1. Define Retailing and explain the Retail strategy and its quadrants.

**Ans:** Retailing is:
the activities involved in the selling of goods to ultimate consumers for personal or household consumption.

Retail strategy is developed for product to be distributed through retail outlets. When a product is sold through a retail outlet, a number of factors affect the sale of the product. Some of the factors as already mentioned above are:

- Pricing/discounting of the product
- Incentive structure followed
- Promotions planned
- Incentive structure for the retailers

These are some of the major factors and is not inclusive of all. Strategizing on how to proceed in all these friends to finally influence the consumer to buy your product is the development of retail strategy.

The above mentioned factors are the controllable variables of a retail strategy as shown in the picture. Apart from planning for these a retail strategy should also take into account the uncontrollable factors like seasonality, legal restrictions, economic conditions etc. in order for the strategy to be effective.

Hence, this concludes the definition of Retail Strategy along with its overview.

Depending upon the, combination of the two parameters, a retail business will fall into one of the four quadrants. For instance L-L signifies a position which is low on both margin and turnover; whereas, H-L indicates high margin and low turnover

**Low Margin High Turnover Stores**

Such an operation assumes that low price is the most significant determinant of customer patronage. The stores in this category price their products below the market level. Marketing communication focuses mainly on price. They provide very few services; if any, and they normally entail an extra charge whenever they do. The merchandise in these stores are generally pre-sold or self-sold. This means that the customers buy the product, rather than the store selling them. These stores are typically located in isolated locations and usually stock a wide range of fast moving goods in several merchandise lines. The inventory consists of well-known brands for which a consumer pull is created by the manufacturer through national advertising. Local promotion focuses on low price. Walmart in the United States is an example and Pantaloon Chain or Subhiksha in India are examples of such stores.

**High Margin Low Turnover**

For example H-H signifies a position which is high on both margin and turnover; whereas, L-H indicates low margin and high turnover.