



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
Subject: BST	Chapter 10: Internal Trade
Worksheet: 02	Competency Based Questions

Qt No	
1	A very successful Ayurveda Company of the country sells its products to distributors who sell the products to wholesalers as and when demand is generated. These wholesalers demand the products from distributors depending upon the market demand and trends. The company contacts doctors of the country who prescribes the ayurvedic medicines to the patients. These patients demand the medicines from chemists who in turn ask the wholesalers to supply them the medicines. Identify and explain two types of internal trade highlighted in the above passage. Also, quote the lines to substantiate the answers. Ans: (i) Wholesale Trade “These wholesalers demand the products from distributors depending upon the market demand and trends.” (ii) Retail Trade “....from chemists who in turn ask the wholesalers to supply them the medicines.”
2	Shelby started a hosiery factory with just 4 workers to manufacture ladies wear. The firm tasted success in business and installed new machines and hired more workers and engaged supervisors. Though her business was expanding, she was able to manage the marketing part of the business. She sold directly to customers and also to retailers in her city. Recently, Shelby admitted two partners into the business to expand the business further. Both the partners contributed capital of 40 lakhs each. Fresh funds were used to acquire advanced machines and purchase raw materials and other inputs. The production has increased 5 times but difficulties are being faced in marketing of finished products. The new partners want to appoint wholesalers to distribute the products though Shelby is not in favour of this idea. Should wholesalers be appointed to sell the products? Why? Ans: Services of wholesalers to manufacturers.
3	Gomez Enterprises (GE) is a wholesaler outlet in Manori. This outlet deals with products from personal care segment ranging from perfumes to talcum powders to shaving creams, so on and so forth. GE advertises the product through banners and activities in nearby areas to

	increase the demand of the products. Since the outlet is in operation for many years, it has cordial relations with retailers and therefore, the trusted outlets are not billed on immediate cash basis which helped them to work with low capital. In the process, it not only helps them to avoid financial burden but also helps them in avoiding the risk of theft and storage as retailers can demand good in smaller quantities. GE also keeps the retailers updated with the new products launched in the market. Identify and explain the services given by the wholesalers to the retailers by quoting the lines. Ans: (i) Marketing Support “GE advertises the product through banners and activities in nearby areas to increase the demand of the products.” The wholesalers perform various marketing functions such as advertisements and other sales promotional activities to induce customers to purchase the goods. This increases the demand of the products which results in increased profits for the retailer. (ii) Grant of Credit “and therefore, the trusted outlets are not billed on immediate cash basis which helped them to work with low capital.” The wholesalers generally extend credit facilities to retailers. This enables them to manage their business with relatively small amount of working capital. (iii) Specialised Knowledge “GE also keeps the retailers updated with the new products launched in the market.” The wholesalers specialise in one line of production. They inform the retailers about the new products, their uses, quality, prices, etc. (iv) Risk Sharing “In the process, it not only helps them to avoid financial burden but also helps them in avoiding the risk of theft and storage as retailers can demand good in smaller quantities.”
4	Joshua, Brett and Lee are three friends who want to start a business of trading and manufacturing high quality herbal products. They have been trying to figure out the right mode of running the business by evaluating each and every option. Joshua thinks that they should place the products in big stores where there is already a cosmetics section so that customers can easily find the product. Brett is of a different view, he believes that they should open their own stores in different cities and localities so that they develop a unique brand image. He argues that if a store is incurring a loss, then it can be closed down or shifted to some other place, without any significant effect on the company. On the other hand, Brett produces a counter-argument by stating that due to operating on a large scale and lack of initiative on the part of employees, their dealings with customers will lack personal touch. Therefore, he suggested that they should deliver the goods at home with a personalised note. They decided to further explore the options. They decided that they will go with the option that Lee suggested. They also set up retail chain with many mom-and-pop stores. They

	believe that these stores will help them in creating place utility. Moreover, these stores will tell the consumers about their products helping them to boost sales. Which type of a fixed-shop large retailer did Joshua recommend? (a) Departmental stores (b) Chain stores (c) Mail order houses (d) None of the above Which type of a fixed-shop large retailer did Brett recommend? (a) Departmental stores (b) Chain stores (c) Mail order houses (d) None of these Which service of retailers to manufacturers is highlighted in the line, “They also set up retail chain with many mom-and-pop stores. They believe that these stores will help them in creating place utility?” (a) Help in distribution of goods (b) Personal selling (c) Enabling large-scale operations (d) Help in promotion Which service of retailers to consumers is highlighted in the line, “Moreover, these stores will tell the consumers about their products helping them to boost sales?” (a) Regular availability of products (b) New products information (c) Convenience in buying (d) Wide selection
5	Jiminee Cosmetics Ltd. located in Seoul is a manufacturer of herbal cosmetic items and a leading enterprise in the industry. Its products are demanded all over the country. Noticing an increase in the demand in October and November, their marketing and sales department made a special herbal cosmetics gift hamper which is not only economic but also has a very attractive packing. For the distribution of such hampers at all places, they have made an agreement with KooK traders who will buy the hampers in large quantities and provide it to retailers in every state so that they can meet their orders in time. Recently, the company has opened its own retail outlet named ‘Jiminee Stores’ in Seoul a few months ago. The store has received a s very good response from customers. This has led to an increase their sales turnover. Inspired from the growth of sales of their retail store, they are having plans to open such stores in Busan, Incheon and Jeju Island too. For testing the markets in these cities, they decided to place the products in some big stores which offer a wide variety of products, classified into well-defined segments in the store. With the success in these markets, the management decided to open more stores. They are planning to establish a system in such a way that the prices of the goods are fixed and sales are made on cash basis. Daily sales are to be deposited in a local bank account and details to this regard will be sent to the head office. However, the company faced an

	unprecedented problem that the employees working in these stores work on the instructions of the head office and do not stand to benefit in any way by the sales made by them. This affects their performance. Which of the following is incorrect regarding the services provided by wholesalers to manufacturers? (a) Regular availability of products (b) Help in marketing function (c) Bearing risk (d) Storage “Recently, the company has opened its own retail outlet named ‘Jiminee Stores’ in Seoul a few months ago. The store has received a s very good response from customers. This has led to an increase their sales turnover. Inspired from the growth of sales of their retail store, they are having plans to open such stores in Busan, Incheon and Jeju Island too.” Identify the type of fixed retail shop mentioned here. (a) Market traders (b) Multiple shops (c) Departmental stores (d) General store “For the distribution of such hampers at all places, they have made an agreement with KookK traders who will buy the hampers in large quantities and provide it to retailers in every state so that they can meet their orders in time.” Which type of intermediary Sharma Traders is in internal trade? (a) Wholesalers (b) Retailers (c) Commission agent (d) Salesman “..... they decided to place the products in some big stores which offers a wide variety of products, classified into well-defined segments in the store.” Which type of fixed shop is highlighted here? (a) Chain stores (b) Departmental stores (c) Mail order houses (d) Both (a) and (b)
6	Akbarally was the first departmental store of India. There were two full line department stores and eight supermarkets called Mini-Akbarallys across Mumbai. This store was generating phenomenal profits upto 1990s, but with the onset of the retail boom in 1990s and the subsequent proliferation of speciality stores, malls and branded stores, the downward slide of Akbarally began. In 2009, not being able to sustain losses, Akbarally closed down. State the limitations of departmental stores which could have been the cause of Akbarally’s failure. Ans:

	Demerits of departmental stores
7	A large retail store which has a number of sections, each one confining its activities to one kind of product. For example, there may be separate section for toiletries, medicines, furniture, groceries, electronics, clothing and dress material within a store. Thus, they satisfy diverse market segments with a wide variety of goods and services. It is not uncommon for this type of retail trade in the United States of America to carry 'needle to an aero plane' or 'all shopping under one roof.' Everything from 'a pin to an elephant' is the spirit behind this typical retail store. In India, such stores have not yet come in a big way in the retailing business. However, some stores on this line in India include 'Kalidasa' in Mumbai and 'Spencer's' in Chennai. - Identify the concept of internal trade - Explain the merits of the identified concept Ans: Departmental store Merits
8	Pizza Hut is an American restaurant chain and international franchise which was founded in 1958 in Wichita, Kansas by Dan and Frank Carney. The company is known for its Italian American cuisine menu, including pizza and pasta, as well as side dishes and desserts. Pizza Hut has 18,703 restaurants worldwide as of December 31, 2019, making it the world's largest pizza chain in terms of locations. It is a subsidiary of Yum! Brands, Inc., one of the world's largest restaurant companies. Pizza Hut was founded on May 31, 1958 by two Wichita University students, brothers Dan and Frank Carney, as a single location in Wichita, Kansas. They borrowed \$600 from their mother. Dan Carney's wife suggested the name "Pizza Hut" based on the appearance of the building. Six months later they opened a second outlet and within a year they had six Pizza Hut restaurants. The brothers began franchising in 1959. The iconic Pizza Hut building style was designed in 1963 by Chicago architect George Lindstrom and was implemented in 1969. PepsiCo acquired Pizza Hut in November 1977. 20 years later, Pizza Hut (alongside Taco Bell and Kentucky Fried Chicken) were spun off by PepsiCo on May 30, 1997, and all three restaurant chains became part of a new company named Tricon Global Restaurants, Inc. The company assumed the name of Yum! Brands on May 22, 2002. - From the information given above identify the concept of internal trade. - Explain the merits and demerits of the identified concept. Ans: Multiple Shops
9	Identify the following types of retailers. They are the oldest form of retailers in the market place. They are small producers or petty traders who carry the products on a bicycle, a hand cart, etc and move from place to place to sell their products at the doorstep of the customers - Peddlers and hawkers

	b. They are small retailers who open their shops at different places on fixed days or dates, such as every Saturday or alternate Saturdays, etc - Market Traders c. They are commonly found at places where huge population gathers, for example, near railway stations and bus stands - Street traders (pavement vendors) d. They are petty retailers who have independent shops of a temporary nature in a business locality - Cheap Jacks e. These shops are networks of retail shops that are owned and operated by manufacturers or intermediaries - Chain Stores or Multiple Shops
10	Easy Day', 'Vishal Mega Mart' and 'Big Bazaar' are the examples of which type of fixed shops? Give any two merits. Answer : 'Easy Day', Ans: 'Vishal Mega Mart' and 'Big Bazaar' are the examples of departmental stores.