In most retail scenarios, the products have come from a manufacturer, passed to the wholesaler, to the retailer and onto the consumer. However, it is common for some manufacturers to operate their own retailing outlets.

Retail in the UK

The retail sector in the UK involves spending by consumers both in shop and online. The retail sector is made up of the wholesale sector which supplies the shops consumers go to for goods and services. In March 2015, UK consumers spent around £34 billion. The most was spent in the retail sector, online and in shops. The remainder was spent in food stores, on things like fuel and in market stores. The retail sector in the UK has come under significant pressure in recent years in many ways including small shops being shut down with the growth of supermarkets, online retailing and the most recent recession which started to have its first effects in 2008.

GBP generated as a result of retail

Retail generates billions of pounds ever year. In 2014 retail in the UK had an economic output of around £180 billion. This was approximately 11% of the total UK economic output. Looking back to 2007, the retail sector grew even more than the UK economy. However, due to the recession which hit in late 2007/early 2008, the retail sector declined significantly quicker than the whole economy. This is because people simply couldn’t afford to spend their money in shops as money was scarce. It can be seen that the trend in economic output of the UK, and the economic output of the retail sector in the UK are related. It tends to be that when one rises, the other also rises. This can be seen in the graph below.
A discount store is a retail store that sells products and services at prices which are lower than the typical market price. Discount stores may focus more on price rather than service or the display of the store. There can be general discount stores which sell a variety of products at discounted prices. There are also “category killer” discount stores which specialise in selling a particular product at discounted prices such as jewellery.

“Next” has stores around the world. However, it also has discounted stores which sell clothing and items at discounted prices for reasons such as discontinued items and for items which are now last season. Another example of a discount store, which is one of the biggest in the world would be Aldi.

**Convenience Stores**

A convenience store is a small store that stocks a range of everyday products such as groceries, snacks, drinks, tobacco and newspapers. They are sometimes called “corner shops” or “CTNs”, which is a confectionary, tobacco and news retailer. A convenient store could also be part of a fuel station. In some places, convenience stores have long opening hours, some even being 24 hours. Typically, convenience stores usually charge higher prices than supermarket as they do not benefit from economies of scale due to them not ordering as many products from suppliers. However, they make up for this with long opening hours, being in more rural locations and having shorter cashier lines. An example of a convenience store would be Mace.

**Franchises**

A franchise is where a business (the franchisor) sells another business (the franchisee) the rights to set up a business using their name/brand. Examples of franchises are McDonalds and Burger King.

As the franchisee is purchasing the franchise and they're buying an-already established business, they have to pay a proportion of their profits to the franchisor. The franchisor does however provide training, expertise and marketing campaigns which help out with all branches of the franchise. Buying a franchise is a good way for anyone wanting to set up a business because

1. They have expertise
2. They are buying a business which is already established
3. They will always have support and backup from the franchisor

There is always less risk setting up as a franchisee than a sole trader as the customers already know about your business and the products you have to offer.

**Factory Outlets**
Conor Cunningham

Tesco is always looking at ways to grow and expand. Apart from opening more stores across the globe, Tesco has branched into E-Commerce. You can now purchase goods and services online from their website. This branch out to online sales proved to be extremely successful. In 2014, over a 6-week period at Christmas, Tesco brought in £450 million through online sales alone. In February 2006, Tesco announced that it planned to move its brand into America. By December of the same year, there were 200 stores in the United States. A contributing factor as to how Tesco grows so fast is due to the massive profits it makes. But how does it make so much profit where other businesses can’t seem to compete? It’s because the goods and services are so cheap and affordable. The public love the products because they are getting their money’s worth and because Tesco is getting bigger, they are benefitting more from economies of scale. They can buy in bigger quantities so the price per unit decreases. These behind the scene methods of saving Tesco money ultimately lead to huge turnover.

With Tesco being a global organisation, it has many benefits for the company. These include;

- **Increase in revenue.** This is because there are more stores bringing in money. This is called greater revenue streams.
- **Market share increases.** Becoming larger and growing helps dominate a particular market. Diversification of a company helps to increase market share, which is exactly what Tesco has done.
- **Customer growth.** Obviously, opening more stores worldwide means more customers. But, looking into it more: If a business grows to the point where they start benefitting from economies of scale (production costs going down), they can sell the products for less which means cheaper goods and happier customers.

Tesco has a few sources of finance such as *retained profits and sales of assets/products in-store and online*. However, because Tesco has grown to be such a large company, a large source of finance comes from the *shareholders*. This means members of the public can buy shares of Tesco. These shares are available on The Stock Market and as of September 30th 2015, one share in Tesco would cost 178.85p. Owning shares in Tesco enables you to receive a share of profits in the form of a dividend. The more shares you own, the higher your dividend will be. Being a shareholder does not mean you have control over how the business is run. Each shareholder has limited liability so they can only lose what they have invested in the business.

Tesco is a public limited company (PLC) operating in the *private sector*. The reason that Tesco operates in the private sector is to *maximise profits*. It is not in the public sector as it not owned or controlled by the government. Public sector businesses typically have the aim to provide a service more so than to make a profit. So, Tesco remains in the private sector as it aims to *make profit*. It also remains a public limited company so shareholders can buy...