

## What is Retailing?

It is easy to take for granted the impact retailing has on our lifestyle. IN fact, retailing, which is responsible for matching the individual demands of the consumer with vast quantities of supplies produced by a huge range of manufacturers, had made a significant contribution to the economic prosperity that we enjoy so much. The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector. In 2003, Fortune magazine's poll of 1,000 CEOs found Wal-Mart was the nation's most admired company, marketing the first time the world's biggest corporation was also its most respected. One of the factors cited in choosing Wal-Mart was that economists credited the retailer's EDLP (everyday low prices) policy with contributing to everyday low inflation, meaning that all Americans benefit from Wal-Mart's efficiency. More than one-eights of U.S. productivity growth been 1995 and 1999 was found to be the result of Wal-Mart's drive for low prices. Warren Buffett, the famous investor, noted that the retailer has "contributed more to the financial well-being of the American public than any institution I can think of." His own back-of-the-envelope calculation of this contribution: \$10 billion a year. Wal-Mart's effect has been evident in other countries where it has significant presence. In Canada, where the chain has 213 stores, footwear and clothing prices actually dropped by almost a full percent in 2002.

On the other hand, nations that have failed to perform the critical role of retailing as it should be performed will ultimately have to adopt a strong retail sector to improve their populations' well-being. One of the reasons the Eastern European countries experienced such a low rate of economic growth when they were under Communist control was their lack of a retail structure. Interestingly, when Amway, Toys "R" Us, Pizza Hut, and McDonald's opened for business in these countries, they became instant successes. The joy and excitement these new forms of retailing provided the citizens was amazing, which illustrates very well the value people of all cultures place on retailing that is responsive to their needs and wants.

Retailing, consists of the final activities and steps needed to place a product in the hands of the consumer or to provide services to the consumer. In fact, retailing is actually the last step in a supply chain that may stretch from Europe or Asia to your hometown. Therefore, any firm that sells a product or provides a service to the final consumer is performing the retailing function. Regardless of whether the firm sells to the consumer in a store, through the mail, over the telephone, through the Internet, door to door, or through a vending machine, the firm is involved in retailing.

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