



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
Worksheet No: 1	Topic: chapter-9 Internal trade

Fill in the blanks

- 1) Buying and selling of goods and services within the boundaries of a nation are referred to as _____ [**internal trade**]
- 2) Internal trade can be classified into two broad categories They are _____ and _____ [**Wholesale trade and retail trade**].
- 3) Each _____ is under the direct supervision of a Branch Manager, who is held responsible for its day to-day management. The Branch Manager sends daily reports to the head office in respect of the sales, cash deposits, and the requirements of the stock. [**multiple shop**]
- 4) Purchase and sale of goods and services in large quantities for the purpose of resale or intermediate use is referred to as _____ [**wholesale trade**]
- 5) The _____ trade represents the final stage in the distribution where goods are transferred from the hands of the manufacturers or wholesalers to the final consumers or users. [**retail**]
- 6) The prices of goods in _____ are fixed and all sales are made on cash basis. [**chain shops**]

True or False

- 1) Both retailers and wholesalers are important marketing intermediaries who perform very useful functions in the process of exchange of goods and services between producers and users or ultimate consumers [**True**]
- 2) External trade aims at equitable distribution of goods within a nation speedily and at reasonable cost. [**False**].
- 3) Retailing is, thus, that branch of business which is devoted to the sale of goods and services to the ultimate consumers for their personal and non-business use [**True**]
- 4) Retail traders undertake various activities such as grading of products, packing into smaller lots, storage, transportation, promotion of goods, collection of market information, collection of small and scattered orders of shop keepers and distribution of supplies to them. [**False**]
- 5) wholesale traders also relieve the retailers of maintaining large stock of articles and extend credit facilities to them. [**True**]
- 6) The departmental stores are generally located at a central place in the heart of a city, which caters to a large number of customers. [**True**]

Choose the correct answer

1)Purchase and sale of goods in relatively small quantities, generally to the ultimate consumers, is referred to as

- a) Export
- b) Retail trade**
- c) whole sale trade
- d) Entrepot

2)_____ serve as an important link between manufacturers and retailers.

- a) Retailers
- b) Wholesalers**
- c) Multiple shop
- d) Departmental stores

3)_____ enable the producers not only to reach large number of buyers spread over a wide geographical area (through retailers), but also to perform a variety of functions in the process of distribution of goods and services.

- a) Retailers
- b) Wholesalers**
- c)Multiple shop
- d)Departmental stores

4)A modern _____ may provide all facilities such as restaurant, travel and information bureau, telephone booth, restrooms, etc. As such they try to provide maximum service to higher class of customers for whom price is of secondary importance.

- a) Retailers
- b) Wholesalers
- c)Multiple shop
- d)Departmental stores**

5)Wholesalers take delivery of goods when these are produced in factory and keep them in their go downs/warehouses. They thus provide _____.

- a) Place utility
- b) Time utility.**
- c) Risk utility
- d) Information utility

6)_____ serve as an important link between the producers and final consumers in the distribution of products and services with in a country.

- a) Retailers**
- b) Wholesalers
- c) Exporter
- d) Importer

7)The size of _____ is very large, they are generally formed as a joint stock company managed by a board of directors

- a) Retailers
- b) Wholesalers
- c)Multiple shop
- d)Departmental stores**

Identify the service provided by the intermediaries:

1. The wholesale merchants deal in goods in their own name, take delivery of the goods and keep the goods purchased in large lots in their warehouses. In the process, they take the risk of fall in prices, theft, pilferage, spoilage, fire, block their capital in the stocks. [**Bearing risk**]
2. Sometimes wholesale dealers generally make cash payment for the goods purchased by them and also advance money to the producers for bulk orders placed by them. [**Financial assistance**]
3. Wholesalers inform the shop keepers about the new products, their uses, quality, prices, etc. They may also advise them on the decor of the retail outlet, allocation of shelf space and demonstration of certain products [**specialized knowledge**]
4. The retailers relieve the producers of this activity and greatly help them in the process of actualizing the sale of the products. [**Personal selling**]
5. As retailers remain in direct and constant touch with the buyers, they serve as an important source of collecting market information about the tastes, preferences and attitudes of customers. [**Collecting market information**]
6. Retailers generally buy goods in large quantities and sell these in small quantities, according to the requirements of their customers. [**Convenience in buying**]

Question and answers

1. Wholesaling is concerned with the activities of those persons or establishments which sell to retailers and other merchants, and/or to industrial, institutional and commercial users but who do not sell in significant amount to ultimate consumers. Wholesalers serve as an important link between manufacturers and retailers.

Explain the services provided by the wholesaler to-

- a) The manufacturer
 - Facilitating large scale production
 - Bearing risk
 - Financial assistance
 - Expert advice
 - Help in marketing function
 - Facilitate production continuity
 - Storage
- b) The retailer
 - Availability of goods
 - Marketing support
 - Grant of credit
 - Specialised knowledge
 - Risk sharing

2. A retailer performs different functions in the distribution of goods and services. He/she purchases a variety of products from the wholesale distributors and others, arranges for proper storage of goods, sells the goods in small quantities, bears business risks, grades the products, collects market information, extends credit to the buyers and promotes the sale of products through displays, participation in various schemes, etc.

In the light of the above given information explain the services provided by the retailer-

- a) To the manufacturer and wholesaler
 - Help in distribution of goods
 - Personal selling
 - Enabling large-scale operations
 - Collecting market information
 - Help in promotion

b) To the customers

- Regular availability of products
- New products information
- Convenience in buying
- Wide selection
- After-sales services
- Provide credit facilities

3. 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 'Akberally' in Mumbai and 'Spencer's' in Chennai.

a) Identify the concept of internal trade

Departmental store

b) Explain the merits of the identified concept.

- Attract large number of customers
- Convenience in buying
- Attractive services
- Economy of large-scale operations
- Promotion of sales

c) Explain the demerits of the identified concept.

- Lack of personal attention
- High operating cost
- High possibility of loss
- Inconvenient location

4. 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.

a) From the information given above identify the concept of internal trade.

Multiple shop

b) Explain the merits and demerits of the identified concept.

Merits:

- Economies of scale
- Elimination of middlemen
- No bad debts
- Transfer of goods
- Diffusion of risk
- Low cost
- Flexibility

Demerits:

- Limited selection of goods
- Lack of initiative
- Lack of personal touch
- Difficult to change demand