back the goods if they are not sold. Depending on their field of specialization, brokers can be classified into real estate brokers, securities and financial services brokers, tea brokers, etc. Real estate brokers facilitate the buying and selling of property and real estate by bringing together prospective buyers and sellers. Securities and financial services</p>	
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210/376	SUBMITTED TEXT	87 WORDS	100% MATCHING TEXT	87 WORDS
	<p>brokers help in the buying and selling of securities and provide securities brokerage and related financial services to clients. US-based Charles Schwab is an example of a securities and financial services broker. Agents As mentioned earlier, agents represent buyers or sellers on a permanent basis. An example of an agent is an insurance agent who acts as an intermediary between the insurer and the insured for the duration of the policy. Agents can be further categorized into manufacturer's agents, selling agents, and commission merchants.</p>		<p>brokers help in the buying and selling of securities and provide securities brokerage and related financial services to clients. US-based Charles Schwab is an example of a securities and financial services broker. ? Agents: As mentioned earlier, agents represent buyers or sellers on a permanent basis. An example of an agent is an insurance agent who acts as an intermediary between the insurer and the insured for the duration of the policy. Agents can be further categorized into manufacturer's agents, selling agents, and commission merchants.</p>	
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211/376	SUBMITTED TEXT	99 WORDS	100% MATCHING TEXT	99 WORDS
	<p>Manufacturer's agents are independent intermediaries and represent two or more sellers. They offer complementary products of the various sellers they represent and, therefore, customers have access to complete product lines. Depending on the industry and their performance, manufacturer's agents receive commissions ranging between 5 and 25% of the sales made. Manufacturers who sell through agents have significant cost benefits since they have to pay the commission only after the sale takes place. The manufacturers also save on cost incurred in recruiting and training a sales force. Apparel, furniture, and electrical goods are usually sold through manufacturer's agents.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Manufacture"s agents are independent intermediaries and represent two or more sellers. They offer complementary products of the various sellers they represent and therefore, customers have access to complete product lines. Depending on the industry and their performance, manufacturer"s agents receive commissions ranging between 5 and 25% of the sales made. Manufacturers who sell through agents have significant cost benefits since they have to pay the commission only after the sale takes place. The manufacturers also save on cost incurred in recruiting and training a sales force. Apparel, furniture, and electrical goods are usually sold through manufacturer"s agents.</p>	
212/376	SUBMITTED TEXT	13 WORDS	95% MATCHING TEXT	13 WORDS
	<p>a free store but also logistics, payments, demand, and supply chain services.</p> <p>W https://economictimes.indiatimes.com/tech/technology/coutloot-launches-wholesale-platform-to-conn ...</p>		<p>a free store but also with logistics, payments, demand and supply chain services.</p>	
213/376	SUBMITTED TEXT	125 WORDS	100% MATCHING TEXT	125 WORDS
	<p>Manufacturer's Wholesalers Manufacturer's wholesalers perform the same set of functions as merchant wholesalers. These intermediaries are owned and operated by the manufacturers themselves. Manufacturers often undertake wholesaling operations through sales branches and sales offices in order to have control over inventory, selling, and promotion. Manufacturer's sales branches are captive wholesaling operations owned and controlled by the manufacturer. They sell the manufacturer's products and provide support services to the manufacturer's sales force, especially in regions where there is a high demand for his products. A sales branch undertakes the functions of granting credit, inventory, delivery, and sale of goods.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Manufacturer's Wholesalers Manufacturer"s wholesalers perform the same set of functions as merchant wholesalers. These intermediaries are owned and operated by the manufacturers themselves. Manufacturers often undertake wholesaling operations through sales branches and sales offices in order to have control over inventory, selling, and promotion. Manufacturer"s sales branches are captive wholesaling operations owned and controlled by the manufacturer. They sell the manufacturer"s products and provide support services to the manufacturer"s sales force, especially in regions where there is a high demand for his products. A sales branch undertakes the functions of granting credit, inventory, delivery, and sale of goods.</p>	
214/376	SUBMITTED TEXT	80 WORDS	100% MATCHING TEXT	80 WORDS
	<p>Manufacturer's sales branches are common in electrical supplies and in plumbing. Westinghouse Electric Supply Company and General Electric Supply Company are examples of manufacturer's sales branches in electrical equipment. A sales office is a lot like an agent but is owned and operated by the manufacturer. It does not carry any inventory. A sales office can also sell products from other manufacturers that are complementary to the products of the parent manufacturer. Check Your Progress - 2 4.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Manufacturer"s sales branches are common in electrical supplies and in plumbing. Westinghouse Electric Supply Company and General Electric Supply Company are examples of manufacturer"s sales branches in electrical equipment. A sales office is a lot like an agent but is owned and operated by the manufacturer. It does not carry any inventory. A sales office can also sell products from other manufacturers that are complementary to the products of the parent manufacturer. 79 Check your progress 2 1. _____</p>	

215/376	SUBMITTED TEXT	23 WORDS	76% MATCHING TEXT	23 WORDS
	over the title of ownership of goods from the producer and is responsible for the stock owned. a. Merchant wholesaler b.		over the title of ownership to the goods from the producer and are responsible for the stock owned. a. Merchant b.	
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216/376	SUBMITTED TEXT	37 WORDS	100% MATCHING TEXT	37 WORDS
	Strategic Issues in Wholesaling The highly competitive market place, changing customer preferences, disintermediation, i.e., direct selling without intermediaries, and e-commerce have made it necessary for wholesalers to design innovative strategies to survive in the business.		Strategic Issues in Wholesaling The highly competitive market place, changing customer preferences, disintermediation, i.e., direct selling without intermediaries, and e-commerce have made it necessary for wholesalers to design innovative strategies to survive in the business.	
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217/376	SUBMITTED TEXT	25 WORDS	100% MATCHING TEXT	25 WORDS
	Some key strategic decision areas in wholesaling include those pertaining to the target market, product assortment, and the 4 Ps of marketing.		Some key strategic decision areas in wholesaling include those pertaining to the target market, product assortment, and the 4 Ps of marketing. 3.4.1	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
218/376	SUBMITTED TEXT	232 WORDS	98% MATCHING TEXT	232 WORDS
	Target Market Decisions Like in any other business, there is a need for wholesalers also to identify their target market. The target market comprises an identified group of customers upon whom the wholesaler can focus for the bulk of his business transactions. The target market for a wholesaler can be identified on the basis of size (large, medium, or small retailer), type of customers (urban or rural), distance from the wholesaler's location (within city limits, within a radius of 100 miles, 300 miles, etc.), income range of the customers (high income, medium income, or low income) or requirements to fulfill in terms of products and services offered. After he has identified the target market, the wholesaler can design appropriate measures to reach it. 27.5.2 Marketing Mix Decisions Yet another key area that requires strategic decision-making by the wholesaler is that of the marketing mix. Wholesalers must decide on the products to offer, their pricing and positioning, the promotional activities required, and the means to reach the target market. Products to offer: A wholesaler must decide on the assortment of products to offer to his customers. Inventory management is a crucial aspect in wholesaling. Rather than carry a bulk inventory of products, wholesalers should carefully analyze the profitability associated with each product and carry only those that are profitable. Wholesalers should thus maintain a profitable assortment of products.		Target Market Decisions Like in any other business, there is a need for wholesalers also to identify their target market. The target market comprises an identified group of customers upon whom the wholesaler can focus for the bulk of his business transactions. The target market for a wholesaler can be identified on the basis of size (large, medium, or small retailer), type of customers (urban or rural), distance from the wholesaler's location (within city limits, within a radius of 100 miles, 300 miles, etc), income range of the customers (high income, medium income, or low income) or requirements to fulfil in terms of products and services offered. After he has identified the target market, the wholesaler can design appropriate measures to reach it. 3.4.2 Marketing Mix Decisions Yet another key area that requires strategic decision-making by the wholesaler is that of the marketing mix. Wholesalers must decide on the products to offer, their pricing and positioning, the promotional activities required, and the means to reach the target market. ? Products to offer: A wholesaler must decide on the assortment of products to offer to his customers. Inventory management is a crucial aspect in wholesaling. Rather than carry a bulk inventory of products, wholesalers should carefully analyse the profitability associated with each product and carry only those that are profitable. Wholesalers should thus maintain a profitable assortment of products. ?	
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219/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
	profitability associated with each product and carry only those that are profitable.		profitability associated with each product and carry only those that are profitable.	
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220/376	SUBMITTED TEXT	26 WORDS	100% MATCHING TEXT	26 WORDS
	Metro Cash and Carry India stops stocking Mondelez products over margins",		Metro Cash and Carry India stops stocking Mondelez products over margins •	
	W https://www.business-standard.com/article/companies/metro-cash-and-carry-india-stops-stocking-mon ...			
221/376	SUBMITTED TEXT	76 WORDS	100% MATCHING TEXT	76 WORDS
	Product pricing: The pricing activity involves calculating a break-even price. This requires computing the variable and fixed costs the wholesaler incurs on purchasing merchandise from the manufacturer and storing it. The selling price can be calculated by dividing the sum of the variable and fixed costs by the number of units to be sold. Wholesalers add a standard markup to the cost of goods to cover the expenses incurred on transporting, packaging, assorting, etc. Adding		Product pricing: The pricing activity involves calculating a break-even price. This requires computing the variable and fixed costs the wholesaler incurs on purchasing merchandise from the manufacturer and storing it. The selling price can be calculated by dividing the sum of the variable and fixed costs by the number of units to be sold. Wholesalers add a standard markup to the cost of goods to cover the expenses incurred on transporting, packaging, assorting, etc. Adding	
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222/376	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
	to the cost of goods helps the wholesaler earn a profit of 2-3%,		to the cost of goods helps the earn a of 2-3%,	
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depending on the market conditions. Sometimes, wholesalers have to be ready to compromise on their profit margins in order to target new markets and customers. Product positioning: Wholesalers have to find ways to clearly differentiate their product from others available in the market. To do this, they have to make the customers aware of the product's important and unique features along with its benefits. They must also be able to devise means to make the products available to customers in ways that are superior to that of the competitors, if not at a lower cost. Promotion: Promotional activities aim at increasing the brand awareness of the customers and persuading them to buy the products. Promotional activities also help a customer become brand loyal in the case of high quality products. Until recently, wholesalers did not focus much on promotional activities and targeted the market through a direct sales force. However, this trend has been slowly changing, with wholesalers seeking promotional support from manufacturers. Place: The products have to be made available at places that are convenient to customers. Wholesalers have to take into consideration the transportation costs involved as well as the customer reach as criteria for taking the place decision. The use of information technology and the latest technologies have made the operations of wholesalers easier and more cost-effective.

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224/376

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metro-cash-and-carry- india-stops-stocking-mondelez-products-over-margins-121120901083_1.

Metro Cash and Carry India stops stocking Mondelez products over margins •

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225/376

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Trends Shaping Wholesale Distribution The wholesale business has been moving upward for the past 20 years. The growth of wholesaling has been driven by changes in business investment, especially in the case of producer

Trends Shaping Wholesale Distribution The wholesale business has been moving upward for the past 20 years. The growth of wholesaling has been driven by changes in business investment, especially in the case of producer

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226/376

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of durable goods & equipment, and changes in household consumption, which influence the orders generated in the distribution channels. Manufacturers' attitude towards wholesaling has also contributed to the growth of the wholesale business. Earlier, manufacturers preferred to invest in research and production rather than on distribution channels because that produced a higher rate of return. Though a few manufacturers tried to venture into distribution by eliminating the middlemen, the advantages offered by wholesalers in the form of closeness to the markets, better inventory management, focus on marketing activities, etc., outweighed the costs involved. Increasing costs associated with direct sales call (about \$100 per call), also made manufacturers hire industrial distributors to target key market segments. There has also been a significant change in the mode of operation of the wholesalers. They have evolved from serving as mere warehousing points to exploring the profitability of potential markets. There has also been a shift in their focus from traditional markets to new markets. For example, many electrical and electronic distributors in the U.S., are now targeting new industrial and commercial markets in order to supplement their sales efforts in the established electrical-contractor market. The basic trends that are responsible for bringing about a significant change in the business of wholesaling are discussed below.

27.6.1 Functional Overlap The manufacturing and distribution activities in an economy can be fundamentally categorized into four levels – manufacturing, wholesaling, retailing, and consumption. However, the dynamic nature of markets has caused an overlap of functions between the various levels as a result of which there is no longer a sharp demarcation between them in the present-day market scenario.

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of producer durable goods & equipment, and changes in household consumption, which influence the orders generated in the distribution channels. Manufacturers' attitude towards wholesaling has also contributed to the growth of the wholesale business. Earlier, manufacturers preferred to invest in research and production rather than on distribution channels because that produced a higher rate of return. Though a few manufacturers tried to venture into distribution by eliminating the middlemen, the advantages offered by wholesalers in the form of closeness to the markets, better inventory management, focus on marketing activities, etc., outweighed the costs involved. Increasing costs associated with direct sales call (about \$100 per call), also made manufacturers hire industrial distributors to target key market segments. There has also been a significant change in the mode of operation of the wholesalers. They have evolved from serving as mere warehousing points to exploring the profitability of potential markets. There has also been a shift in their focus from traditional markets to new markets. For example, many electrical and electronic distributors in the U.S. are now targeting new industrial and commercial markets in order to supplement their sales efforts in the established electrical-contractor market. The basic trends that are responsible for bringing about a significant change in the business of wholesaling are discussed below.

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227/376

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Wholesale-retail franchising, joint ventures, and conglomeration have given rise to horizontal and vertical market integration, which has further reduced the distinction among the intermediaries in the marketing channel. For example, Midas International, which started as an automotive warehouse distributor, buys and manufactures items for its franchisee network, comprising over 500 Midas Muffler and brake shops.

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Wholesale- retail franchising, joint ventures, and conglomeration have given rise to horizontal and vertical market integration, which has further reduced the distinction among 83 the intermediaries in the marketing channel. For example, Midas International, which started as an automotive warehouse distributor, buys and manufactures items for its franchisee network, comprises over 500 Midas Muffler and brake shops. 3.5.2

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The dynamic nature of markets has caused an overlap of functions between the various levels.

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the dynamic nature of markets has caused an overlap of functions between the various levels

229/376	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
	Flipkart joint venture to bring ToysRUs to online customers in India”,		Flipkart joint venture to bring ToysRUs to online customers in India •	
	W https://www.business-standard.com/article/companies/flipkart-joint-venture-to-bring-toysrus-to-on ...			
230/376	SUBMITTED TEXT	93 WORDS	98% MATCHING TEXT	93 WORDS
	Increased Services Wholesalers have redesigned their services over time to suit customer requirements. A number of wholesale druggists in the U.S. now handle the customer records of retail druggists. This serves to bind the retailers to one wholesaler. In the grocery business, for instance, wholesalers have shifted their focus from providing basic services like extension of credit to offering more sophisticated services such as merchandising support, inventory management counseling, conducting profit analysis for the retailers, etc. The aggressiveness of wholesalers in offering increased services is aimed at gaining a competitive advantage.		Increased Services Wholesalers have redesigned their services over time to suit customer requirements. A number of wholesale druggists in the U.S. now handle the customer records of retail druggists. This serves to bind the retailers to one wholesaler. In the grocery business, for instance, wholesalers have shifted their focus from providing basic services like extension of credit to offering more sophisticated services such as merchandising support, inventory management counselling, conducting profit analysis for the retailers, etc. The aggressiveness of wholesalers in offering increased services is aimed at gaining a competitive advantage. 3.5.3	
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231/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	flipkart-joint-venture-to-bring-toysrus-to- online-customers-in-india-121060800714_1.		Flipkart joint venture to bring ToysRUs to online customers in India •	
	W https://www.business-standard.com/article/companies/flipkart-joint-venture-to-bring-toysrus-to-on ...			
232/376	SUBMITTED TEXT	38 WORDS	52% MATCHING TEXT	38 WORDS
	point of sale (PoS) devices that come with a Metro app, allowing them to order things from Metro online, receive daily sales and profit reports, and track top clients, the most selling articles, and sluggish moving items.		point of sale (PoS) devices, which come with a Metro app to kirana owners through which they can order items from Metro online, get daily sales and profit report while also track top customers, the most selling articles and slow moving items.	
	W https://economictimes.indiatimes.com/industry/services/retail/metro-cash-carry-to-open-5-new-stor ...			
233/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	industry/services/retail/metro-cash-carry-to-open-5-new-stores-in-india-this-year-enhance-partnership-with-kirana-stores/		Industry>Services>Retail>Metro Cash & Carry to open 5 new stores in India this year, enhance partnership with kirana stores	
	W https://economictimes.indiatimes.com/industry/services/retail/metro-cash-carry-to-open-5-new-stor ...			

234/376

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96% MATCHING TEXT

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Pricing and Credit The pricing of a product or a service is a critical element as the price influences the customer's decision to buy. The wholesalers in keeping with this concept constantly work to arrive at a price that maximizes the value offered by the products. They are constantly on the lookout for better pricing mechanisms, such as system contracting that offers better service to customers at a lower cost. Many wholesalers use the element of improved service to attract a large number of direct buyers. Another key factor in attracting customers is the credit terms that the wholesaler offers. Developments in the field of finance have helped wholesalers to use a wide variety of financial tools to meet the customers' financial requirements. For example, a wholesaler in Canada modified his credit policy to incorporate the concept of accounts receivable management and control by exception and importance rather than giving equal emphasis to all issues. Accounts receivable management involves the profitability assessments of trade-related risks. With the implementation of the new credit policy, the wholesaler decreased the term of credit from 60 days to 40 days. Doing so, released a significant amount of capital, which he used to invest in inventory and to find new markets. The quest of wholesalers for new pricing mechanisms and credit alternatives has brought about a significant change in wholesaling over the years. 27.6.4

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Pricing and Credit The pricing of a product or a service is a critical element as the price influences the customer's decision to buy. The wholesalers in keeping with this concept constantly work to arrive at a price that maximizes the value offered by the products. They are constantly on the lookout for better pricing mechanisms, such as system contracting that offers better service to customers at a lower cost. Many wholesalers use the element of service to attract a large number of direct buyers. Another key factor in attracting customers is the credit terms that the wholesaler offers. Developments in the field of finance have helped wholesalers to use a wide variety of financial tools to meet the customers' financial requirements. For example, a wholesaler in Canada modified his credit policy to incorporate the concept of accounts receivable management and control by exception and importance rather than giving equal emphasis to all issues. Accounts receivable management involves the profitability assessments of trade-related risks. With the implementation of the new credit policy, the wholesaler decreased the term of credit from 60 days to 40 days. Doing so released a Wholesaling and Retailing 84 Distribution Management, Channel Control and Selling significant amount of capital, which he used to invest in inventory and to find new markets. The quest of wholesalers for new pricing mechanisms and credit alternatives has brought about a significant change in wholesaling over the years.

235/376

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Impact of Information Technology on Wholesaling The wholesaling industry has been adversely affected by direct selling, the underperformance of the manufacturing sector, high expectations from the buoyant retail sector, customer's demand for added value, etc. Wholesalers have also been facing hurdles due to information delay, communication hassles in data exchange, lack of accurate information, identification of exceptional conditions, process optimization, etc. In addition to overcoming these problems, wholesalers have also been trying to lower costs and provide better services to tackle the competition in the dynamic market place. To respond quickly to unforeseen conditions in the market, they need a variety of information. Advanced and effective implementation of IT has become necessary for wholesalers to meet the demands from the manufacturing and the retail sectors and to add value to their supply chain and warehouse management activities. Wholesalers are leveraging on the use of IT to solve their business problems. Realizing this, many software vendors have come up with solutions to meet wholesalers' demands. For example, IBM offers an Industry Solutions Program (ISP) to address the needs of the wholesale industry. Wholesalers are beginning to integrate IT with the distribution function for effective performance of the distributive channel.

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236/376	SUBMITTED TEXT	66 WORDS	100% MATCHING TEXT	66 WORDS
<p>The use of IT and the latest technologies has made wholesalers' operations a lot easier and more cost effective. The rapid growth in information technology has led to new ways of managing distribution channels. IT initiatives and innovative channel partnerships have evolved to include electronic data interchange, efficient customer response, continuous product replenishment, etc. Bar coding, scanning, and other digital technologies have helped wholesalers improve</p>		<p>The use of IT and the latest technologies has made wholesalers" operations a lot easier and more cost effective. The rapid growth in information technology has led to new ways of managing distribution channels. IT initiatives and innovative channel partnerships have evolved to include electronic data interchange, efficient customer response, continuous product replenishment, etc. Bar coding, scanning, and other digital technologies have helped wholesalers improve</p>		
<p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>				
237/376	SUBMITTED TEXT	19 WORDS	100% MATCHING TEXT	19 WORDS
<p>Metro Cash & Carry to open 5 new stores in India this year, enhance partnership with kirana stores,</p>		<p>Metro Cash & Carry to open 5 new stores in India this year, enhance partnership with kirana stores -</p>		
<p>W https://economictimes.indiatimes.com/industry/services/retail/metro-cash-carry-to-open-5-new-stor ...</p>				
238/376	SUBMITTED TEXT	71 WORDS	97% MATCHING TEXT	71 WORDS
<p>efficiency and effectiveness of business processes. For example, McKesson, a large drug wholesaler known for its extensive use of IT, implemented Economost, an electronic order entry system, to help its retailers in their distribution of drugs. Information technology has changed the way wholesalers have been conducting their business. IT has also contributed significantly to the assortment planning, new product development, inventory replenishment, order processing, and store selling tasks of wholesalers.</p>		<p>efficiency and effectiveness of business processes. For example, McKesson, a large drug wholesaler known for its extensive use of IT, implemented Economist, an electronic order entry system, to help its retailers in their distribution of drugs. Information technology has changed the way wholesalers have been conducting their business. IT has also contributed significantly to the assortment planning, new product development, inventory replenishment, order processing, and store selling tasks of wholesalers.</p>		
<p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>				
239/376	SUBMITTED TEXT	14 WORDS	76% MATCHING TEXT	14 WORDS
<p>announced a strategic digital and IT collaboration agreement with German wholesaler METRO AG.</p>		<p>announced a strategic digital and IT partnership deal with German wholesaler METRO AG,</p>		
<p>W https://www.livemint.com/companies/news/wipro-and-metro-ag-sign-digital-it-deal-11608646362413.html</p>				
240/376	SUBMITTED TEXT	20 WORDS	100% MATCHING TEXT	20 WORDS
<p>The use of IT and the latest technologies has made wholesalers' operations a lot easier and more cost effective.</p>		<p>The use of IT and the latest technologies has made wholesalers" operations a lot easier and more cost effective.</p>		
<p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>				
241/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
<p>companies/news/wipro-and-metro-ag-sign-digital-it-deal-11608646362413.</p>		<p>Companies / News/ Wipro and METRO AG sign digital, IT deal</p>		
<p>W https://www.livemint.com/companies/news/wipro-and-metro-ag-sign-digital-it-deal-11608646362413.html</p>				

242/376	SUBMITTED TEXT	32 WORDS	77% MATCHING TEXT	32 WORDS
	<p>a comprehensive technology, engineering, and solution transformation programme as it positions itself as a wholesale 360-degree provider in the hotel, restaurant, and catering food market, fuelled by quality, focus, and flexibility.</p> <p>W https://www.livemint.com/companies/news/wipro-and-metro-ag-sign-digital-it-deal-11608646362413.html</p>		<p>a complete technology, engineering and solutions transformation program for METRO as it positions itself as a wholesale 360-degree provider in the hotel, restaurant and catering food industry fuelled by quality, focus and flexibility.</p>	
243/376	SUBMITTED TEXT	89 WORDS	100% MATCHING TEXT	89 WORDS
	<p>Challenges in Wholesaling The common goal of wholesalers as well as manufacturers is to maximize the return on investment, to reduce the costs involved in distribution and to grow as an organization through innovation and best practices. Wholesalers have to meet several challenges in trying to achieve these goals. Some of the common challenges that wholesalers encounter in their operations pertain to the areas of inventory management, sales management, promotion management, and financial planning and management. 27.8.1 Inventory Management This is a major problem</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Challenges in Wholesaling The common goal of wholesalers as well as manufacturers is to maximize the return on investment, to reduce the costs involved in distribution and to grow as an organization through innovation and best practices. Wholesalers have to meet several challenges in trying to achieve these goals. Some of the common challenges that wholesalers encounter in their operations pertain to the areas of inventory management, sales management, promotion management, and financial planning and management. 3.7.1 Inventory Management This is a major problem</p>	
244/376	SUBMITTED TEXT	46 WORDS	100% MATCHING TEXT	46 WORDS
	<p>face as they deal primarily with inventory storage and maintenance. Inventory management and control is a key challenge to anybody maintaining it. Most wholesalers face a dilemma in terms of the range and quantity of inventory to maintain. This is because both an excess</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>face as they deal primarily with inventory storage and maintenance. Inventory management and control is a key challenge to anybody maintaining it. Most wholesalers face a dilemma in terms of the range and quantity of inventory to maintain. This is because both an excess</p>	
245/376	SUBMITTED TEXT	43 WORDS	96% MATCHING TEXT	43 WORDS
	<p>and a shortfall of inventory have costs associated with it. With numerous new products flooding the markets, thanks to the increased investment by producers in Research and Development (R&D), the woes of the wholesaler have only multiplied. And what has aggravated matters</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>and a shortfall of inventory have costs associated with it. With numerous new products flooding the markets, thanks to the increased investment by producers in research and development (R&D), the woes of the wholesaler have only multiplied. And what have aggravated matters</p>	
246/376	SUBMITTED TEXT	54 WORDS	100% MATCHING TEXT	54 WORDS
	<p>the innumerable modifications necessary in the size and packaging of existing products. The wholesaler has to identify, label, handle, stack, control, pick, pack, ship, and invoice each item in his stock. One way to overcome inventory problems to some extent is to limit the length of the product line to about 80-95%.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>the innumerable modifications necessary in the size and packaging of existing products. The wholesaler has to identify, label, handle, stack, control, pick, pack, ship, and invoice each item in his stock. One way to overcome inventory problems to some extent is to limit the length of the product line to about 80-95%. 3.7.2</p>	

247/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
	face as they deal primarily with inventory storage and maintenance.		face as they deal primarily with inventory storage and maintenance.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
248/376	SUBMITTED TEXT	52 WORDS	100% MATCHING TEXT	52 WORDS
	Sales Management Though the wholesale trade sector has grown, there has not been a significant change in the wholesalers' focus on sales management. The number of wholesalers who use a professional and systematic approach to sales and promotion is very few. Most wholesalers use personal selling to reach their		Sales Management Though the wholesale trade sector has grown, there has not been a significant change in the wholesalers" focus on sales management. The number of wholesalers who use a professional and systematic approach to sales and promotion is very few. Most wholesalers use personal selling to reach their	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
249/376	SUBMITTED TEXT	139 WORDS	100% MATCHING TEXT	139 WORDS
	customers though a few of them use innovative sales methods. For example, wholesale druggists in the U.S use the telephone as a medium to reach high potential customers from whom they get about 80% of the orders. A few wholesalers in the field of electronics, healthcare, etc. use automatic reordering systems for repeat orders and save on the additional order getting costs and sales personnel time. Salesmen can use the time saved through such techniques to serve customers better and to devise innovative techniques of selling. Also, wholesalers who use selling techniques such as the cash-and-carry concept and catalog selling have been able to cut down on their sales force requirement. Wholesalers have thus focused on their selling efforts and used local sales branches to increase product availability, thus separating the selling function from product handling.		customers though a few of them use innovative sales methods. For example, wholesale druggists in the U.S use the telephone as a medium to reach high potential customers from whom they get about 80% of the orders. A few wholesalers in the field of electronics, healthcare, etc. use automatic reordering systems for repeat orders and save on the additional order getting costs and sales 87 personnel time. Salesmen can use the time saved through such techniques to serve customers better and to devise innovative techniques of selling. Also, wholesalers who use selling techniques such as the cash-and-carry concept and catalog selling have been able to cut down on their sales force requirement. Wholesalers have thus focused on their selling efforts and used local sales branches to increase product availability, thus separating the selling function from product handling. 3.7.3	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
250/376	SUBMITTED TEXT	14 WORDS	71% MATCHING TEXT	14 WORDS
	Ramagya Mart," India's only B2B e- wholesale portal dedicated solely to the Home Appliances		Ramagya Mart", India's only B2B e-wholesale platform exclusively catering to the Home Appliances	
	W https://www.business-standard.com/content/press-releases-ani/ramagya-group-launches-b2b-e-commerc...			
251/376	SUBMITTED TEXT	9 WORDS	100% MATCHING TEXT	9 WORDS
	Ramagya Group launches B2B E-commerce platform Ramagya Mart",		Ramagya Group launches B2B E-commerce platform Ramagya Mart •	
	W https://www.business-standard.com/content/press-releases-ani/ramagya-group-launches-b2b-e-commerc...			

252/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	ramagya-group-launches- b2b-e-commerce-platform-ramagya-mart-121090701164_1.		Ramagya Group launches B2B E-commerce platform Ramagya Mart •	
	W https://www.business-standard.com/content/press-releases-ani/ramagya-group-launches-b2b-e-commerc ...			

253/376	SUBMITTED TEXT	182 WORDS	100% MATCHING TEXT	182 WORDS
	<p>Promotion Management Many manufacturers offer promotional support to wholesalers in the form of trade shows, catalog preparation, direct-mail promotion, advertising, and dealer shows, but the wholesalers, by and large, do not accept such support. They only agree to promotional programs that are customized to suit their operations, that help increase their profitability, and that are designed taking into consideration their handling costs and budgets. The bottom line is, of course, that they have been designed by manufacturers with whom they share a good rapport. Some wholesalers are not content to merely resell merchandise produced by the manufacturers. They also want to be identified as a source of high quality product lines and look to creating an identity for themselves by offering only high quality products and undertaking a variety of promotional schemes. Big corporate wholesalers have demonstrated how the use of a sophisticated promotional campaign has helped increase their profitability. Many small-scale wholesalers too, who did not have a professional and systematic approach towards promotional activities earlier, are now working towards a better promotional orientation to improve their profitability.</p>		<p>Promotion Management Many manufacturers offer promotional support to wholesalers in the form of trade shows, catalog preparation, direct-mail promotion, advertising, and dealer shows, but the wholesalers, by and large, do not accept such support. They only agree to promotional programs that are customized to suit their operations, that help increase their profitability, and that are designed taking into consideration their handling costs and budgets. The bottom line is, of course, that they have been designed by manufacturers with whom they share a good rapport. Some wholesalers are not content to merely resell merchandise produced by the manufacturers. They also want to be identified as a source of high quality product lines and look to creating an identity for themselves by offering only high quality products and undertaking a variety of promotional schemes. Big corporate wholesalers have demonstrated how the use of a sophisticated promotional campaign has helped increase their profitability. Many small-scale wholesalers too, who did not have a professional and systematic approach towards promotional activities earlier, are now working towards a better promotional orientation to improve their profitability. 3.7.4</p>	
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254/376	SUBMITTED TEXT	27 WORDS	83% MATCHING TEXT	27 WORDS
	of category sales and area sales managers with B2B experience has been hired and appointed to handhold and offer tailored solutions to these home appliance manufacturers		of category sales and area sales managers with B2B experience have been hired and appointed to handhold and offer custom solutions to these home appliances manufacturers &	
	W https://www.business-standard.com/content/press-releases-ani/ramagya-group-launches-b2b-e-commerc ...			

255/376	SUBMITTED TEXT	105 WORDS	95% MATCHING TEXT	105 WORDS
	<p>Financial Planning and Management The traditional wholesaler laid the stress on sales and did not focus much on cost justification. Fortunately, this has changed and wholesalers now also consider the profitability of transactions. Complex tax-reporting requirements, increase in competition, and the use of information technology and control systems have made wholesalers turn their attention to financial management. Wholesalers now attend seminars and training programs on financial planning to increase their awareness on finance-related aspects. Manufacturers like General Electric and Union Carbide, realizing that it is advantageous for them if distributors become more aware of financial management, conduct training programs on finance-related areas for them.</p>		<p>Financial Planning and Management The traditional wholesaler laid the stress on sales and did not focus much on cost justification. Fortunately, this has changed and wholesalers now also consider the profitability of transactions. Complex tax-reporting requirements, increase in competition, and the use of information technology and control systems have made wholesalers turn their attention to financial management. Wholesalers now attend seminars and training programs on financial planning to increase their awareness on finance-related aspects. Manufacturers like General Electric and Wholesaling and Retailing 88 Distribution Management, Channel Control and Selling Union Carbide, realizing that it is advantageous for them if distributors become more aware of financial management, conduct training programs on finance-related areas for them.</p>	
	W	https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf		
256/376	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
	<p>inventory management, sales management, promotion management, and financial planning and management. 27.10</p>		<p>inventory management, sales management, promotion management, and financial planning and management. 3.7.1</p>	
	W	https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf		
257/376	SUBMITTED TEXT	24 WORDS	100% MATCHING TEXT	24 WORDS
	<p>Of the various intermediaries in the distribution channel, it is the wholesalers who form the vital link between the manufacturers and the resellers.</p>		<p>Of the various intermediaries in the distribution channel, it is the wholesalers who form the vital link between the manufacturers and the resellers.</p>	
	W	https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf		
258/376	SUBMITTED TEXT	19 WORDS	97% MATCHING TEXT	19 WORDS
	<p>Different types of wholesaler intermediaries have evolved over time to meet the needs of producers and the retailers.</p>		<p>different types of wholesaler intermediaries that have evolved over time to meet the needs of producers and the retailers.</p>	
	W	https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf		
259/376	SUBMITTED TEXT	6 WORDS	90% MATCHING TEXT	6 WORDS
	<p>e-tailing/flipkart-wholesale- announces-1st-big-festival-month-fashion-sale/78360483 27.8.4</p>		<p>E-tailing • 1 min Flipkart Wholesale announces 1st 'Big Festival Month' fashion sale</p>	
	W	https://retail.economictimes.indiatimes.com/news/e-commerce/e-tailing/flipkart-wholesale-announce ...		

260/376	SUBMITTED TEXT	27 WORDS	90% MATCHING TEXT	27 WORDS
The highly competitive market place, changing customer preferences, disintermediation, and e-commerce have made it necessary for wholesalers to design innovative strategies to survive in the business.		The highly competitive market place, changing customer preferences, disintermediation, i.e., direct selling without intermediaries, and e-commerce have made it necessary for wholesalers to design innovative strategies to survive in the business.		
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261/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
Wholesalers have to meet several challenges in trying to achieve		Wholesalers have to meet several challenges in trying to achieve		
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262/376	SUBMITTED TEXT	45 WORDS	98% MATCHING TEXT	45 WORDS
Wholesalers resell the merchandise to retailers, industrial, commercial, farm or professional business users, and also to other wholesalers. They may also purchase or sell merchandise on a commission basis. In such transactions, the wholesaler plays the role of an agent or a broker.		Wholesalers resell the merchandise to retailers, to industrial, commercial, farm or professional business users, and also to other wholesalers. They may also purchase or sell merchandise on a commission basis. In such transactions, the wholesaler plays the role of an agent or a broker.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
263/376	SUBMITTED TEXT	10 WORDS	100% MATCHING TEXT	10 WORDS
functions. The transactional function involves buying, selling, and risk-taking.		functions. The transactional function involves buying, selling, and risk taking		
W https://quizlet.com/104295223/chapter-15-flash-cards/				
264/376	SUBMITTED TEXT	25 WORDS	100% MATCHING TEXT	25 WORDS
The functions of a wholesaler can be broadly categorized into transactional, logistical, and facilitating functions. The transactional function involves buying, selling, and risk-taking. The		The functions of a wholesaler can be broadly categorized into transactional, logistical, and facilitating functions. The transactional function involves buying, selling, and risk taking. The		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
265/376	SUBMITTED TEXT	33 WORDS	100% MATCHING TEXT	33 WORDS
The risk-taking function involves obtaining the title to the goods and products produced by the manufacturer and storing them in inventory despite the risk of theft, spoilage, and possible product obsolescence. 3. (The risk-taking function involves obtaining the title to the goods and products produced by the manufacturer and storing them in inventory despite the risk of theft, spoilage, and possible product obsolescence.		
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266/376	SUBMITTED TEXT	34 WORDS	100% MATCHING TEXT	34 WORDS
involves buying, selling, and risk taking. The buying function involves purchasing goods or products from the producers and storing them in warehouses to make them available to consumers when the need arises. 4. (involves buying, selling, and risk taking. The buying function involves purchasing goods or products from the producers and storing them in warehouses to make them available to consumers when the need arises.		
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267/376	SUBMITTED TEXT	52 WORDS	96% MATCHING TEXT	52 WORDS
Merchant wholesaler Merchant wholesalers take over the title of ownership to the goods from the producer and are responsible for the stock owned. They buy and assemble goods in large lots and resell them in small quantities to retail outlets, industrial, commercial, or professional users through salesmen. 5. (Merchant Wholesalers Merchant wholesalers take over the title of ownership to the goods from the producer and are responsible for the stock owned. They buy and assemble goods in large lots and resell them in small quantities to retail outlets, industrial, commercial or professional users through salesmen.		
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268/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
Agents and brokers facilitate purchases and negotiate sales between buyers and sellers.		Agents and brokers facilitate purchases and negotiate sales between buyers and sellers.		
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269/376	SUBMITTED TEXT	19 WORDS	88% MATCHING TEXT	19 WORDS
Agents represent buyers or sellers on a permanent basis, while brokers represent buyers or sellers only temporarily. 7. (Agents represent buyers or sellers on a permanent basis (for example, insurance agents), while brokers represent buyers or sellers only temporarily (
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270/376	SUBMITTED TEXT	64 WORDS	65% MATCHING TEXT	64 WORDS
The target market comprises an identified group of customers upon whom the wholesaler can focus for the bulk of his/her business transactions. The target market for a wholesaler can be identified based on the size of the retailer, type of customers, distance from the wholesaler's location, income range of the customers, or requirements to fulfill in terms of products and services offered. 8. (The target market comprises an identified group of customers upon whom the wholesaler can focus for the bulk of his business transactions. The target market for a wholesaler can be identified on the basis of size (large, medium, or small retailer), type of customers (urban or rural), distance from the wholesaler's location (within city limits, within a radius of 100 miles, 300 miles, etc), income range of the customers (high income, medium income, or low income) or requirements to fulfil in terms of products and services offered.		
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271/376	SUBMITTED TEXT	39 WORDS	91% MATCHING TEXT	39 WORDS
Product positioning Wholesalers have to clearly differentiate their products from others available in the market. To do this, they have to make the customers aware of the product's important and unique features along with its		Product positioning: Wholesalers have to find ways to clearly differentiate their product from others available in the market. To do this, they have to make the customers aware of the product's important and unique features along with its		
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272/376	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
benefits. They must also be able to devise means to make the products available to		benefits. They must also be able to devise means to make the products available to		
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273/376	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
customers in ways that are superior to that of the competitors, if not at a lower cost.		customers in ways that are superior to that of the competitors, if not at a lower cost. ?		
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274/376	SUBMITTED TEXT	84 WORDS	99% MATCHING TEXT	84 WORDS
Functional overlap The manufacturing and distribution activities in an economy can be fundamentally categorized into four levels – manufacturing, wholesaling, retailing, and consumption. The dynamic nature of markets has caused an overlap of functions between the various levels as a result of which there is no longer a sharp demarcation between them in the present-day market scenario. 10. (Functional Overlap The manufacturing and distribution activities in an economy can be fundamentally categorized into four levels - manufacturing, wholesaling, retailing, and consumption. However, the dynamic nature of markets has caused an overlap of functions between the various levels as a result of which there is no longer a sharp demarcation between them in the present-day market scenario.		
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275/376	SUBMITTED TEXT	23 WORDS	100% MATCHING TEXT	23 WORDS
Financial planning and management The traditional wholesaler laid the stress on sales and did not focus much on cost justification.		Financial Planning and Management The traditional wholesaler laid the stress on sales and did not focus much on cost justification.		
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276/376	SUBMITTED TEXT	29 WORDS	100% MATCHING TEXT	29 WORDS
Complex tax-reporting requirements, increase in competition, and the use of information technology and control systems have made wholesalers turn their attention to financial management.		Complex tax-reporting requirements, increase in competition, and the use of information technology and control systems have made wholesalers turn their attention to financial management.		
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277/376	SUBMITTED TEXT	19 WORDS	100% MATCHING TEXT	19 WORDS
	Retailing and its Importance 28.4 Evolution of Retailing 28.5 Classification of Retailers 28.6 Strategic Issues in Retailing 28.7		Retailing and its Importance, Evolution of Retailing, Classification of Retailers, Strategic Issues in Retailing,	
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278/376	SUBMITTED TEXT	97 WORDS	98% MATCHING TEXT	97 WORDS
	Retailing plays a fundamental role in the distribution process. The origin of the word 'retail' is from the French word 'retailer', which means to break up or 'to cut a piece off'. Retailing consists of all activities involved in selling goods or services to the end consumer. Being a large employer and a major service sector component, the retail sector plays a major role in the economy of developed nations. Retailers offer consumers the convenience of utility of time, place and possession by providing the right product, at the right time and at the right location.		Retailing plays a fundamental role in the distribution process. The origin of the won „retail“ is from the French word „retailer“, which means to break up or „to 71 cut a piece off. Retailing consists of all activities involved in selling goods or services to the end consumer. Being a large employer and a major service sector component, the retail sector plays a major role in the economy of developed nations. Retailers offer consumers the convenience of utility of time, place and possession by providing the right product, at the right time and at the right location.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
279/376	SUBMITTED TEXT	13 WORDS	87% MATCHING TEXT	13 WORDS
	In this unit, we will also discuss various aspects pertaining to retailing		In this unit, we will discuss various aspects pertaining to retailing.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
280/376	SUBMITTED TEXT	144 WORDS	98% MATCHING TEXT	144 WORDS
	Retailing and its Importance Retailing is the last step in the distribution process. Retailers are the most common means by which products are delivered to customers. Retail distribution is an important economic activity in developed nations. This can be understood from two main aspects. First, it is a means of providing goods and services to consumers. Second, it is beneficial to other channel members in the distribution channel. Thus, the importance of retailing can be studied in terms of its value to consumers and other channel members. 6		Retailing and its Importance Retailing is the last step in the distribution process. Retailers are the most common means by which products are delivered to customers. Retail distribution is an important economic activity in developed nations. This can be understood from two main aspects. First, it is a means of providing goods and services to consumers and second, it is beneficial to other channel members in the distribution channel. Thus, the importance of retailing can be studied in terms of its value to consumers and to other channel members. 3.10.1	
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281/376	SUBMITTED TEXT	23 WORDS	61% MATCHING TEXT	23 WORDS
	the second largest E- Com market in the world by 2034 6 . Digital payments, digital advertisements, analytics driven customer engagement		the second-largest E-commerce market in the world by 2034. Technology-enabled innovations like digital payments, hyper-local logistics, analytics-driven customer engagement	
	W https://www.ibef.org/industry/ecommerce.aspx#:~:text=India's%20internet%20economy%20is%20expected...			

282/376

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Importance to Consumers Technological developments in industry and agriculture have increased production levels and reduced their costs. Distribution in general, and retailing in particular, has enabled manufacturers to transfer the cost advantages of technology-based production to consumers, who are extremely fragmented. In underdeveloped countries, where the standard of living is low, retailers are the sole link between manufacturers and consumers. Retailers act as buying agents for consumers. They add value to the distribution process by ensuring that the consumer gets the right product, at the right time and at the right place. As a buying agent, the retailer performs many useful activities for the consumer. These include – inventory management, providing value-added services and product variety, breaking bulk and disseminating information. Inventory management Retailers act as a means to transfer goods and services from manufacturers to consumers. They bear the costs of storing products so that customers do not have to stock essential products and incur resulting costs. Retailers do the stocking in their stores and the consumer can shop at convenience. Value-added services Apart from providing consumers this convenience, retailers provide value-added services that benefit them. Examples are free home delivery and facilitating transactions by allowing consumers to pay for products and services through credit cards and by installments. Retailers also provide loans to enable consumers to overcome temporary financial crunches. Product variety Retailers have the advantage of selecting the best products from a range of manufacturers. This enables them to display a wide assortment to suit the needs and tastes of different customers. At the same time, it gives customers an extensive choice in product selection. Breaking bulk Another important function of retailers is that they make purchase easier by selling products in small quantities. Retailers purchase goods from manufacturers in bulk, and convert them into smaller units to suit consumers. In less developed countries with lower disposable incomes,

Importance to Consumers Technological developments in industry and agriculture have increased production levels and reduced their costs. Distribution in general and retailing in particular, has enabled manufacturers to transfer the cost advantages of technology-based production to consumers, who are extremely fragmented. In underdeveloped countries, where the standard of living is low, retailers are the sole link between manufacturers and consumers. Retailers act as buying agents for consumers. They add value to the distribution process by ensuring that the consumer gets the right product, at the right time and at the right place. As a buying agent, the retailer performs many useful activities for the consumer. These include - inventory management, providing value-added services and product variety, breaking bulk and disseminating information. ? Inventory management: Retailers act as a means to transfer goods and services from manufacturers to consumers. They bear the costs of storing products, so that customers do not have to stock essential products and incur resulting costs. Retailers do the stocking in their stores and the consumer can shop at convenience. ? Value-added services: Apart from providing consumers this convenience, retailers provide value-added services that benefit them. Examples are free home delivery and facilitating transactions by allowing consumers to pay for products and services through credit cards and by instalments. Retailers also provide loans to enable consumers to overcome temporary financial crunches. 93 ? Product variety: Retailers have the advantage of selecting the best products from a range of manufacturers. This enables them to display a wide assortment to suit the needs and tastes of different customers. At the same time, it gives customers an extensive choice in product selection. ? Breaking bulk: Another important function of retailers is that they make purchase easier by selling products in small quantities. Retailers purchase goods from manufacturers in bulk and convert them into smaller units to suit consumers. In less developed countries with lower disposable incomes,

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buy products in very small quantities. The retailers help by breaking bulk into smaller units. This also facilitates easier transportation of goods to the consumer. Disseminating information Retailers disseminate information about different products in the market. Advertising through the media is not enough for customers to get sufficient information about products. Retail stores, through in-store displays and sales personnel, disseminate information about new products launched in the market.

buy products in very small quantities. The retailers help by breaking bulk into smaller units. This also facilitates easier transportation of goods to the consumer. ? Disseminating information: Retailers disseminate information about different products in the market. Advertising through the media is not enough for customers to get sufficient information about products. Retail stores, through in-store displays and sales personnel, disseminate information about new products launched in the market. 3.10.2

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284/376	SUBMITTED TEXT	184 WORDS	98% MATCHING TEXT	184 WORDS
	<p>Importance to Other Channel Members Variations in consumer needs and demands mean that manufacturers have to produce an endless assortment of different products. So that this endless cycle can be kept going, it is necessary that there is a continuous flow of products from manufacturer to consumer. Retailers not only make products available to consumers, who are geographically dispersed, but also act as a source of information to manufacturers about consumer requirements. Manufacturers seek retailer's help to gather information about consumer tastes and preferences. They also obtain information on product quality and usage. Manufacturers use this information to modify existing products and launch new products. This information is valuable because retailers enjoy the advantage of having direct contact with consumers. Further, retailers assist manufacturers to streamline and specialize production so that different products can be made available according to changing customer tastes. This helps manufacturers gain higher profits. Retailers too share the risks associated with product distribution with other channel members. It includes physical risk to product (due to damage during transportation or storage) and technological risk due to product obsolescence.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
285/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
	<p>Manufacturers seek retailer's help to gather information about consumer tastes and preferences.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
286/376	SUBMITTED TEXT	25 WORDS	100% MATCHING TEXT	25 WORDS
	<p>HUL, P&G, ITC, Dabur, Haldirams, Karbonn, Micromax, boAt, Biba, Adidas, Relaxo, Pigeon, and Apple have used Udaan's distribution network to list 500,000 items and</p> <p>W https://economictimes.indiatimes.com/tech/technology/udaan-forged-tie-ups-with-more-than-2500-brands-in-midst-of-covid/</p>			
287/376	SUBMITTED TEXT	1 WORDS	89% MATCHING TEXT	1 WORDS
	<p>tech/technology/udaan-forged-tie-ups-with-more-than-2500-brands-in-midst-of-covid/</p> <p>W https://economictimes.indiatimes.com/tech/technology/udaan-forged-tie-ups-with-more-than-2500-brands-in-midst-of-covid/</p>			

288/376	SUBMITTED TEXT	65 WORDS	100% MATCHING TEXT	65 WORDS
	Source of Employment Retailing is a labour-intensive activity and employs a large number of people. It accounts for 15-20 per cent of the total workforce in developed nations. Retailing is also a major employment sector for women. In the European Union, approximately 55% of employees in the retail sector are women. The retail sector has significantly impacted employment in India as well.		Source of Employment Retailing is a labour-intensive activity and employs a large number of people. It accounts for 15-20 per cent of the total workforce in developed nations. Retailing is also a major employment sector for women. In the European Union, approximately 55% of employees in the retail sector are women. The retail sector has significantly impacted employment in India as well;	
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289/376	SUBMITTED TEXT	27 WORDS	88% MATCHING TEXT	27 WORDS
	is expected to be a fast growing business segment. With increasing economic growth and improved standard of living, consumption levels are set to reach never-before levels.		is accepted to be a first growing business segment. With increasing economic growth and improved standard of living, consumption levels are set to reach never-before levels.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
290/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
	Udaan forged tie-ups with more than 2,500 brands in midst of Covid",		Udaan forged tie-ups with more than 2,500 brands in midst of Covid -	
	W https://economictimes.indiatimes.com/tech/technology/udaan-forged-tie-ups-with-more-than-2500-bra ...			
291/376	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
	Retailers purchase goods from manufacturers in bulk and convert them into smaller units to suit		Retailers purchase goods from manufacturers in bulk and convert them into smaller units to suit	
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Evolution of Retailing Retailing started out as the last point in the distribution process. It acted as the sole means of providing essential commodities to geographically dispersed consumers. Over the years, from a modest beginning, retailing evolved into a specialized form of selling products. Presently, there are numerous retailing forms that are difficult to list, let alone comprehend. Malcolm P. McNair, in his pioneering work, 'The Wheel of Retailing', has described the evolution of retailers.

28.4.1 Wheel of Retailing According to this concept, the retailer's life span is in the form of a cycle. In the first stage, retail innovators (those who initially adopt a retail format) enter and establish themselves as low-status, low-price operators with low profit margin requirements and a low cost structure. Over time, these retailers grow and establish large facilities with increased investments leading to higher operating costs. They focus on offering improved customer service in the form of credit, delivery, shopping ambience and so on. When retail innovators reach the maturity stage, these high cost, high price operators succumb to new retail innovators who enter and start operating at lower costs and prices. This completes the wheel. Of the many factors that have influenced the evolution of retailing, some have played a crucial role. These include the Industrial Revolution, competition and trade-up, regression, assimilation and innovation.

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Evolution of Retailing Retailing started out as the last point in the distribution process. It acted as the sole means of providing essential commodities to geographically dispersed consumers. Over the years, from a modest beginning, retailing evolved into a specialized form of selling products. Presently, there are numerous retailing forms 95 that are difficult to list, let alone comprehend. Malcolm P. McNair, in his pioneering works, "The Wheel of Retailing", has described the evolution of retailers.

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Fig 3.4 The Wheel of Retailing Of the many factors that have influenced the evolution of retailing, some have played a crucial role. These include the Industrial revolution, competition and trade-up, regression, assimilation and innovation. 3.11.2

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Why has Netflix not been able to crack the Indian market?",

Why has Netflix not been able to crack the Indian market? •

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Industrial Revolution The different forms of retailing that we see nowadays – the department store, variety store, supermarkets, mail-order firm, discount store and others -- developed over a relatively short period of about

Industrial Revolution The different forms of retailing that we see nowadays the department store, variety store, supermarkets, mail-order firm, discount store and others developed over a relatively short period of about 100

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295/376	SUBMITTED TEXT	133 WORDS	100% MATCHING TEXT	133 WORDS
	<p>took place between the latter half of the 18th and the first half of the 19th century, was a prime mover in the evolution of modern retailing forms. Earlier, the retailing sector had inherited the traditional guild-structure of the 18th century. The guild-structure consisted of manufacturers, merchants and traders arranged in hierarchical groups with a manufacturer(s) selling to a group of traders who then individually sold to groups of merchants. The members of this retail sector were mainly non-experts and people on the lookout for a living or quick profits. The Industrial Revolution led to manufacturers scaling up production and the retail sector in its present form could not cater to increasing production and changes in the people's living standards. This led to the emergence of new and improved forms of retailing.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>took place between the latter half of the 18th and the first half of the 19th century was a prime mover in the evolution of modern retailing forms. Earlier, the retailing sector had inherited the traditional guild-structure of the 18th century. The guild-structure consisted of manufacturers, merchants and traders arranged in hierarchical groups with a manufacturer(s) selling to a group of traders who then individually sold to groups of merchants. The members of this retail sector were mainly non-experts and people on the lookout for a living or quick profits. The Industrial revolution led to manufacturers scaling up production and the retail sector in its present form could not cater to increasing production and changes in the people's living standards. This led to the emergence of new and improved forms of retailing. 3.11.3</p>	
296/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	<p>why-has-netflix-not-been-able-to-crack- the-indian-market-122012500081_1.</p> <p>W https://www.business-standard.com/podcast/companies/why-has-netflix-not-been-able-to-crack-the-in ...</p>		<p>Why has Netflix not been able to crack the Indian market? •</p>	
297/376	SUBMITTED TEXT	33 WORDS	56% MATCHING TEXT	33 WORDS
	<p>an omnichannel environment. When a consumer enters a Burberry store, the store's computer system may recognise the things the person has looked at online and even look at their previous purchase history.</p> <p>W https://www.forbes.com/sites/bernardmarr/2021/09/20/the-8-biggest-retail-trends-every-retailer-ne ...</p>		<p>an omnichannel world. If a customer walks into a Burberry store, the store's computer system can identify the items that the customer has looked at online, and even look at their previous purchase history.</p>	
298/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	<p>the-8-biggest-retail-trends-every-retailer- needs-to-be-ready-for/?</p> <p>W https://www.forbes.com/sites/bernardmarr/2021/09/20/the-8-biggest-retail-trends-every-retailer-ne ...</p>		<p>The 8 Biggest Retail Trends Every Retailer Needs To Be Ready For</p>	
299/376	SUBMITTED TEXT	99 WORDS	98% MATCHING TEXT	99 WORDS
	<p>Competition and Trade-up As retailing modernized, its older forms became extinct, though there was resistance to this. This resistance, in fact, featured every time there was a change from the old to the new. Competition and the propensity to trade-up are also reasons for the evolution in the retail sector. Older retailers, when threatened by newer forms, began shifting to the newer principles and systems. Similarly, the new retailers tried for an advantage over their peers by adopting some proven methods used by the older retailers. Slowly, such combinations gave rise to newer forms of retailing.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Competition and Trade-Up As retailing modernized, its older forms became extinct, though there was resistance to this. This resistance in fact featured every time there was a change from the old to the new. Competition and the propensity to trade-up are also reasons for the evolution in the retail sector. Older retailers, when threatened by newer forms, began shifting to the newer principles and systems. Similarly, the new retailers tried for an advantage over their peer's by adopting some proven methods used by the older retailers. Slowly, such combinations gave rise to newer forms of retailing.</p>	

300/376	SUBMITTED TEXT	17 WORDS	100% MATCHING TEXT	17 WORDS
<p>Competition and the propensity to trade-up are also reasons for the evolution in the retail sector.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Competition and the propensity to trade-up are also reasons for the evolution in the retail sector.</p>		
301/376	SUBMITTED TEXT	15 WORDS	75% MATCHING TEXT	15 WORDS
<p>a wide range of merchandise products including apparel, consumer electronics, health and beauty products</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>a wide range of merchandise products such as apparel, consumer electronics, apparel and home, health and beauty products.</p>		
302/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>The 8 Biggest Retail Trends Every Retailer Needs To Be Ready For",</p> <p>W https://www.forbes.com/sites/bernardmarr/2021/09/20/the-8-biggest-retail-trends-every-retailer-ne ...</p>		<p>The 8 Biggest Retail Trends Every Retailer Needs To Be Ready For</p>		
303/376	SUBMITTED TEXT	148 WORDS	100% MATCHING TEXT	148 WORDS
<p>Classification of Retailers Retailing involves selling goods and services to consumers for their personal or household use. Retailers sell different kinds of products and services. There are retailers who exclusively deal in a particular type of product, for example, food products, hardware or apparel. An awareness of the different types of retailers in terms of size, product diversity and price enables better understanding of retailers and the environment in which they operate. Retailers can be classified in different ways. We will focus our discussion on retail classification based on type of ownership, type of store strategy, non-store based retailers, non-traditional retailers and retailers classified on goods or services. 28.5.1 Classification based on Type of Ownership Based on the type of ownership, retail organizations can be classified into organizations that are independently owned, chain-owned, franchise-operated, organizations that operate on a leased department format,</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Classification of Retailers Retailing involves selling goods and services to consumers for their personal or household use. Retailers sell different kinds of products and services. There are retailers who exclusively deal in a particular type of product, for example, food products, hardware or apparel. An awareness of the different types of retailers in terms of size, product diversity and price enables better understanding of retailers and the environment in which they operate. Retailers can be classified in different ways. We will focus our discussion on retail classification based on type of ownership, type of store strategy, non- store based retailers, non-traditional retailers and retailers classified on goods or services. 3.12.1 Classification based on Type of Ownership Based on the type of ownership, retail organizations can be classified into organizations that are: ? Independently owned ? Chain-owned ? Franchise-operated ? Organizations that operate on a leased department format ?</p>		
304/376	SUBMITTED TEXT	38 WORDS	100% MATCHING TEXT	38 WORDS
<p>consumer cooperatives. Most retailers are small operators and are usually independently owned. Each ownership type caters to specific market segments. In the following section, we will discuss various forms of retail organizations based on ownership type.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Consumer cooperatives Most retailers are small operators and are usually independently owned. Each ownership type caters to specific market segments. In the following section, we will discuss various forms of retail organizations based on ownership type.</p>		

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Independent retailers Independent retailers are the most common form of retailers. They usually operate with a single store and are generally started by entrepreneurs. The advantage of this form is flexibility in operations due to minimal layers of management, low investments, customized product and service offerings, ability to maintain tight control over strategy, personalized service, convenient location and timings, home delivery and financial credit facility. Disadvantages are lack of bargaining power due to small size of operations, absence of economies of scale and limitations in resources, information and planning, as they are dependent solely on the owner. Chain stores A retail chain has many outlets under a common ownership, usually with centralized merchandizing and decision-making functions. A retail chain's size is

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not based on the geographic area of its operations. Hence, a retail chain operating in only a few cities with many units can be considered a large chain. Based on the type of operation, retail chains are differentiated into local, sectional and national chains. The first is a retail chain that operates all its units in and around a particular city. The second is one that operates in a given geographical region. For example, Saravana Stores' operations are limited to Tamil Nadu. A national retail chain operates in more than one geographical region. For example, Lifestyle and Shoppers Stop, which have outlets in major cities across the country. A retail chain has several advantages over an independent retailer. These include: better bargaining power, ability to advertise and promote products, to undertake long-range planning and the same functional efficiencies as a wholesaler. The disadvantages are lack of flexibility due to large scale of operations and high investments, strategies and operations due to multiple layers of management.

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Poland's Biggest Convenience Chain Overtakes Amazon in European Race for Autonomous Stores",

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W [https://www.forbes.com/sites/kevinrozario/2022/01/18/polands-biggest-convenience-chain-overtakes- ...](https://www.forbes.com/sites/kevinrozario/2022/01/18/polands-biggest-convenience-chain-overtakes-...)

308/376	SUBMITTED TEXT	105 WORDS	100% MATCHING TEXT	105 WORDS
	<p>Franchise The International Franchise Association (IFA) defines franchising as "A continuing relationship in which the franchisor provides a licensed privilege to do business, plus assistance in organizing, training, merchandising and business, in return for a consideration from the franchisee." Franchising is an arrangement between a franchisor (one who gives the rights) and the franchisee (one who receives the rights for a fee). Retailers may adopt a fully franchised system or a mixed system. A fully franchised system is one where all outlets are franchised and a mixed system is one where the retailer operates a combination of company- owned and franchised outlets. Types</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
309/376	SUBMITTED TEXT	45 WORDS	93% MATCHING TEXT	45 WORDS
	<p>franchising arrangements There are two types of franchising arrangements: product/trademark franchising and business-format franchising. In the former, the franchisee enters into a contract with a franchisor (suppliers/manufacturers) to sell products under the established name of the supplier. The franchisee operates independently and</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
310/376	SUBMITTED TEXT	143 WORDS	98% MATCHING TEXT	143 WORDS
	<p>serves as an authorized distributor for the manufacturer's products. The franchisee is free to decide on store hours, selection of location and store displays and arrangements. Authorized car dealers of General Motors or bottlers for Coca-Cola are examples of product/trademark franchising. Business-format franchising involves a closer relationship between the franchisor and the franchisee. Besides the right to sell products under the supplier's trade name, the franchisee has access to the franchisor's business system or method of business operations. This includes access to successful accounting systems or management training programs of the franchisor. McDonald's is the best example of business-format franchising. Three types of structural arrangements are possible in retail franchising. They are: 1) Manufacturer-retailer arrangement 2) Wholesaler-retailer arrangement and 3) Service-sponsor retailer. In the first</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
311/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	<p>biggest-convenience-chain- overtakes-amazon-in-european-race-for-autonomous-stores/?</p> <p>W https://www.forbes.com/sites/kevinrozario/2022/01/18/polands-biggest-convenience-chain-overtakes- ...</p>			

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the manufacturer gives an independent franchisee the right to sell products or service. It is the most common form of franchising arrangement seen in India. An example is Bata. The wholesaler-retailer arrangement may be either voluntary or cooperative. In the former, the wholesaler gives licences to retailers. In the latter, retailers form a group and share the ownership of the cooperative among themselves. They also share operational functions along with the wholesaler. Maruti's True Value is an example of a dealer-owned cooperative. In the third category, the service-sponsor retailer arrangement, the service firm gives retailers the right to offer specific service packages to customers. This is commonly seen in the travel industry. For example, SITA World Travels. Advantages and disadvantages of retail franchising are: ? It allows franchisers to overcome resource constraints. For example, Kentucky Fried Chicken could not have started its first 2,700 outlets but for the \$450 million it obtained by adopting retail franchising. ? It reduces monitoring costs. As the franchisees are entrepreneurs who have invested in the business, they have the required zeal and motivation to succeed. Therefore, the need to monitor is greatly reduced. ? Franchising facilitates risk management. While starting a business, its potential and probability of success is difficult to estimate. If a franchisee fails, the company does not lose much. If the franchisee succeeds, the company has the option of bringing it under the company's fold when the agreement ends. ? The disadvantage is that too many licences may lead to oversaturation in a particular region. Also, if the royalty payment arrangement is based on gross sales and not on operating profits accrued, the arrangement may become a burden on the franchisee, as the same royalty has to be paid even when profit margins reduce.

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Leased department store Leased departments or 'shops-within-shops' involves renting space within a department, discount or specialty store to an outside party. Leased departments are used by department stores to expand operations into products and services involving highly specialized knowledge and skills. The leased department offers products that do not fall under regular product lines. They operate in categories like beauty salons, shoes, jewelry, cosmetics, photographic studio and repairs for shoes and watches. However, with increasing competition and interest shown by service firms, traditional service categories have given way to modern services like opticians, travel agents, banks, real estate and financial services.

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are common in the American retail sector. Sears Roebuck has popularized share purchases over the counter in its stores with the message "buy your stocks, where you buy your socks". The rapid growth and success of discount stores is primarily due to the leased department store. Advantages and disadvantages

The primary advantage of a leased department store is its ability to diversify the product lines of retail stores into segments that require special training and experience. It also reduces store costs because the leased department pays for its inventory, personnel, fixtures and displays besides paying a commission. Leased departments can be used to reposition a retail store and revive a store that is not performing to expectations. Tesco, the UK based supermarket chain, took the help of leased departments to sell a variety of products and reposition itself. The rents paid by the leased department can be utilized to shore-up bottom lines. Excess space in loss-making stores can be utilized. Leased departments can also get advantages from such arrangements. It can serve as a test marketing tool to gauge consumer expectations. Later, they can set up their own retail stores to sell their products. The retailer's image and publicity helps the leased department to sell its products without incurring heavy initial investments. The possible limitations of such arrangements include restrictions that may be imposed on the leased department regarding style of operations, store hours and range of products. Bad in-store location and very high rents are other negatives. One of the most successful users of this arrangement is Debenhams, a department store chain in the UK, which gets one-third of its sales from leased departments. Meldisco, a division of the Melville Corporation, is another leading operator of leased departments in the US. It supplies and sells footwear in all Kmart stores. Consumer cooperative Another type of retail organization based on ownership is the consumer cooperative. Consumer cooperatives are retail firms owned by consumers. Here, a group of consumers invest in, purchase shares, elect office bearers, manage operations and share profits. This type accounts for less than one per cent of total

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sales in the retail sector. The premise behind operating such cooperatives is the belief that better service can be provided than by adopting a for-profit approach. Also, operation costs will be much less than other standard ownership formats discussed. 28.5.2 Store-based Retailers Retail organizations can also be classified according to the type of strategy and products handled. Store formats can be primarily divided into food-based retailers and general merchandise retailers. With the advent of retail formats like hypermarkets, the traditional distinction between the food and merchandise store formats have disappeared. Hypermarkets cater to both categories. The various types of store formats that come under these categories are: Food retailers Food retailers sell different categories of foodstuffs. Fifty per cent of their total sales comes from food products. The different types of food-based retailers are convenience stores, supermarkets, food-based superstores, combination stores, limited-line stores and warehouse stores. Convenience store A convenience store is a conveniently located food retailer kept open for long hours. It carries a limited assortment of products and occupies floor space of around 3000-8000 square feet. The products in these stores have an average or above average price, higher than supermarkets. These stores offer the shopping convenience of not having to search through a maze of shelves or waiting in long queues. Convenience stores sell snack foods, soft drinks, car wash, lottery tickets, courier service, gasoline, ATM services and so on. 7-Eleven in the US and TM Group Inc. in the UK are well-known convenience stores. Conventional supermarkets Conventional supermarkets are self-service departmental stores that sell a limited variety of food and non-food items. They are also called 'mom-and-pop stores' in the US. They have limited advertising and promotion and products are sold at prices lower than grocery stores in the neighborhood. Dollar Tree, Family Dollar and '99 Cents Only' are some examples in the US. Food-based superstores These stores are larger than conventional supermarkets but smaller in size and product range than combination stores. They cover floor space of around 25,000 to 50,000 square feet and carry a reasonable stock of non-food items like kitchen appliances, prescription drugs, flowers, video tape rentals and so on. A variation of a food-based superstore is the 'conforming' superstore, which, on an average, stocks over 16,000 products across all major categories in the food and grocery sectors and are mostly self-service. Over 50 per cent of products

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stocked by these superstores are their own brands. Tesco Plc. gets over 75 per cent of its profits from such 'conforming' superstores. Combination stores A combination store is a mix of a conventional supermarket and a general merchandise store. They are typically large and cover floor space of around 30,000 to 100,000 square feet. These stores have the advantage of economies of scale and operational efficiencies. This enables them to reduce costs and improve profitability. Walmart, Kmart and Meijer are among the successfully operating combination stores in the US. A special version of the combination store is the super center. It is the American version of the European hypermarket. Super centres have not succeeded in the US as in Europe. Limited-line stores They are also called limited assortment box stores and offer a selective list of items. These stores should not be confused with 'big box' retailers like Walmart, Costco, and Home Depot. Limited-line stores are discount stores and offer less services, shorter store hours and selective national brands. A majority of products offered are private brands and perishable goods that do not figure on the shelves. This type of retail store originated in Europe in the early 1970s and expanded across that continent, forcing retail giants like J. Sainsbury and Tesco to develop similar economy stores. Warehouse stores Warehouse stores are discount food retailers and offer a range of products in a simple and flexible environment. Unlike limited-line stores, these usually cater to national brands. This retail format is favoured by one-stop food shoppers and customers seeking low prices, without concern for service or shopping environment. In terms of size, warehouse stores can be classified into three categories: (1) 15,000 to 25,000 square feet, (2) 25,000 to 35,000 square feet, and (3) 50,000 to 65,000 square feet. These stores are also called super warehouses. Home Depot, the American retailer used the warehouse format to expand. Despite the number of retail store formats available, no single format has been able to really corner a large share of the market. Retailers like Walmart have adopted all the above-mentioned forms of food retail formats to dominate the retail sector in the US.

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General merchandise retailers Another major category of retail store is the general merchandise retailer. Merchandise retailers have experienced

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General merchandise retailers Another major category of retail store is the general merchandise retailer. Merchandise retailers have experienced

318/376	SUBMITTED TEXT	43 WORDS	89% MATCHING TEXT	43 WORDS
	<p>steady growth of 7 per cent over the years in the US market. They include: specialty stores, department stores, full-line discount stores, variety stores, off-price chains, membership clubs, thrift stores, hypermarkets and the "flea" market. The department store is the most</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>steady growth of 7 per cent over the years in the US market. They include: specialty stores, department stores, full-line discount stores, variety stores, off-price chains, membership clubs, thrift stores, Wholesaling and Retailing 104 Distribution Management, Channel Control and Selling hypermarkets and the "flea" market. The department store is the most</p>	
319/376	SUBMITTED TEXT	19 WORDS	100% MATCHING TEXT	19 WORDS
	<p>stores stock a narrow range of product categories but have an in-depth assortment of products in each category.</p> <p>W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx</p>		<p>stores stock a narrow range of product categories but have an in-depth assortment of products in each category.</p>	
320/376	SUBMITTED TEXT	59 WORDS	92% MATCHING TEXT	59 WORDS
	<p>is a very large specialty store that offers a wide range of product lines in selective categories. Because of sheer size and low costs, consumers like to purchase products in a particular category from these stores. Other stores that stock the same products cannot compete in terms of price as well as variety and therefore the name, "category</p> <p>W https://www.indiastudychannel.com/question-papers/49037-Sales-and-Distribution-Management.aspx</p>		<p>is a very large store that offers a wide range of product lines in selective categories. Because of sheer size and low costs, consumers like to purchase products in a particular category from this store. Other stores that stock the same products cannot compete in terms of price as well as variety and therefore the name, —Category</p>	

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successful among mass merchandisers. Argos and Woolworth are two of the biggest general merchandisers in the UK. A brief discussion on each type of general merchandise retailer follows. Specialty stores These stores stock a narrow range of product categories but have an in-depth assortment of products in each category. They cover an area less than 8,000 square feet usually and offer high levels of service. Specialty stores can tailor their strategies to focus on specific customer segments because they carry a limited line of products. They usually operate in apparel, furniture, books and sporting goods. Customers prefer these stores because of the sales personnel's expertise on the products offered by the store, the smaller store size, absence of crowding and guaranteed availability of the desired product. Specialty stores cater to the affluent as well as the price-conscious. They have maximum sales among all retail formats followed by discount stores. Toys 'R' Us is a specialty store retailer catering exclusively to the toy segment. It accounts for almost 40 per cent of all toys and games sold in the US. A 'category killer' store is a variant of the specialty store. It is a very large specialty store that offers a wide range of product lines in selective categories. Because of sheer size and low costs, consumers like to purchase products in a particular category from these stores. Other stores that stock the same products cannot compete in terms of price as well as variety and therefore the name, "category killers". Home Depot (home improvement) and Sports Authority (sports goods) are considered "category killers".

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Department stores Department stores carry the maximum product range among all general merchandise retailers. The store is organized into separate departments and each promotes a particular category of products. The departments have their own selling counters, selling area and sales personnel. Products sold in department stores are generally priced above average due to the cost of maintaining an up-market environment, advertising and in-store promotions. Department stores can be categorized into the traditional department store and full-line discount store. The former have a separate identity unlike shopping centres and malls, which have a standard format. They have the flexibility to introduce new strategies and concepts to improve customer service and needs. Both Walmart and Kmart are predominantly department

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	Reliance Retail plans department stores to take on Shoppers Stop, Lifestyle”,		Reliance Retail plans department stores to take on Shoppers Stop, Lifestyle -	
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	Full-line discount stores This offers a wide range of merchandise products such as apparel, consumer electronics, apparel and home, health and beauty products. It is also called a general merchandise discounter. Full-line discount stores have been very successful because of their focus on a variety of products at competitive prices. They do not generally stock premium brands. Discount stores develop special strategies to woo consumers and generate sales in each product category. For example, Kmart has a Pantry program in the food category. It is an in-store grocery concept that offers a complete grocery selection to customers. Giant retailers like Walmart have diversified store operations and opened up discount store chains to cater to larger sections of consumers. Other prominent full-line discount stores in the US are Ames, Bradlees, Caldor, Hills, ShopKo, Target (Dayton Hudson) and Value City.		Full-line discount stores This offers a wide range of merchandise products such as apparel, consumer electronics, apparel and home, health and beauty products. It is also called a general merchandise discounter. Full-line discount stores have been very successful because of their focus on a variety of products at competitive prices. They do not generally stock premium brands. Discount stores develop special strategies to woo consumers and generate sales in each product category. For example, Kmart has a Pantry program in the food category. It is an in-store grocery concept that offers a complete grocery selection to customers. Giant retailers like Wal-Mart have diversified store operations and opened up discount store chains to cater to larger sections of consumers. Other prominent full-line discount stores in the US are Ames, Bradlees, Caldor, Hills, ShopKo, Target (Dayton Hudson) and Value City.	
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326/376	SUBMITTED TEXT	137 WORDS	98% MATCHING TEXT	137 WORDS
	Some characteristics of full-line discount stores are centralized checkout, a catalogue order service, self-service with little emphasis on customer service, a large percentage of sales from hardware products like lawn and gardening equipment, house ware, automotive products and consumer electronics. These stores carry private brands for non-durable goods and national company brands for durable goods. Variety stores These stores started with the objective of selling a variety of products at low prices to consumers and were called the poor man’s department store, “five-cent” stores, or the “dime” store. Variety stores initially operated over an area of 10,000 to 25,000 square feet and grew to cover areas up to 1,00,000 square feet over the years. They evolved into “junior” department stores and later into discount stores. Some well-known variety store chains include F.W. Woolworth Corporation, McCrory’s		Some characteristics of full-line discount stores are centralized checkout, a catalogue order service, and self-service with little emphasis on customer service, a large percentage of sales from hardware products like lawn and gardening equipment, house ware, automotive products and consumer electronics. These stores carry private brands for non-durable goods and national company brands for durable goods. Variety stores These stores started with the objective of selling a variety of products at low prices to consumers and were called the poor man”s department store, “five-cent” stores, or the “dime” store. Variety stores initially operated over an area of 10,000 to 25,000 square feet and grew to cover areas up to 1,00,000 square feet over the years. They evolved into “junior” department stores and later into discount stores. Some well-known variety store chains include F.W. Woolworth Corporation, McCory”s	
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	industry/services/retail/rel-retail-plans- department-stores-to- take-on-shoppers-stop-lifestyle/		Industry>Services>Retail>Reliance Retail plans department stores to take on Shoppers Stop, Lifestyle	
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and Variety wholesalers in the US, Marks & Spencer in the UK, Monoprix in France and Kaufhalle in Germany. Following the advent of department stores, specialty stores and "category killers", the variety store concept has virtually died out in many parts of the world. Unit 28: Retailing and E-Retailing 113 Off-price chains This type sells products like apparel, shoes, cosmetics and house ware at Everyday- Low-Prices (EDLP) in a self-service environment. They purchase goods only when there are special offers or good terms and conditions from manufacturers or wholesalers. Hence, there is no guarantee that the same products will be in stock again. Prices are nearly 30 to 40 per cent less than traditional department stores. The success of these stores lies in their ability to establish long-term relationships with suppliers under favourable purchase conditions. Companies make use of these stores to offload excess stock at the end of the season or when a product has failed in the market. Purchases are on a cash-and- carry basis and not on credit. These stores often buy seconds, cancelled orders and end-of-season stock of department and specialty stores. Some leading variety store chains in the US are TJX, SteinMart, Ross stores and the Burlington coat factory.

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Membership clubs They are also called 'warehouse clubs', 'wholesale cash-and-carry warehouses', 'wholesale clubs' and 'membership discount stores'. Consumers who shop here have to be members of the clubs and pay a monthly or annual membership fee. There are two kinds of memberships, 'wholesale' and 'group'. Wholesale memberships are for small business owners who purchase more than half the merchandise. Group members are generally government or military employees, or members of credit unions and financial institutions. These buyers make up a majority of the members but buy less than the wholesale members. Membership clubs have blurred the distinction between wholesaling and retailing operations. They mainly sell general merchandise, clothing and food products. They have large storage facilities that double up as the shopping area, hence, the name warehouse clubs. They avoid financial hassles by selling most products before having to pay suppliers. Large warehouse clubs sometimes have an inventory turnover 15 to 18 times a year, which is more than three times that of discount stores. They stock nearly 4,000 to 5,000 items of well-known brands. Food, house ware and appliances account for more than 40 per cent of total sales. Promotional spending is minimal at about one and half per cent of sales. Warehouse clubs operate on a gross margin of 10 to 11 per cent and sell merchandise at prices 20 to 40 per cent 7 "

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	SabseSaste Din, Public Holiday Sale, Smart Search, Wednesday Bazaar, and Great Indian Home Festival 7		SabseSaste Din, Public Holiday Sale, Smart Search, Wednesday Bazaar, and Great Indian Home Festival	
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	companies/news/big-bazaar-announces-pre-booking-of-mahabachat-offer-for- the-first-time-11627891310482.		Companies / News/ Big Bazaar announces pre-booking of 'Mahabachat Offer' for the first time	
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	below discount stores or supermarkets. Sam's Wholesale Club is the biggest US- based operator in this category. Other major players are Costco wholesale club, Price club and Pace membership warehouse.		below discount stores or supermarkets. Sam"s Wholesale Club is the biggest US- 107 based operator in this category. Other major players are Costco wholesale club, Price club and Pace membership warehouse.	
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333/376	SUBMITTED TEXT	69 WORDS	98% MATCHING TEXT	69 WORDS
	Thrift stores They are also called second-hand stores or second-order retail outlets. They sell second-hand products at a bargain and are generally located in low-income neighborhoods. They include both non-profit and for-profit organizations. Some well-known thrift stores are Goodwill Industries and the Salvation Army (non- profit) and Savers (for-profit). Thrift stores do not emphasize store environment and product displays and are usually situated in basements and downtown locations. '		Thrift stores They are also called second-hand stores or second-order retail outlets. They sell second-hand products at a bargain and are generally located in low-income neighbourhoods. They include both non-profit and for-profit organizations. Some well-known thrift stores are Goodwill Industries and the Salvation Army (non- profit) and Savers (for-profit). Thrift stores do not emphasize store environment and product displays and are usually situated in basements and downtown locations.	
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	Big Bazaar announces pre-booking of 'Mahabachat Offer' for the first time",		Big Bazaar announces pre-booking of 'Mahabachat Offer' for the first time	
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	<p>Flea markets Flea markets are an informal form of retailing and are common in countries like India, though the name originates from the US. They are also called 'Sunday' markets, where vendors gather in makeshift shops to sell a range of products. These markets have something for everyone and cater to diverse consumer tastes. Flea markets are prevalent in developed nations like the US too. Vendors in these markets set up shop on a daily, weekly or seasonal basis. The Rose Bowl flea market in California is the largest of its type in the US. The flea market is considered a part of the underground economy, as taxes, accounts and product quality are not monitored.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			
336/376	SUBMITTED TEXT	14 WORDS	70% MATCHING TEXT	14 WORDS
	<p>Thrift Stores Across India That Are All The Rage RN", July 10, 2020, https://www.femina.in/</p> <p>W https://www.femina.in/fashion/trends/6-thrift-stores-across-india-that-are-all-the-rage-rn-163804 ...</p>			
337/376	SUBMITTED TEXT	279 WORDS	98% MATCHING TEXT	279 WORDS
	<p>Non-store Based Retailing Non-store retailing is when strategies that are not linked to the retail store are used to sell products. The traditional concept of location loses its importance in non-store based retailing formats. The last couple of decades have seen the emergence of this form due to the consumers desire to try out alternative channels of retailing. Commonly used non-store forms of retailing include direct marketing, direct selling, and automatic vending machines. Direct marketing Direct marketing has emerged as a powerful non-store communication and distribution medium for selling a host of products to consumers. It is a form of retailing where product selling is targeted at specific customers. Catalog retailing and direct mail are common forms of direct marketing. Over the years, several new forms of selling like telemarketing, direct radio and TV and Internet shopping have gained widespread acceptance. Depending on the products they sell, direct marketers can be classified into general direct marketers and specialty direct marketers. The former sell a wide range of products, not restricted to any particular category. Products offered include apparel, toys, gifts, kitchen appliances and house ware. In contrast, specialty direct marketers sell a limited range of products, restricted to certain product lines. In this aspect, they are similar to specialty retailers. Catalog retailing Catalog retailing comprises only 3 per cent of the total organized retail business in the world. It is still in a nascent stage in India. Otto Burlington (part of the German consortium of Otto Versand) was the first to venture into catalog retailing in India in 1993. It brings out the well-known catalog 'Otto Burlington'. J.C. Penney (a US-based retailer) has a 1,000</p> <p>Non-Store Based Retailing Non-store retailing is when strategies that are not linked to the retail store are used to sell products. The traditional concept of location loses its importance in non-store based retailing formats. The last couple of decades have seen the emergence of this form due to the consumers desire to try out alternative channels of retailing. Commonly used non-store forms of retailing include direct marketing, direct selling and automatic vending machines. Direct marketing Direct marketing has emerged as a powerful non-store communication and distribution medium for selling a host of products to consumers. It is a form of retailing where product selling is targeted at specific customers. Catalog retailing Wholesaling and Retailing 108 Distribution Management, Channel Control and Selling and direct mail are common forms of direct marketing. Over the years, several new forms of selling like telemarketing, direct radio and TV and Internet shopping have gained widespread acceptance. Depending on the products they sell, direct marketers can be classified into general direct marketers and specialty direct marketers. The former sell a wide range of products, not restricted to any particular category. Products offered include apparel, toys, gifts, kitchen appliances and house ware. In contrast, specialty direct marketers sell a limited range of products, restricted to certain product lines. In this aspect, they are similar to specialty retailers. Catalog retailing Catalog retailing comprises only 3 per cent of the total organized retail business in the world. It is still in a nascent stage in India. Otto Burlington (part of the German consortium of Otto Versand) was the first to venture into catalog retailing in India in 1993. It brings out the well-known catalog, 'Otto Burlington'. J. C. Penney (a US-based retailer) has a 1,000</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>			

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covering more than 50,000 products, which is mailed to customers twice a year. The company spends a lot of time in catalog preparation to meet changing customer needs and provide a range of products. Companies have started sending tailor-made catalogs, called 'specialogs' to consumers. 'Specialogs' contain a list of products that vary for different customer segments. Despite its advantages, catalog retailing is expensive due to the enormous costs involved in paper, printing and mailing. Direct mail Another common form of non-store retailing is direct mailers. Many companies in India use this route to sell products. Reader's Digest was one of the earliest magazines to be promoted using direct mailers. Mail orders can be segregated into consumer mail order, business mail order and charitable direct response. The first has the largest share of sales among the three. The concept of direct mail is slowly growing in India. Companies using direct mail can ensure good sales if they plan their strategies well.

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For both catalog retailing and direct mailing, a detailed list of prospective customers has to be prepared. Such a database will also help the company to keep track of customer responses and classify customers based on purchase patterns. Databases played a crucial role in the turnaround of Spiegel, the American catalogue retailer. Databases helped the company to segment customer groups, develop specialty catalogues to target niche segments and update products in short time periods. Another form of direct marketing is through television and cable TV. Many companies have used this form of retailing successfully. Home shopping TV consists of 'infomercials' that introduce and demonstrate the product through 30/60 minute programmes. The

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fashion/trends/6-thrift-stores-across-india-that-are-all-the-rage-rn-163804-1.

Fashion • Trends • 6 Thrift Stores Across India That Are All The Rage Rn 6

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	<p>The well-established players in this segment are Asian Sky Shop (ASK) and Tele Shopping Network (TSN). Though this type of retailing is widely accepted elsewhere, in India, no company has yet set up an exclusive channel for direct marketing because only a few people shop using this medium. Direct selling Direct selling is a method of marketing and retailing goods to the consumer. Though direct sellers too use catalogues and some form of advertising, the personal interaction of the salesperson with the customer is the catalyst for the sale. The direct selling industry worldwide has shown tremendous growth. In India, it has a steady 60 to 65 per cent growth rate in sales turnover. Over 200 direct selling companies operate in the country and 70 per cent of them are regional operators. Eureka Forbes was the pioneer of direct selling in India. A wide range of products like cosmetics, home appliances, educational material, kitchenware, food and nutritional products are sold through direct selling. In India, 68.9 per cent of products sold through direct selling are household goods, while 12.4 per cent are personal care products. There are three forms of direct selling – person-to-person selling, party plans and multi-level marketing. Women comprise the majority of direct sellers in all these forms.</p> <p>The well-established players in this segment are Asian Sky Shop (ASK) and Teleshopping Network (TSN). Though this type of retailing is widely accepted elsewhere, in India, no company has yet set up an exclusive channel for direct marketing because only a few people shop using this medium. Direct Direct selling is a method of marketing and retailing goods to the consumer. Though direct sellers too use catalogues and some form of advertising, the personal interaction of the salesperson with the customer is the catalyst for the sale. The direct selling industry worldwide has shown tremendous growth. In India, it has a steady 60 to 65 per cent growth rate in sales turnover. Over 200 direct selling companies operate in the country and 70 per cent of them are regional operators. Eureka Forbes was the pioneer of direct selling in India. A wide range of products like cosmetics, home appliances, educational material, kitchenware, food and nutritional products are sold through direct selling. In India, 68.9 per cent of products sold through direct selling are household goods, while 12.4 per cent are personal care products. There are three forms of direct selling - person-to-person selling, party plans and multi-level marketing. Women comprise the majority of direct sellers in all these forms.</p>			
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342/376	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
	<p>Direct selling is a method of marketing and retailing goods to the consumer.</p> <p>Direct selling is a method of marketing and retailing goods to the consumer.</p>			
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343/376	SUBMITTED TEXT	43 WORDS	53% MATCHING TEXT	43 WORDS
	<p>Mercedes-Benz India would not ship any cars to dealers and will instead keep track of the new models' inventory in its books. The shift to the new retail approach will help the company better service customers, make dealers more financially viable, and</p> <p>Mercedes Benz India will not be shipping any cars to dealers and instead maintain the inventory of the new models in its books. The transition to the new retail strategy will help serve the customers better, make dealers financially more viable and</p>			
	<p>W https://www.business-standard.com/article/automobile/mercedes-benz-india-adopts-direct-selling-as ...</p>			
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	<p>mercedes-benz-india-adopts-direct- selling-as-new-retail-strategy-121102201358_1.</p> <p>Mercedes Benz India adopts direct selling as new retail strategy</p>			
	<p>W https://www.business-standard.com/article/automobile/mercedes-benz-india-adopts-direct-selling-as ...</p>			

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Person-to-person selling Here, the salesperson calls upon the prospect at his or her home and discusses the product first-hand. Party plans Here, the salesperson arranges to give a product demonstration to a group of consumers. The demo might be in the private residence of consumers or in a public place like a hotel. Multi-level marketing This form of direct selling uses one-to-one selling as well as party plans. Multi-Level Marketing (MLM) has gained tremendous popularity in India due to the flexibility of working hours and ease of operations. In addition, sales personnel are paid a commission or bonus for every new member they recruit to sell the company's products. Companies like Amway, Modicare and Herbalife use multi-level plans. The advantage of direct selling over direct marketing is the ability to allow consumers to have a touch and feel of the product. The US is the biggest market for direct selling operations and the South-East Asian region the fastest growing. Automatic vending machines A vending machine uses computer technology that allows dispensing of products when a coin or card is inserted. A rudimentary form of these machines is seen at railway and bus stations -- coin-operated weighing machines. Vending machines are also used to dispense products like beverages, cigarettes, food items, newspapers and candy. The vending machine eliminates the need for personnel, gives flexibility of time (it can be used at all times) and convenience of location (at railway stations, airports, hotels, offices and street corners). The major disadvantage is the high costs involved in stocking and servicing the machines.

28.5.4 Non-Traditional Retailing Non-traditional retailing involves use of computers and information technology to sell goods to consumers. It does not come under traditional or non-store forms of retailing. Some types of non-traditional retailing are use of the Internet, video kiosks and video catalogs. The Internet This form of retailing has the advantage of transmitting voice, text, video and pictures, not possible simultaneously in other forms of retailing. The Internet also allows retailers to interact with customers without incurring high costs. Tele-marketing, door-to-door selling and party plan direct selling are the other forms of selling, which enable customer interaction at low cost. The success of non-traditional retailing depends on the extent and type of product information

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Person-to-person selling Here, the salesperson calls upon the prospect at his or her home and discusses the product first-hand. Party plans Here, the salesperson arranged to give a product demonstration to a group of consumers. The demo might be in the private residence of consumers or in a public place like a hotel. Wholesaling and Retailing 110 Distribution Management, Channel Control and Selling Multi-level marketing This form of direct selling uses one-to-one selling as well as party plans. Multi-level marketing (MLM) has gained tremendous popularity in India due to the flexibility of working hours and ease of operations. In addition, sales personnel are paid a commission or bonus for every new member they recruit to sell the company's products. Companies like Amway, Medicare and Herbalife use multi-level plans. The advantage of direct selling over direct marketing is the ability to allow consumers to have a touch and feel of the product. The US is the biggest market for direct selling operations and the South-East Asian region the fastest growing. Automatic vending machines A vending machine uses computer technology that allows dispensing of products when a coin or card is inserted. A rudimentary form of these machines is seen at railway and bus stations ~ coin-operated weighing machines. Vending machines are also used to dispense products like beverages, cigarettes, food items, newspapers and candy. The vending machine eliminates the need for personnel, gives flexibility of time (it can be used at all times) and convenience of location (at railway stations, airports, hotels, offices and street comers). The major disadvantage is the high costs involved in stocking and servicing the machines.

3.12.4 Non-Traditional Retailing Non-traditional retailing involves use of computers and information technology to sell goods to consumers. It does not come under traditional or non-store forms of retailing. Some types of non-traditional retailing are use of the Internet, video kiosks and video catalogs. The Internet This form of retailing has the advantage of transmitting voice, text, video and pictures, not possible simultaneously in other forms of retailing. The Internet also allows retailers to interact with customers without incurring high costs. Tele-marketing, door-to-door selling and party plan direct selling are the other forms of selling, which enable customer interaction at low cost. The success of non-traditional retailing depends on the extent and type of product information 111

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27 WORDS

100% MATCHING TEXT

27 WORDS

provided to customers. Retailers with a strong image but a regional presence can use this form of retail selling to increase sales and expand operations.

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provided to customers. Retailers with a strong image but a regional presence can use this form of retail selling to increase sales and expand operations. ?

347/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
Mercedes Benz India adopts direct selling as new retail strategy”,		Mercedes Benz India adopts direct selling as new retail strategy •		
W https://www.business-standard.com/article/automobile/mercedes-benz-india-adopts-direct-selling-as ...				

348/376	SUBMITTED TEXT	289 WORDS	99% MATCHING TEXT	289 WORDS
<p>The customer can compare the various products available before making the purchase decision. This is not possible with other non-traditional forms of retailing. Product information can also be easily shared using e-mail and newsgroups. ? Digital products like software and video records can be easily sold over the Internet. Electronic catalogs offer the advantage of a detailed list of product range and extensive information. ? Internet shopping saves time and is convenient to customers as it can be done at any time of the day. The customer can check the products available and make the purchase decision without any time constraint as is present in telemarketing. ? This type of selling is non-intrusive as customers browse the Net according to their own free will. It differs from door-to-door selling and telemarketing in this. ? The marketer can track the number of times a customer has visited the website by calculating the number of clicks on the site. The most common forms of retailing using the Internet are online shopping and e-tailing. Online shopping Online shopping or interactive home shopping is a spin-off from the Internet. The consumer uses an interactive electronic system like a computer or a television to make product enquiries and the retailer sends information and graphics directly through the Internet to the customer. Exchange of information is online and once the order is placed and paid for electronically, the goods are delivered to the buyer. This form of business transaction is popularly known as e-commerce. India is far behind nations like the US and Japan in e-commerce. This is because of factors such as low Internet and credit card penetration, hesitation by customers to make online purchases and payments, cultural issues etc.</p>		<p>The customer can compare the various products available before making the purchase decision. This is not possible with other non-traditional forms of retailing. Product information can also be easily shared using e-mail and newsgroups. ? Digital products like software and video records can be easily sold over the Internet. Electronic catalogs offer the advantage of a detailed list of product range and extensive information. ? Internet shopping saves time and is convenient to customers as it can be done at any time of the day. The customer can check the products available and make the purchase decision without any time constraint as is present in telemarketing. ? This type of selling is non-intrusive as customer’s browse the Net according to their own free will. It differs from door-to-door selling and telemarketing in this. ? The marketer can track the number of times a customer has visited the website by calculating the number of clicks on the site. The most common forms of retailing using the Internet are online shopping and e-tailing. Online shopping Online shopping or interactive home shopping is a spin-off from the Internet. The consumer uses an interactive electronic system like a computer or a television to make product enquiries and the retailer sends information and graphics directly through the Internet to the customer. Exchange of information is online and once the order is placed and paid for electronically, the goods are delivered to the buyer. This form of business transaction is popularly known as e-commerce. India is far behind nations like the US and Japan in e-commerce. This is because of factors such as low Internet and credit card penetration, hesitation by customers to make online purchases and payments, cultural issues etc.</p>		
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349/376	SUBMITTED TEXT	80 WORDS	100% MATCHING TEXT	80 WORDS
Business-to-Consumer or B2C commerce is another application of the Internet. It is popularly called e-tailing in the retail sector. Many companies have adopted 11 ”		Business-to-Consumer or B2C commerce is another application of the Internet. It is popularly called e-tailing in the retail sector. Many companies have adopted		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				

350/376	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
this technology to provide shopping ease for consumers and to reduce operational costs. Retailers use		this technology to provide shopping ease for consumers and to reduce operational costs. Retailers use		
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351/376

SUBMITTED TEXT

290 WORDS

97% MATCHING TEXT

290 WORDS

tailing route to enhance the customer's online shopping experience and give them an alternate way to purchase products offered. E-tailers have increased customer visits to their websites by developing better search and navigational engines and tightening security to protect financial transactions and personal information of customers. Apparel retailers like Sears Roebuck Co. have used e-tailing successfully. Sears Roebuck Co.'s "my virtual model" allows customers to view a 3-D form of the human body based on the body measurements provided. The model helps customers in clothes selection. Yet another company using e-tailing is Macy's. It has developed 'clickable swatches', which allow a product to change colour according to the swatch selected. The company has also developed better navigational features for their website www.Macy's.com to enable customers get the desired results with fewer clicks. Video kiosks Video kiosks comprise stands mounted with a television monitor or a computer terminal, which use touch-screen technology to display products and related information to customers. Video kiosks have a location advantage and have been widely used by retail giants like Walmart and Kmart for the past decade. Home Depot, the second largest retailer in the US, uses video kiosks in its self check-out lanes, where customers can bill their products and make payments without help. Video kiosks enable retailers to add value and enhance customer relationships while simultaneously providing an interactive forum to display products. Dell computers has established its kiosks in malls to sell its computer brands. Kiosks in malls are large enclosures that have plasma screens showcasing six to seven Dell products. The kiosks allow customers to place orders on the spot. In India, video kiosks are used for advertising products at supermarkets and shopping centres. Video catalogs Video catalogs

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tailing route to enhance the customer's online shopping experience and give them an alternate way to purchase products offered. E-tailers have increased customer visits to their websites by developing better search and navigational engines and tightening security to protect financial transactions and personal information of customers. Apparel retailers like Sears Roebuck Co. have used e-tailing successfully. Sears Roebuck Co.s "my virtual model" allows customers to view a 3-D form of the human body based on the body measurements provided. The model helps customers in clothes selection. Yet another company using e-tailing is Macy"s. It has developed „clickable swatches“, which allow a product to change colour according to the swatch selected. The company has also developed better navigational features for their website www.Macy"s.com to enable customers get the desired results with fewer clicks. Video kiosks Video kiosks comprise stands mounted with a television monitor or a computer terminal, which use touch screen technology to display products and related information to customers. Video kiosks have a location advantage and have been widely used by retail giants like Wal-Mart and Kmart for the past decade. Home Depot, the second largest retailer in the US, uses video kiosks in its self checkout lanes, where customers can bill their products and make payments without help. Video kiosks enable retailers to add value and enhance customer relationships while simultaneously providing an interactive forum to display products. A Dell computer has established its kiosks in malls to sell its computer brands. Kiosks in malls are large enclosures that have plasma screens showcasing six to seven Dell products. The kiosks allow customers to place orders on the spot. In India, video kiosks are used for advertising products at supermarkets and shopping centers. Video catalogs Video catalogs

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28 WORDS

100% MATCHING TEXT

28 WORDS

version of catalog retailing. A video catalog consists of a retail catalog in the form of a compact disk that contains product listings in an electronic format.

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version of catalog retailing. A video catalog consists of a retail catalog in the form of a compact disk that contains product listings in an 113 electronic format.

353/376	SUBMITTED TEXT	105 WORDS	97% MATCHING TEXT	105 WORDS
	can be viewed on a computer and based on products available, the customer can order from home. Video catalogs enable retailers to provide product information through multi-media technologies, text and sound clips. It is better than the Internet as, such large amounts of data take a long time to download from the Internet. The use of video catalogs is widely prevalent in the US, but in India, it is in a nascent stage and is confined to the software and music industry. The main reason for this is that the consumer needs a computer with a CD drive facility to view the catalog.		can be viewed on a computer and based on products available, the customer can order from home. Video catalogs enable retailers to provide product information through multimedia technologies, text and sound clips. It is better than the Internet as; such large amounts of data take a long time to download from the Internet. The use of video catalogs is widely prevalent in the US, but in India; it is in a nascent stage and is confined to the software and music industry. The main reason for this is that the consumer needs a computer with a CD drive facility to view the catalog. 3.12.5	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
354/376	SUBMITTED TEXT	17 WORDS	71% MATCHING TEXT	17 WORDS
	app to offer a more advanced online ordering system that can be updated in real time.		app to create a more robust ordering system that can be updated in real time.	
	W https://www.forbes.com/sites/blakemorgan/2020/07/27/more-customers-are-shopping-online-now-than-a ...			
355/376	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
	Online shopping or interactive home shopping is a spin-off from the internet.		Online shopping or interactive home shopping is a spin-off from the Internet.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
356/376	SUBMITTED TEXT	17 WORDS	100% MATCHING TEXT	17 WORDS
	More Customers Are Shopping Online Now Than At Height Of Pandemic, Fueling Need For Digital Transformation”,		More Customers Are Shopping Online Now Than At Height Of Pandemic, Fueling Need For Digital Transformation	
	W https://www.forbes.com/sites/blakemorgan/2020/07/27/more-customers-are-shopping-online-now-than-a ...			
357/376	SUBMITTED TEXT	1 WORDS	100% MATCHING TEXT	1 WORDS
	more-customers-are-shopping-online- now-than-at-height-of-pandemic-fueling-need-for-digital-transformation/		More Customers Are Shopping Online Now Than At Height Of Pandemic, Fueling Need For Digital Transformation	
	W https://www.forbes.com/sites/blakemorgan/2020/07/27/more-customers-are-shopping-online-now-than-a ...			
358/376	SUBMITTED TEXT	21 WORDS	45% MATCHING TEXT	21 WORDS
	supply chains, Wendy's may simply eliminate menu items that aren't available, preventing customers from making orders that can't be fulfilled.		supply chains, Wendy's can easily remove certain menu items that aren't available so that customers can't place an order that can't be fulfilled.	
	W https://www.forbes.com/sites/blakemorgan/2020/07/27/more-customers-are-shopping-online-now-than-a ...			

359/376	SUBMITTED TEXT	28 WORDS	58% MATCHING TEXT	28 WORDS
	commerce sector is predicted to increase 25%- 30% annually over the next five years, reaching \$120 billion-\$140 billion by FY26, exceeding the amount of modern trade - \$105-\$115		commerce market is expected to grow 25-30% annually over the next five years to reach \$120 billion-\$140 billion by FY26, outstripping the size of modern trade	
	W https://www.livemint.com/industry/retail/eretail-to-overtake-modern-trade-by-26-11629137968463.html			
360/376	SUBMITTED TEXT	187 WORDS	100% MATCHING TEXT	187 WORDS
	Service Vs Goods Retail Strategy Mix This classification of retailers is based on the type of offer made to customers. It might be a product or a service. Retailers may be involved only in product retailing or in-service retailing or a combination of both. Both product retailers and service retailers can adopt store-based, non-store based or non-traditional retailing formats. In service retailing, the buyer does not purchase any tangible product from the seller, while in product retailing, there is sale of a physical product through transfer of ownership between the buyer and the seller. Service retailers typically include: beauty salons, travel agencies, auto repairs, video rentals etc. They can be classified into three categories: rented goods service retailers, where consumers use a product for a certain period, (example, car and video rental agencies); owned-goods services retailing, where products owned by customers are repaired or serviced (example, automotive repair); and non-goods services, where customers experience a service (example, beauty salons). Service retailing is a big business, even in India. Insurance, travel, and cellular services are examples where service retailing is picking up in this country.		Service vs. Goods Retail Strategy Mix This classification of retailers is based on the type of offer made to customers. It might be a product or a service. Retailers may be involved only in product retailing or in service retailing or a combination of both. Both product retailers and service retailers can adopt store-based, non-store based or non- traditional retailing formats. In service retailing, the buyer does not purchase any tangible product from the seller, while in product retailing; there is sale of a physical product through transfer of ownership between the buyer and the seller. Service retailers typically include beauty salons, travel agencies, auto repairs, video rentals etc. They can be classified into three categories: rented goods service retailers, where consumers use a product for a certain period, (example, car and video rental agencies); owned-goods services retailing, where products owned by customers are repaired or serviced (example, automotive repair); and non-goods services, where customers experience a service (example, beauty salons). Service retailing is a big business, even in India. Insurance, travel, and cellular services are examples where service retailing is picking up in this country.	
	W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf			
361/376	SUBMITTED TEXT	5 WORDS	100% MATCHING TEXT	5 WORDS
	how-indian-companies-are-using-technology-to-reach-new-consumers 28.5.9		How Indian Companies Are Using Technology to Reach New Consumers	
	W https://hbr.org/2020/10/how-indian-companies-are-using-technology-to-reach-new-consumers			
362/376	SUBMITTED TEXT	9 WORDS	100% MATCHING TEXT	9 WORDS
	Edtech's post-Covid offline push continues with Unacademy Centres",		Edtech's post-Covid offline push continues with Unacademy Centres -	
	W https://economictimes.indiatimes.com/tech/startups/edtechs-post-covid-offline-push-continues-with ...			
363/376	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
	Facebook-Jio partnership will intensify India's e-commerce war with Amazon, Flipkart",		Facebook-Jio partnership will intensify India's e-commerce war with Amazon, Flipkart	
	W https://theprint.in/economy/facebook-jio-partnership-will-intensify-indias-e-commerce-war-with-am ...			

364/376	SUBMITTED TEXT	3 WORDS	84% MATCHING TEXT	3 WORDS
economy/facebook-jio-partnership-will-intensify-indias-e-commerce-war-with- amazon-flipkart/407137/		Economy Facebook-Jio partnership will intensify India's e-commerce war with Amazon, Flipkart		
W https://theprint.in/economy/facebook-jio-partnership-will-intensify-indias-e-commerce-war-with-am ...				
365/376	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
where vendors gather in makeshift shops to sell a range of products.		where vendors gather in makeshift shops to sell a range of products.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
366/376	SUBMITTED TEXT	17 WORDS	100% MATCHING TEXT	17 WORDS
Over the years, from a modest beginning, retailing evolved into a specialized form of selling products.		Over the years, from a modest beginning, retailing evolved into a specialized form of selling products.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
367/376	SUBMITTED TEXT	21 WORDS	70% MATCHING TEXT	21 WORDS
An awareness of different types of retailers enables better understanding of the retailers and the environment in which they operate.		An awareness of the different types of retailers in terms of size, product diversity and price enables better understanding of retailers and the environment in which they operate.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
368/376	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
purchase goods from manufacturers in bulk and convert them into smaller units to suit consumers.		purchase goods from manufacturers in bulk and convert them into smaller units to suit consumers.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				
369/376	SUBMITTED TEXT	18 WORDS	70% MATCHING TEXT	18 WORDS
a relevant, differentiated promise to customers, one that is not just about price but also about quality.		a relevant, differentiated promise to customers, a promise that is not only about affordability but also about quality.		
W https://www.forbes.com/sites/larrylight/2020/09/11/albertsons-private-label-brands-are-not-commod ...				
370/376	SUBMITTED TEXT	22 WORDS	54% MATCHING TEXT	22 WORDS
act as a source of information to manufacturers. Retailers gather information about consumer tastes and preferences, and product quality and usage		act as a source of information to manufacturer"s about consumer requirements. Manufacturers seek retailer"s help to gather information about consumer tastes and preferences. They also obtain information on product quality and usage.		
W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf				

371/376	SUBMITTED TEXT	35 WORDS	100% MATCHING TEXT	35 WORDS
<p>Retailers too share the risks associated with product distribution with other channel members. It includes physical risk to product (due to damage during transportation or storage) and technological risk due to product obsolescence. 3. (</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Retailers too share the risks associated with product distribution with other channel members. It includes physical risk to product (due to damage during transportation or storage) and technological risk due to product obsolescence.</p>		
372/376	SUBMITTED TEXT	20 WORDS	91% MATCHING TEXT	20 WORDS
<p>a retail chain that has many outlets under a common ownership usually with centralized merchandizing and decision-making functions. 4. (</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>A retail chain has many outlets under a common ownership, usually with centralized merchandizing and decision-making functions.</p>		
373/376	SUBMITTED TEXT	30 WORDS	100% MATCHING TEXT	30 WORDS
<p>Video kiosks Video kiosks comprise stands mounted with a television monitor or a computer terminal, which use touch-screen technology to display products and related information to customers.</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Video kiosks Video kiosks comprise stands mounted with a television monitor or a computer terminal, which use touch screen technology to display products and related information to customers.</p>		
374/376	SUBMITTED TEXT	20 WORDS	100% MATCHING TEXT	20 WORDS
<p>enable retailers to add value and enhance customer relationships while simultaneously providing an interactive forum to display products. 5. (</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>enable retailers to add value and enhance customer relationships while simultaneously providing an interactive forum to display products.</p>		
375/376	SUBMITTED TEXT	59 WORDS	100% MATCHING TEXT	59 WORDS
<p>Flea markets Flea markets are an informal form of retailing and are common in countries like India, though the name originates from the US. They are also called 'Sunday' markets where vendors gather in makeshift shops to sell a range of products. These markets have something for everyone and cater to diverse consumer tastes. 6. (</p> <p>W https://baou.edu.in/assets/pdf/PGDM_104_slm.pdf</p>		<p>Flea markets Flea markets are an informal form of retailing and are common in countries like India, though the name originates from the US. They are also called „Sunday” markets, where vendors gather in makeshift shops to sell a range of products. These markets have something for everyone and cater to diverse consumer tastes.</p>		
376/376	SUBMITTED TEXT	25 WORDS	70% MATCHING TEXT	25 WORDS
<p>The Sales Perspective Unit 1 Introduction to Sales Management Unit 2 The Sales Organization Unit 3 Sales Functions and Policies Unit 4 Personal Selling</p> <p>W https://docplayer.net/8669197-Managing-channel-conflict-for-enhanced-organizational-performance.html</p>		<p>The Sales Perspective Chapter 1 Introduction to Sales Management 3-16 Chapter 2 The Sales Organization 17-40 Chapter 3 Sales Functions and Policies 41-54 Chapter 4 Personal Selling 55-80</p>		