

SUBJECT- BUSINESS ORGANISATION

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LARGE SCALE RETAILING - DEPARTMENTAL STORE - ADVANTAGES AND LIMITATIONS

Following are the advantages of a departmental store:

1. Convenience of shopping: Since a large variety of goods are sold under one roof, we need not move from one Bazar to another or from one shop to another to buy goods. It saves your time and effort. Also, for the convenience of the customer these stores provide toilet, restaurant, rest room and telephone service and ATM facility inside the store.
- (ii) Wide choice of product: A wide variety of products from different manufacturers are sold in these stores. Thus, a customer has a wide choice of goods from which he/she can select the best, as needed.
- (iii) Economies of large-scale purchase and sale: A departmental store buys goods on large scale. So, it can bypass wholesalers and get the goods directly from the manufacturers. This way, it enjoys the benefits of discounts from the manufacturers. Again, due to large volume of sale, the cost of operation is also low.
- (iv) Mutual advertisement: While visiting a departmental store customers are often attracted by goods displayed in different departments. Hence, there is a chance that the customer may buy goods other than those they originally had in mind. Thus, each department advertises for other departments.

(N) Efficient management: Since these stores are organised on a large scale basis, they normally employ efficient and competent staff to provide best service to the customers.

In spite of these advantages, the departmental stores have certain limitations also. Let us make note of these:

* Limitations of Departmental Store

The following are the limitations of departmental stores:

- (i) Heavy Investment:- Since departmental stores require large space for storing varieties of goods, huge amount of capital is required to start and manage a departmental store.
- (ii) Distance from residential areas:- The departmental stores are normally located in places far from the residential areas. Therefore, customers from far away localities find it inconvenient to buy goods from these stores. Again, to buy goods of daily use, people prefer going to small shop situated in their residential areas.
- (iii) High cost of operation: The cost of location (in the form of rent or purchase price of building), decoration of building, employment of large numbers of employees and provision of various facilities for the convenience of customers increase the operating cost of a departmental store.
- (iv) High price: High operating cost and better quality of goods leads to high price being charged for the goods in departmental stores.
- (v) Lack of personal attention:- There is no direct contact between the owner and the customers.