

COMPONENTS OF
FASHION RETAILING
INDUSTRY.

The Retailers of Fashion-

Eventually all merchandise that is designed and produced must reach the ultimate consumers, and that is the role and responsibility of retailers. In the course of buying and selling goods that are acceptable to their customers, retailers also serve the industry as the series of listening post on the consumer front. At the same time, they act as a medium for disseminating information and stimulating demand for fashion product.

Components of Fashion Retailing Industry-

- Wholesalers
- Discount Retailer
- Mail Orders
- Chain Stores
- Department Stores

Wholesaler –

A wholesaler is a person or a business who sells large quantities of good to retailers or other professional businesses, which are not the end consumers.

Importance of wholesalers-

- Break down the bulk
- Provide storage facility
- Risk bearing
- Maintain the demand- supply stability.

1. Break down the bulk- wholesalers buy in bulk from the manufacturer, break it down into comparatively small quantities and sell them to different retailers.
2. Provide storage facility- wholesaler move the burden of storing away from the manufacturing as they also provide storage facilities to store the products.
3. Risk bearing- wholesales bear the risks of loss due to fluctuating demand and damaged goods (during storage & transit). They also take the responsibility of attracting retailers to buy the products.
4. Maintain the demand- supply stability- wholesalers always have some types of the product with them. They make use of it to maintain the demand. Supply stability with retailers and end consumers.

Wholesaler's functions –

- Assembling
- Storage
- Distribution
- Transportation
- Financing
- Risk bearing

1. Assembling- a wholesales buy the product from different manufacturers and keeps them in one place.
2. Storage- there is usually a large time gap between the production and consumption of goods. The wholesaler maintains demand- supply stability by storing a stock of goods with them and delivering the required amount to the retailers whenever required.
3. Distribution- a wholesalers distributes the assembled and stored goods to a large number of retailers operating in different place.
4. Transportation- wholesalers usually handled the transportation of good from their warehouse to retail shops.

5. Financing- transaction between wholesalers and retailers are usually made on a credit basis where the wholesalers provide certain credit to maintain good retailers with retailers. He also usually buy the good on a cash basis from the manufacturer to finance them.

6. Risk bearing- wholesaler takes the responsibility of damaged goods during transit and storage. Since he stocks a large number of goods, he also bears the risk of loss due to fluctuation demand. a

Discount store

A department store which offers its items at a lower price than many other retail stores. Discount stores are often able to drop their price due to efficient distribution methods. Many of the large discount stores are also chain store, and include Wal-Mart, target, and K-Mart. Furthermore, many of these discount stores could also be categorized as big box stores, as they grow to include more and more products, sometimes even including a large grocery section.

Mail-Orders

By census definition, a mail-order house is a retail establishment that does the bulk of its selling to the consumer primarily through the medium of a catalogue as a result of orders placed mainly by mail or phone.

In other words, Mail order is a system of buying and selling goods. You choose the goods you want from a company by looking at their catalogue, and the company sends them to you by post.

Advantages of Mail-Order Business

- Less capital Requirement - Mail order business is known as shopping by post. Customers place orders by post. So, it is a direct method of selling products to ultimate buyers. Such an operation makes it possible for the mail order house to carry a smaller stock of merchandise. So, mail order houses enjoy considerable saving in the investment of capital.
- A wide market – Modern mail order house finds no limit to the market range. It can establish branches at different places. Now-a-days the mail order business is carried both nationally and internationally. Adoption of modern mechanical devices to handle orders and prompt supply encourage customers all over the country to buy by mail.
- No risks of bad debts - Bad debts can be avoided to a great extent. In mail order business, a vast majority of the goods is sold for cash. Absence of credit system simplifies accounting records. The organization is relieved from botheration of maintaining receivables.
- Efficient use of capital - Capital is efficiently used. After the orders are received, goods are mailed directly to the buyers. Middlemen are avoided. So, huge stock of merchandise is not required. Mail order houses carry a smaller inventory. This results in saving in capital investment.
- Consumer convenience - Mail order business ensures convenience to customers. Consumers get their products without going out for shopping. A consumer can easily shop from a catalogue while sitting at his/her home. It saves time as well as energy.

Disadvantages or Limitations of Mail Order Business

-Lack of personal contact - There is lack of personal contact between the seller and the buyer. It cannot give personal advice and assurance that the goods sold by mail will satisfy the requirements of customers.

-Scope for fraud - There is scope for fraud, inconvenience due to delay, misunderstanding of customers, etc.

-Colourful catalogues are expensive - In mail order business, wide distribution of catalogues is essential. Colourful catalogues are expensive and are to be printed in advance. Supplementary catalogues will have to be issued to announce price changes and new offers.

-Rely wholly upon catalogues - Buyers have to rely wholly upon catalogues to know about the goods. They cannot inspect the goods before buying them.

-High prices for the articles sold - Sometimes, the mail order houses charge high prices for the articles sold.

MAIL-ORDER (CATALOG) APPAREL SPECIALISTS

Although apparel has been featured in mail-order catalogues since their inception, it is only in recent years that there has been an increased emphasis on upscale fashions. Many highly specialized apparel mail-order houses have proliferated, each of which focuses its effort on a clearly defined targeted group of consumers. Some, such as the Horchow Collection, concentrate on high-priced, sophisticated luxury items of wearing apparel and accessories as well as home furnishings items.

Chain Stores

A chain is understood to be a retail organization that owns and operates a string of similar stores, all merchandised and controlled from a central headquarters office. Multiunit chains developed during the late 1800s, as transportation and communication improved.

In other words, A chain store is a group of similar retail shops that sell the same type of goods. All these shops or branches are under the control of the head office. Branches are opened in different parts of the city or even in different parts of the country. Chain stores specialize in a particular product.

Definition

A chain store system consists of a number of retail stores, which sell similar products, are centrally owned and operated under one management.

— Clark and Clark

ADVANTAGES OF CHAIN STORES

-Chain stores are a group of retail units operated by a single management. All stores charge the same price. So, a uniform price can be maintained.

Uniformity of price gives customers confidence and avoids scope for unnecessary bargaining.

-Chain stores sell on cash basis. So, there is no risk of bad debts.

-All branches are uniform in display, design etc. Common advertisements are undertaken for all branches. So, advertisement expenses are less.

-Customers enjoy ample shopping convenience. Chain stores are operated in many areas. So, they are easily accessible to customers.

-There is direct contact between the seller and consumers.

-The loss incurred by one store can be compensated by the profits earned by other stores.

DISADVANTAGES OF CHAIN STORES

- As a number of stores operate under a single management, the overall management and supervision of stores may be difficult.
- Chain stores simply appeal to a particular class of trade. So, they cannot meet fully the public need.
- Customers do not get services like credit sales, free door delivery, etc. It may have a negative impact on the stores.
- They do not cater to individual tastes.

Specialized Apparel Chains

Today, apparel chains derive their strength from their ability to focus on a particular segment of the consumer market and the fashion interests of that market. Unlike department stores, they are not burdened by the need to serve a broad section of the public; they concentrate strictly on the target market they have identified for themselves. As in all chain retailing, their operations are highly centralized; their store units are generally uniform in design and merchandise presentation; and they usually operate under the same name in all locations. Many have a store ambiance designed to appeal to the customer the store wants to attract. Typical are The Gap, The Limited, Talbots, Eddie Bauer, and Victoria's Secret.

Department Stores

A **department store** is a retail establishment offering a wide range of consumer goods in different product categories known as "departments".

A departmental store is type of retail institution which handles a variety of merchandise under one roof, with the merchandise grouped into well-defined departments which are centrally controlled, and which caters primarily to women shoppers.

— Clark and Clark

Advantages of Departmental Stores

1. Economies of large scale buying

Departmental stores buy directly from manufacturers. They are given special concessions on account of their bulk purchase. They avoid expenses incurred on middlemen. So, prices charged by departmental stores are comparatively lower.

2. Convenience in shopping

Departmental stores are large scale retail stores that deal in a wide variety of shopping and specialty goods. All sorts of goods from *pin to plane* are available under one roof. So, without moving from shop to shop, customers can buy their requirements in one place. Thus, their time and efforts are saved.

3. Customer services

Departmental stores offer many services and facilities to customers. Customers get quality goods at cheaper rates. Departmental stores have made shopping a pleasant experience. Expert supervision of various departments, adoption of a liberal credit, free delivery service, recreational facilities, courteous treatment etc., are some important services that customers can enjoy while shopping at departmental stores.

4. Efficiency in operations

Departmental stores employ trained salesmen, who are taught to regard that, "*the customer is always right*". Departmental stores offer a superb ambiance for customers — waiting lounge, reading room, restaurant, information bureau, channel music, etc.

5. Convenient location

The success of a departmental store depends upon its location. The availability of space, the area and community to be served and ability to attract customers are the important factors. Since every departmental store is located in a convenient location, customers look forward to shopping there.

Disadvantages of Departmental Stores

1. High operational costs

Departmental stores are located at important localities. They are modern, decorated and equipped with latest facilities.

They are large, necessitating, numerous supervisors and huge investments. They also employ professionals such as window decorators, copywriters, etc. Salary paid to these personnel burdens the departmental store with high overhead costs.

Ultimately, the [operating costs](#) are high.

2. High cost of capital

Departmental stores require huge capital for their establishment. Spacious building in a convenient location is also essential for its success. So, an enormous amount of fixed capital is sunk in the form of its premises. Apart from loan from banks, funds may have to be mobilized from private sources. Cost of capital derived from such sources is comparatively high. Often departmental stores go in for rental buildings, where rent is exorbitantly high.

3. Absence of personal touch

A departmental store is a large organization. Employment of a large number of persons is inevitable. In order to economize the cost of operations, [salary paid to employees](#) may be poor. Then the low paid employees lack motivation, and their attitude to customers may be lukewarm. Most of the employees in department stores quit their jobs in search of better opportunities. This results in [high employee turnover](#). So, maintaining personal contact with customer is difficult.

4. Risk factors

Departmental stores suffer loss due to risks. Departmental stores are characterized by a wide assortment of merchandise. They buy in bulk.

They keep a large stock of goods to cater to the needs of customers. This may lead to dead stock where capital is locked up. Moreover, the prices of fashion goods fluctuate. There may be pilferage and mishandling of goods by employees.

5. Too much of specialization

Goods in the departmental stores are divided into different classes. Each class of merchandise is dealt in by a separate department. Departmental stores are specifically important in the sale of women's apparel, accessories and home furnishing. In fact, they are primarily a women's store. Sometimes, men's department is physically separated from a women's section, with a separate entrance. So, too much departmentalizing leads to over-specialization.