

8.17: Retailer Structures

Learning Objectives

- Describe the typical structure of a single-store retailer, national chain, and diversified retailer

The organizational structure of a retail business will greatly depend on the type of store and its size. Generally the logistics of a retail store are determined when a business plan is set into place. At the outset, retailers typically attempt to employ an organizational structure that is alluring to their consumers and to the particular market they are focusing on for sales.

The three types of retailers we will examine in this section are the single-store retailer, diversified retailer and national chains.

Single-Store

A single-store retailer has a smaller scale of organizational structure in comparison to national chains and diversified retailers. The typical structure for a single-store retailer may consist of the owner performing CEO and manager duties or even a cashier stocking merchandise because the inventory as well as the profit margins are smaller so there is significantly less need for these types of individual employees. “A small specialty shop may have all of its employees under one category called Store Operations. . . . Even if you only have a small staff, everyone should be tasked with specific duties, so that things don’t fall through the cracks.”^[1]

Many national chains and diversified retailers start out as single-store retailers. One such national chain was Wal-Mart. “On July 2, 1962, Sam Walton opened the first Wal-Mart store in Rogers, Arkansas. Sam’s competitors thought his idea that a successful business could be built around offering lower prices and great service would never work. As it turned out, the company’s success exceeded even Sam’s expectations.”^[2] Wal-Mart’s ultimate success provided for international expansion eventually leading to the single-store retail business becoming a national chain and even building stores in other countries such as Canada and Mexico.

Diversified

Diversified retailers provide products and/or services that are completely unrelated to what is being sold or offered in their other stores. Another way a retailer may become diversified is by acquiring another company or by merging with it. Acquiring or buying out other companies happens often in retail because it provides a means for eradicating competition. When one hears the name brand General Electric (GE) they might automatically think of kitchen appliances, but might not know that GE also produces medical devices such as ultrasound and x-ray equipment.^[3]

Because diversified retailers have such a broad range of specializations they have a more complex organizational structure in comparison to single-store retailers or national chains. For example, Disney conducts various types of commerce from theme parks and film production to retail stores. One of the primary roles of management in a diversified retail business is to delegate authority because there is such a huge range of operations in various sectors of the company being conducted daily.

National Chains

National chain retailers are largely competitive. For this reason, like diversified retailers, national chains tend to have an organizational structure intricate in comparison to a single-store retailer. “A large department store may have a complete staff consisting of a manager, assistant manager, and sales associates for its Sporting Goods department, Home and Garden, Bed and Bath, and each additional department.”^[4] National retail chains will have multiple divisions with an array of personnel who are designated to do various jobs within the company. Regardless of what type of retail store you work for upper management should be detail oriented and capable of making quick and ethical decisions on behalf of their company.

Practice Questions

<https://assessments.lumenlearning.co...essments/9218>

1. Hudson, M. (2019). Tips for Structuring Your Retail Store Organization. *The Balance: Small Business*, Web. Retrieved from <https://www.thebalancesmb.com/retail-store-organization-2890447>. [↵]
2. Wal-Mart. (n.d.). Our History. Web. Retrieved from <https://corporate.walmart.com/our-story/our-history> [↵]

3. GE Healthcare. (n.d.). Accessories & Supplies. Web. Retrieved from http://www3.gehealthcare.com/en/products/categories/accessories_and_supplies↵
4. Hudson, M. (2019). ↵

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