

Module 2

Short answers

1. An independent retailer is a small, individually owned and operated business that is not part of a larger chain or organization. An example from my local community is a small, family-owned bookstore that specializes in rare and used books. Whether independent retailers will disappear from business as chains get bigger is difficult to predict, but it is important for consumers to support local businesses to help ensure their continued success.
2. Franchising is a business model in which an individual or group buys the rights to use a company's name and business model to operate their own location. An example of a major company that uses franchising is McDonald's. Advantages of franchising include the ability to expand quickly and the shared risks and costs, while disadvantages include limited control over franchisees and potential damage to the brand if franchisees do not operate according to company standards.
3. The wheel of retailing is a theory that describes the process by which retail companies evolve over time. It suggests that new retail companies typically start out as low-end, low-price operations and then gradually evolve into higher-end, higher-price operations over time. As the companies evolve, new low-end competitors enter the market, and the cycle starts again.
4. The retail life cycle is a model that describes the stages of growth and decline that retail companies typically experience. The stages include introduction, growth, maturity, and decline. During the introduction stage, a new retail concept is introduced and gains popularity. During the growth stage, the concept becomes more established and expands. During the maturity stage, growth slows down and the company must find ways to maintain its position. During the decline stage, the concept becomes outdated and the company may struggle to survive.
5. Two ways that retail companies are evolving are through the use of technology and the focus on sustainability. Retail companies are increasingly using technology to enhance the customer experience and streamline operations. Many are also making a concerted effort to be more environmentally and socially responsible to appeal to consumers who prioritize sustainability.
6. Single-channel retailing involves selling products through a single distribution channel, such as a physical store or an online website. Multichannel retailing involves selling products through multiple channels, such as both physical stores and online websites. Omnichannel retailing involves seamlessly integrating multiple channels to provide a consistent, cohesive customer experience.
7. The Internet and Web will likely continue to alter the retailing experience by making it more convenient and personalized. Online retailers can offer a wider selection of products and services, as well as more targeted advertising and personalized recommendations. Additionally, the use of technologies such as virtual reality and augmented reality could enhance the customer experience even further by allowing customers to "try on" products virtually.

Long answer

One example of a company that offers franchising is Subway, a popular fast-food restaurant chain. To become a Subway franchisee, one must meet certain financial requirements, including having a minimum net worth of \$80,000 and liquid assets of at least \$30,000. The total investment to start a Subway franchise ranges from \$116,000 to \$263,000, depending on various factors such as location and store size.

Subway also has specific rules that franchisees must follow, including purchasing supplies and ingredients from approved vendors, using the company's equipment and signage, and adhering to the company's marketing and advertising guidelines. Additionally, franchisees are required to complete a two-week training program at the company's headquarters in Milford, Connecticut, and must participate in ongoing training and development programs.

Despite the upfront costs and strict guidelines, there are several advantages to becoming a Subway franchisee. For example, franchisees benefit from the company's brand recognition, established operational systems, and ongoing support and training. Additionally, Subway offers a well-known product that is in high demand, making it an attractive business opportunity for those looking to enter the fast-food industry.

Overall, franchising offers a unique opportunity for entrepreneurs to own and operate their own business while benefiting from the support and resources of an established company. However, it is important for potential franchisees to thoroughly research the requirements, costs, and benefits of franchising before making a decision.