

Benefits and challenges of department stores



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Department stores represent a large retail organization which offers to consumers a large choice of goods and services. Consumers have the opportunity to compare price, quality, and service at different stores at the same time and in a limited place. So the company can profit from individual benefits other sectors. The strategy of F4U is not only to sell quality goods at a reasonable price, but also to offer a unique service. Its prices are neither as cheap as the lower end department store, nor as expensive as the high-end store.

F4U will try to bring the immediate attention of consumer through visual effects like layout, displays and colored posters and will place itself directly in front of the shoppers. The company wants, thereby, to entice different target groups and gain those other brands according to the motto "good quality, fashion style, best price".

In addition F4U intend to retain its consumer through a bonus program and to collect their personal data to build an aggregate profile of individual consumers to target them with special offers and appropriate advertisements.

Benefits and challenges of Department stores:

Department stores offer to the customer the direct experience to touch and feel the product and judge its quality as well as the possibility of living the purchase as experience (Steinmann 2011: 27). The customer can try the clothes and take them immediately. Whereby the number of returns can be decreased. The face-to-face contact is crucial for many consumers especially for old people or people who dislike shopping online. Another advantage is

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the longer opening hours compared to specialty retail stores especially on Friday and Saturday.

Department stores have also many disadvantages such as the existing of a concrete and inflexible location. Consequently, the location is a crucial factor for the shopping place. In this context, many consumers opine that, the fixed opening hours and parking fees are unfavorable. In addition, the time exposure, due to the travelling time, could be also a problem for some consumers (Heinemann 2008: 19) Furthermore, department stores emerge several costs for the company such as lease costs and staff costs.

Catalog selling

Catalog selling as a channel for F4U

Catalog selling is one of the most popular strategies used in Fashion game. The approach involves the creation of a printed catalog with a listing of products for sale.

Every product is explicitly described and clearly illustrated with a picture to make the shopping experience as real as possible for the consumer. The catalog contains also a size chart to help consumer choosing the appropriate size. F4U tries, across catalog selling, to expand its clientele and above all to attain consumers, who are not familiar with using the internet or who dislike to walk around the stores for buying clothes. The catalog will comprise different ordering informations. The consumer can choose between ordering by telephone and entering the order at the online site. F4u will also offer its consumers various delivery options . They range from shipment directly to

the consumer's address, to delivering the goods to a F4u retail store or simply to a Packstation.

Benefits and challenges of catalog selling:

The catalog shopping approach allows customers to shop comfortable without time pressure . It gives the company the possibility to reach various consumer groups. That may also increase the exposure of retailers to potential clients. The catalog represents essentially the showroom. According to Geller (2002, 148) Response: The Complete Guide to Profitable Direct Marketing “ if the catalog is the store, the written copy is the salesperson.” Instead of waiting for the consumer, the company takes the initiative in presenting its products.

Because payment is received in advance, retailers may not need to stock the merchandise and tie up their cash flow.

The main disadvantage of catalog order is the difficulty to build trust and customer loyalty. In addition consumer must wait a period of time to get their order. An additional vulnerability is the long lead times.

Selling via catalogs could be very expensive because a catalog must be extremely well written and designed to move the shopping desire by consumers. Low response rates and high postal costs may make catalog selling to an unfavorable channel.

Electronic commerce

Electronic commerce as a channel for F4U

Electronic commerce or online shopping” is the most effective way to brand your product line or services and to increase your visibility on line. It follows that a properly marketed and visible online business will experience a growth of shoppers and a higher conversion rate” (Inci, 2010) . Through a user-friendly and well designed website F4U will become a global presence. The company will also use several tools to raise the visibility of the website and the number of its visitors.

This will allow the company to reach new target groups and markets. Like by the catalog selling, the consumer will have to choose between different payment and delivery options. The client can check a product in-store or online, see which stores currently have an item in stock, or verify its availability at a specific store.

The Online shop will make it possible for consumers to shop 24 hours a day, 7 days a week.

Benefits and challenges of electronic commerce:

Electronic commerce combines a variety of benefits. It allows reaching consumers without a geographic limitation. By these means the size of the market will expand from regional area to the national one or peradventure from national to international. In addition the company can always change the listed prices for several or edit the website in just a few clicks. Using the online selling can reduce many costs like logistical problems, the costs of distribution, of processing or of storing informations. By contrast, the company can increase the quality of services. Furthermore e-commerce

makes it possible to generate consumer data and to evolve an individualized consumer profile

Electronic commerce has many advantages but also disadvantages.

According to Rajarman (2010: 11) an important disadvantage is that “ Many persons go shopping for social contacts, touch and feel and bargaining before buying items. E-commerce will de-personalize transactions. “. Other persons are afraid of hackers and avoid giving their credit card numbers. Sometimes the item description is not enough for a decision to buy them because many items need to be felt and touched. Rajarman (2010: 12) mentions also that “ online-business expose the catalogues and prices to competitors. The advantage of secrecy of traditional mode of doing business is lost”

References

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