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RETAIL MANAGEMENT - I

Unit Structure :

1.0 OBJECTIVES

- Introduce students with the basic concepts of retail management and the latest developments in retail industry in the Indian context
- Develop knowledge of contemporary retail management issues at the strategic level
- Establish an academic relationship to the above through the application of retailing theory and research

1.1 INTRODUCTION

The final step in the marketing distribution chain is retailing. The French verb "retailer," from which the English word "retail" has been derived, implies "to cut a piece" or "to break bulk." It includes every step of the product and service sales process. Retailing is the second-largest industry in the world and is one with intense competition. Its capacity to give customers more freedom of choice, accessibility to a wide range of goods, and access to numerous services is what accounts for its appeal. The typical size of a retail store varies significantly between nations, mostly dependent on the degree of economic development of that nation.

Retail management refers to the many procedures that enable customers to purchase the necessary goods from retail establishments for their intended uses. All the steps necessary to attract customers to the store and meet their shopping demands are included in retail management. Retail management guarantees that clients have a pleasant shopping experience and that they leave the store smiling. Simply put, retail management makes it easier for people to shop.

One-sixth of the labour force is employed by the largest private industry in the world, retail, which accounts for 8% of the GDP. The retail commerce is anticipated to be worth 7 trillion US dollars. The retail industry has seen a significant transformation recently, and many nations have only thrived because of retailing. As far as India is concerned, it contributes 14% of our GDP and is the second largest industry in terms of the number of people it employs, behind agriculture. India is currently ranked second among Asian nations and the fifth most desirable retail destination worldwide, according to a poll. It is listed as the seventh most alluring retail location globally.

1.2 RETAILING

MEANING AND DEFINITION

It is most typical way of conducting business It entails selling goods in modest quantities to customers directly from a fixed location (a retail store). These customers could be business or private buyers. Retailers buy products or items directly from manufacturers in bulk before reselling it in smaller amounts. Shops may be found on neighborhood streets, colony streets, community centers, or contemporary shopping centers.

According to Kotler: ´Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business uses.

Selling goods and services to low-level consumers for their usage is known as retailing. It focuses on putting finished products into the hands of clients who are willing to pay for the enjoyment of eating, wearing, or using certain product items. Distribution of goods and services is the focus of retailing because retailers are crucial to the path that products take from a manufacturer, grower, or service provider to the consumer.

"A set of business activities carried on to accomplishing the exchange of goods and services for purposes of personal, family, or household use, whether performed in a store or by some form of non-selling." – American Marketing Association

The term 'retailing' has a wider context and includes several transactions which are several stages removed from sale to the ultimate consumer.

Subordinate services like delivery may be offered as part of retailing. Buyers could be either people or companies. In the world of business, a retailer buys vast quantities of commodities or products directly from producers or importers or indirectly through a wholesaler before selling smaller quantities to the final consumer. Shops and stores are common names for retail spaces. The final link in the supply chain is the retailer. Retailing is viewed by manufacturing marketers as an essential component of their overall distribution strategy.

1.2.1 CHARACTERISTICS OF RETAILING :

In the context of emerging markets, retailers are essential participants. To serve India's expanding middle class, big brands are racing to enter the desired retail formats. Retailers perform numerous responsibilities such supplying assortments, sorting, breaking the bulk, rendering services, bearing risk, serving as a conduit of communication, transportation, advertising and holding inventory. They make a substantial contribution to boosting the worth of the product and ensuring client satisfaction. The duties of a retailer are listed below.

- Sale to Final Consumer
- Various Channels
- Small Order Size
- Large Number of Orders
- Wide Variety of Consumer
- Keeps a large assortment of Goods

1. Sale to Final Consumer

The fact that retailing involves selling goods or services to end users is its most crucial feature. An advertising approach or a person or entity that uses or consumes something can both be considered end consumers. It implies that the subject consumes something. They don't buy it, sell it, and then give it to someone else. The ultimate consumer is what we refer to as.

2. Various Channels

The downstream process, which addresses the issue of "How do we get our product to the consumer," includes distribution networks. As opposed to this, the upstream procedure, also referred to as the supply chain, provides an answer to the query "Who are our suppliers?" A distribution channel is the route that all products and services must take to reach their target customers. On the other hand, it also specifies the payment route that customers take to pay the original provider.

3. Small Order Size

Minimum order requirements are very sensible from the supplier's perspective because they help them sell their inventory more quickly, generate more money, and weed out customers who are just looking for a deal. The wholesalers' cost of inventory is used to determine the minimum order amounts, which helps them maintain a profit while also boosting free cash flow. Even though wholesalers might not favor this approach, there are times when they are left with little options since manufacturers have minimum order requirements.

4. Large Number of Orders

The retailer caters to many orders dealing with its local business, this even generates lots of employment and bridge the gap between producer to consumer.

5. Keeps a large assortment of Goods

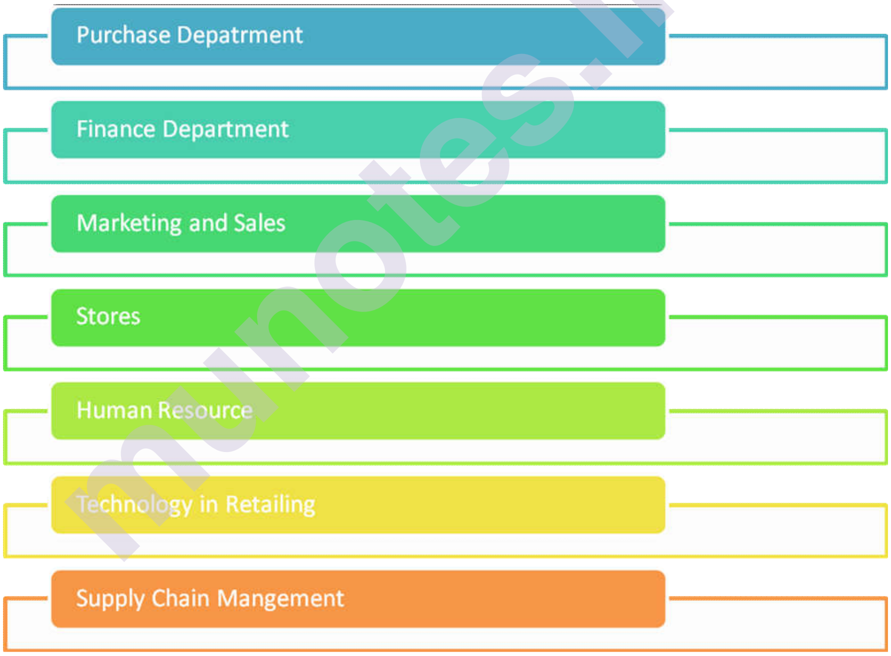
In retailing, an assortment strategy refers to the quantity and variety of goods that are available for consumer purchase in stores. This strategic technique, often known as a "product selection strategy," is used by merchants to control and boost sales. There are two main parts to the strategy:

- The breadth of products a store offers or the number of varieties it carries (e.g. how many sizes or flavours of the same product).
- how many various types of things a store carries, or the breadth (width) of its product diversity.

1.2.2 SCOPE OF RETAILING :

Retailing, from the standpoint of the retailer, can include anything that the retailer wishes to sell. It could be either goods or services. Mobile phones, computers, electronics, ready-made garments, textiles and clothing, jewelry, books, paintings, medicines, stationery, and watches are examples of such items, as are services such as catering, hospitality, and hospitals.

Employees perspective – Retail has created a plethora of job opportunities. Small-scale retailers required a small number of employees to assist them in their operations. The retailers hired these people to work as salespeople, cleaners, cashiers, and so on. However, with the expansion of operations and the growth of retailing, the industry has undergone significant change.



1. Purchase Department

All purchases for the company must be made through the procurement department. This includes choosing the goods to sell to customers, their price range, choosing the supplier from whom purchases are to be made, etc. This department involves a significant amount of work, a great deal of travel, and a great deal of paperwork. The staff members of this department should be well-spoken and knowledgeable about both the industry and the vendors. They need to be capable of making prompt decisions.

2. Finance Department

Every organisation depends on its finances to function. The finance department handles tasks including creating and assembling financial records, allocating funds to various departments, managing funds, setting up funds, controlling cash flow, overseeing banks and investments, selecting how much credit to grant, etc. The finance department may occasionally additionally perform a retail audit.

3. Marketing and Sales

The marketing division handles a variety of tasks, including public relations, advertising, and sales promotion. When it comes to contacting the clients, these activities are crucial. The marketing division oversees carrying out in-depth market research and determining customer needs.

The individuals needed in the marketing department should be well-versed, possess the necessary product expertise, and be capable of persuading customers to purchase the products. They should be able to comprehend the needs of the customer and respond accordingly.

4. Stores

The stores department is responsible for storing the goods. The store's manager should ensure that at every time the inventory is maintained at proper levels so that there is no shortage of goods. At the same time the department should ensure that too much inventory may cause problems of storage, obsolescence, wear and tear, etc. So, the store's manager must always keep an up-to-date record of the inventory and ensure uninterrupted supply of materials.

5. Human Resources

The hiring, choosing, training, on boarding, and other aspects of personnel management fall under the purview of the human resources department. A human-centered industry is human resources. The individuals needed in this department must possess the knowledge necessary to comprehend the needs of those working for the company and to prevent productive personnel from quitting.

6. Technology in retailing

India's retail sector is at a mature stage and uses information technology with great confidence. The sector makes use of technology like Electronic Data Interchange (EDI), which allows for the electronic transmission of information via computers. The methods used to collect client information and store it for later use include database management, data warehousing, and data mining. In customer relationship management, data mining is helpful. For supply chain management, radio frequency identification systems (RFID) are utilized. E-tailing is a retailing idea that is constantly expanding. It also covers the use of the internet for product sales.

7. Supply Chain Management

Supply chain management refers to controlling the flow of goods, services, and data throughout the supply chain. Profitability of the company is increased by proper resource management. Systems for managing the supply chain are used. Thus, there are numerous places in which retailing can give individuals jobs. As a result, it may be said that retailing has a very broad scope. Depending on one's abilities, finances, etc., one can either start their own business or enter the industry as an employee.

1.2.3 IMPORTANCE OF RETAILING

Retail marketing's significance for today's producers cannot be emphasized. In order to expose businesses to a big audience and distribute items extensively, retail outlets are crucial. Retailers can interact with customers in-store (the ultimate consumers of your products).Retailers have a history of selling products to customers. He has a thorough awareness of his clients' likes and dislikes due to his regular interactions with them. He sells goods in a variety of sizes and forms and keeps inventory on hand to satisfy customer requests.

1. Sales to Ultimate Customer

In a retail transaction, the goods and services are distributed to ultimate or final purchasers. The items are not resold after this sale. The products and services offered here can be utilized for a variety of purposes, including commercial, domestic, and residential ones. The manufacturer will consequently interact with his customers through the store and find out what they think.

2. A Convenient form of Selling

Reselling things that have been disassembled into their constituent elements is referred to as "retail." The merchant buys the goods in bulk from the producer or middleman, and the majority is divided into smaller quantities and sold to clients in accordance with their requirements. To accomplish this, the shop will repackage products in various quantities and varieties, making it simpler for customers to choose and transport them.

3. Convenient Place and Location

Shops for retailers are frequently situated in places that are simpler for clients to get to. A retail establishment can come in a variety of shapes and sizes, including a coffee shop, a tiny store, or a multiplex. Whenever they want, consumers may buy and sell products via mobile apps and the internet.

Additionally, internet shopping is becoming into a contemporary trend because of developments in technology and delivery methods. As a result, an increasing number of companies are shifting their activities online, making it possible for customers to access and buy products from the comfort of their homes.

4. Affects Lifestyle

The retail industry is crucial to today's culture. To live comfortably, people rely largely on retail establishments. Previously, the trading mechanism was used to make goods and services available. Today, however, the buying and selling of goods has taken the role of trade, making retail establishments a necessary component of society.

5. Contribution to the Economy

A significant portion of the Gross Domestic Product (GDP) in many nations comes from the retail sector. Its contribution has grown considerably in recent years and is still expanding quickly. An important economic force that can support long-term growth is retailing.

6. Dominates Supply Chain

In a supply chain, products and services move from a store or a distributor to the ultimate consumers. The location of retail establishments becomes even more crucial when there are numerous consumers dispersed across the globe. Retailers act as a middleman between producers and final consumers.

7. Inter disciplinary

Retailing has evolved with the help of economics, geography, management, economics, and marketing. A store's financial management is aided by economics. Choosing the ideal location for a shop requires a solid grasp of geography. Proper management is essential for managing your staff and merchandise, and it's equally important for helping you break into the market.

8. Provides Maximum Employment

The sector that today employs the most people is retail. One in nine people are reportedly employed in the retail industry. Additionally, two-thirds of the retail workforce is made up of women, and more than half of all retail employees work part-time, allowing them the flexibility to meet any employer's demands.

9. Vital Area for Study

Retailing is getting more and more attention because of its popularity. The study of retail is distinct from that of management and marketing. Studies have been conducted and specialists have been enlisted to help this industry prosper. Additionally, academic publications that concentrate on retailing are available anywhere in the world.

10. Offers Scope for Development

A great opportunity to enter global markets is provided by retail. To increase the number of individuals who purchase their goods, a retailer who wants to diversify their market by selling their goods abroad creates stores there.

1.2.4 RETAIL FORMATS :

A retailer or retail store is a business enterprise whose primary source of selling comes from retailing. Retailing includes all the activities involved in selling of goods or services directly to final consumer for personal, non-business use – Philip Kotler.

A retail establishment is a firm that sells products directly to end users for non-commercial purposes. Usually, the products are jacked up in price. There are various kinds of retail establishments that serve various client demographics and make use of various sales strategies.

1. Specialty Store

Specialty shops have a deep selection of a very small number of product categories. They provide a wide range of options in the collection they carry for models, sizes, styles, colours, and other crucial characteristics.

2. Departmental Store

A department store is a sizable retail establishment that carries many different product lines. For the goals of purchasing, promoting, providing services, and maintaining control, it is divided into distinct divisions and offers a large selection in each line. It is sometimes referred to as a department store for mass merchandise, such as military canteens.

3. Super Market

A supermarket is made to meet all demands for groceries, laundry detergent, and housekeeping supplies. Its size is rather enormous. Its business model is one of cheap cost, low margin, big volume, and self-service.

4. Convenience Store

Near a residential area is a convenience shop. It is compact, long hours are spent keeping it open. Convenience items are available for purchase in a few different lines. The costs are marginally greater.

5. Discount Store

Standard goods are sold at cheaper prices in discount stores. Higher sales volumes make up for lower profit margins and boost total profitability. Discount shopping has expanded into specialty retailers including sporting goods, electronics, and bookstores.

6. Off-price Retailer

as the name implies, offer significant savings on the goods they sell. Low prices, high volume, and high turnover serve as the basis for competition among discount retailers. Wal-Mart is among the best instances of this kind of retail setting, as evidenced by their catchphrase, "Save money."

An off-price store sells leftover products, overruns, and irregulars that they have purchased from producers or other retailers at a discount. Three different sorts of discount stores exist.

a. Factory Outlets- Manufacturers are the owners and operators of these. They sell excess, irregular, or discontinued products from the producer. such as dinnerware, shoes, designer clothing, etc.
b. Independent Off-price Retailer- Entrepreneurs or departments of larger retail businesses own and operate independent off-price retailers.
c. Warehouse Clubs- Wholesale clubs are another name for these. They only stock a small range of name-brand household goods, apparel, and other stuff.

7. Hyper Market

They have been originated from France. Hypermarkets combine specialty shops with shops carrying a small selection of products on one floor. The range of products goes beyond everyday purchases. It consists of things like furniture, big and small appliances, clothing, etc.

The other elements of the hyper markets are bulk display and minimal handling by store staff. Customers who are ready to move bulky furniture and appliances out of the store are given a discount.

8. Catalogue Showroom

In the showroom, customers place orders for products from a catalogue. Then they travel to a store's merchandise pickup location to pick up these items.

9. E-Commerce Store

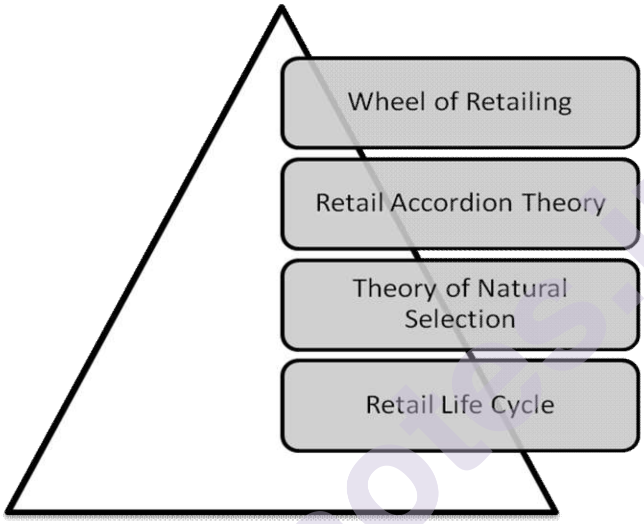
E-commerce stores are online shops that let customers make purchases at any time and from any location. The customer places the order online, and the products are delivered to the address they provide.

10. Dollar Stores

Discount stores include places like dollar stores. They charge pitiful prices for the things. The sole distinction is that their costs are set.

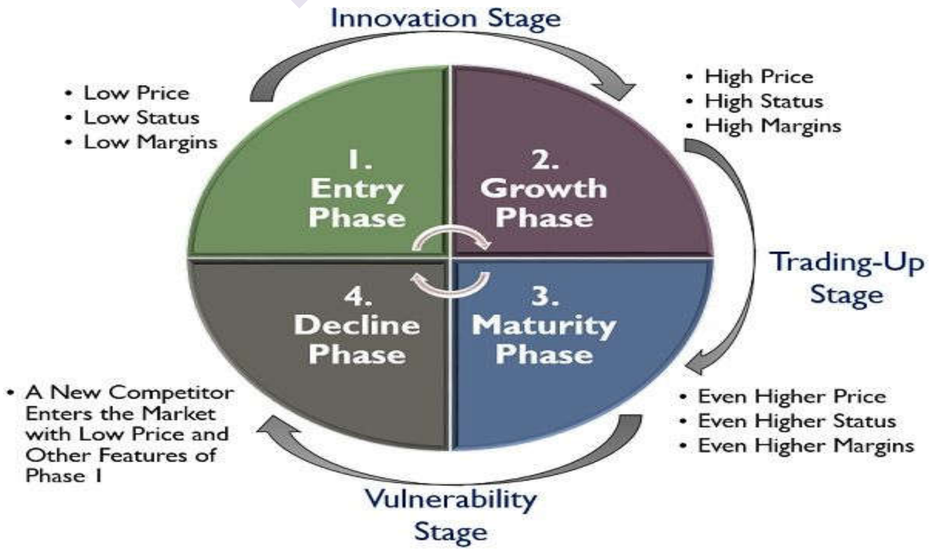
1.2.5THEORIES OF RETAIL CHANGE

Like any other business, retail has benefited from the introduction of new firms and creative strategies. Since no single theory is accepted by everyone, several theoretical viewpoints can be used to examine retail development. Varied market conditions and different socio-economic situations in the market are the main causes of this intolerability. The Theories are



1. Wheel of Retailing

This theory discusses how retailing has changed structurally. Malcolm P. McNair, a professor, put out the notion. This hypothesis explains how retail establishments transform over the course of their existence. It highlights four phases



Phase 1: To draw customers and establish a clientele, a new business with a questionable reputation price its goods and services competitively.

Phase 2: As the business expands, it upgrades its facilities and starts progressively raising pricing.

Phase 3: At this point, the business has established a solid name and starts to provide greater diversity while maintaining higher profit margins and even more expensive services.

Phase 4: A new competitor with the same traits as phase 1 joins the market (i.e. low-costs and low-margin). As a result, for the present company to remain competitive, it must lower its prices to prior levels. The 'wheel of retailing' is now thought to have been finished by the corporation.

When new retail establishments begin operations, they do so as low status, low price, and low margin enterprises. Retail businesses seek to grow their clientele when they experience success. They start modernizing their storefronts, adding goods, and introducing new services. To cover the additional costs, prices are raised along with margins. New retailers enter the market to fill the void left by existing retailers that advance to the next stage of their life cycles because of their success.

When a store reaches the end of its life cycle, a new format appears. When the retail business first opened, it catered to low-income and price-conscious customers. However, as the market expanded and prices and margins increased, it transitioned to catering to affluent clients.

The idea has drawn criticism since it does not support all the changes that occur in the retail industry, and in the current environment, not all enterprises enter the market at a low price point.

2. **Retail Accordion Theory**

   According to this perception, general stores transform into specialty shops before returning to their original general store form. Hollander used the orchestra as the inspiration for the analogy "accordion."

   He proposed that players use closed accordions to depict a small variety of merchandise focusing on specialty products or open accordions to represent general stores. A different name for this idea was the general-specific-general theory. The cyclical theories of the retail revolution are known as the wheel of retailing and the accordion hypothesis.

3. **Theory of Natural Selection**

   This theory proposes that retail establishments adapt as their milieu changes. The retailers who successfully adjust to the changes in technology, economics, demographics, politics, and the law are more likely to expand and succeed.

This theory is thought to be superior to the Wheel of Retailing because it also discusses macro environmental factors. However, this theory has the disadvantage of not considering customer preferences, expectations, and desires.

4. Retail Life Cycle

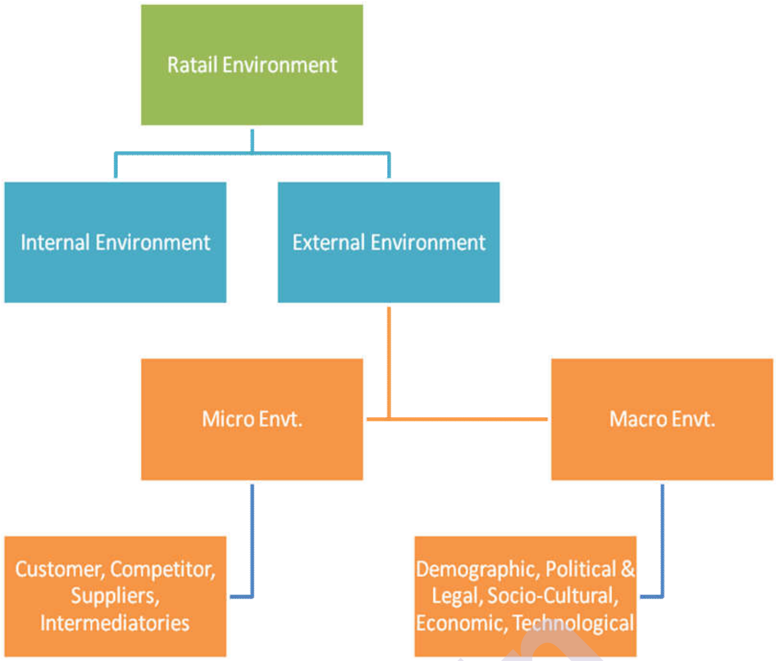
Retail businesses go through distinct stages of innovation, fast development, maturity, and decline, just like products and brands. The retail life cycle is the term used to describe this. Any organisation is young and has few rivals when it is in the invention stage.

They strive to give the end users a unique advantage. Organizations aim to expand quickly at this point, and management is trying out new ideas because the concepts are still new. The stage may persist for a few years, and profits will be modest. Online commerce in our nation is still in its infancy when we talk about it.

In the phase of accelerated growth, firms experience a sharp rise in sales, the emergence of competitors, and the use of leadership and presence as a tool for positioning stability. Because there would be a lot of competition, the investment level will be high. Up to eight years may be at this level. This level includes hypermarkets and dollar stores. The growth rate begins to slow down in the maturity stage as competition increases and newer types of retailing start to emerge. At this point, businesses should begin rethinking their strategies and positioning themselves to survive the market. In this level are supermarkets and cooperative businesses. The falling phase, which marks the end of the retail life cycle, is when businesses start to lose their competitive advantage. Overhead costs start to climb as profitability continues to deteriorate. Thus, for an organisation to survive in the market, it must adopt a distinct strategy at each stage of its life cycle.

1.2.6 RETAIL ENVIRONMENT :

A deep recession, a spike in interest rates, and new risks like the oil crisis are all brought on by the overall marketing environment, and businesses find their markets crumbling as a result. The marketing landscape has undergone several abrupt changes recently, prompting Ducker to Toffler refers to it as the Age of Discontinuity and calls it a period of Present Shock. Retail marketers must constantly keep an eye on the evolving scene. They must employ their judgment and market research to keep tabs on the environment's change. Retailers can build early warning systems. will have the ability to quickly change marketing tactics to address new difficulties the chances offered by the surroundings. The external players and forces that impact a retailer's capacity to establish and preserve fruitful business connections and interactions with its target customers make up the retail marketing environment.



1. Internal Environment

The term "internal environment" refers to the values, people, activities, and situations that exist within a company and have the potential to affect decisions made by the company, particularly how its human resources behave. All individuals who are directly or indirectly connected to the organisation, such as the owner, shareholders, managing director, board of directors, employees, etc., are referred to as members in this context.

2. External Environment

The elements that have an impact on a company's operations are referred to as the external environment. Business environmental elements including competitive, economic, social, ethical, political, and global factors are included in the external business environment. These variables are the primary determinants of how stockholder and company owner business choices are made. For instance, if the government changes the laws governing the quantity and kind of imported goods, the importation tax may rise, which would have a significant impact on the viability of many enterprises. Its devided into two parts Micro and Macro

A. Micro Environment

The main objective of all retailers is to profitably service and fulfil the needs of their designated target markets. The retailer collaborates with a group of suppliers and a group of middlemen to reach its target customers in order to complete this objective. The chain of suppliers, middlemen, and customers makes up the retailer's primary marketing strategy. We'll now examine the factors that come into play after the retail environment.

a. Suppliers - Suppliers are companies and individuals who provide the resources the shop needs. For instance, a retail store needs to buy a variety of products from numerous vendors in order to offer them as soon as clients inquire about them. The marketing strategies employed by the retailer may be significantly impacted by changes in the "suppliers'" environment. Retail managers must monitor changes in the prices of their essential commodities. The availability of supplies worries them just as much. Lack of supplies and other circumstances might make it difficult to execute on commitments, which can result in lost sales in the near term and long-term harm to client loyalty.

b. Intermediatories - Companies known as intermediaries help retail stores market, sell, and distribute their products to end users. Large corporations may employ agents to locate merchants in various South Indian cities, and these agents may receive commissions based on the stores' success. The agents don't acquire the goods; instead, they give retailers orders on what to buy and eventually sell to consumers. Physical distribution companies help the retailer stock and transport goods from their starting points to their final destinations.Before moving items to their next location, warehousing companies store and safeguard them. Every store must choose how much storage space to provide for various goods as well as how much storage space to build for itself.

c. Customer - A retailer establishes connections with suppliers and middlemen to effectively provide the right goods and services to his target market. Individuals and households that purchase goods and services for personal use may be its target market.

d. Competitor - Rarely does a store work alone to service a certain customer market. Similar attempts are made by others to match his efforts in developing an effective marketing system to serve the market. Numerous competitors surround and influence the retailer's marketing system.To acquire and keep consumer loyalty, it is necessary to watch and outmanoeuvre these rival businesses. Now it is possible to summarise a fundamental finding concerning the challenge of effectively competing. Four fundamental considerations, or the "Four CS of market positioning," are necessary for a retailer to bear in mind

B. Macro Environment

a. Demographic Environment - Population is the first environmental fact that matters to merchants since consumers make up markets. The population's size, geographic distribution, density, mobility patterns, age distribution, and social, racial, and religious composition are all of great importance to retailers. Demographic structure rarely remains constant for very long, and shifts in its makeup frequently put a marketing firm's location to the test. Additionally, these modifications affect consumer behaviour, which will directly affect the retailer's revenue.

b. Political/ Legal Environment

Political and legislative issues have a significant impact on retail marketing decisions. Various organisations and people in society are influenced and restrained by the laws, governmental bodies, and pressure groups that make up this environment. Over time, the amount of legislation affecting the retail industry has continuously risen.

c. Socio-Cultural Environment

People's core views, values, and social conventions are shaped by the society in which they are raised. People who reside in various regions of the nation may hold various cultural values, which must be examined by retail businesspeople or firms. This will enable them to adjust their strategy to better meet customer needs. Retail marketers are particularly interested in forecasting cultural changes because it helps them identify emerging marketing possibilities and risks. In this regard, a number of companies, like ORG, MARG, etc., provide social and cultural projections. Marketers of foods, exercise equipment, and other goods will, for instance, seek to address this trend with pertinent items and messaging appeals.

d. Economic Environment

Both people and their purchasing power are present in retail markets. A person's overall purchasing power depends on their current income, pricing, savings, and access to credit. Major societal and economic trends should be known to marketers. A firm's business strategies may be negatively impacted by changes in the economy. The common themes of shortages, rising costs, and up-and-down business cycles are likely to muddle economic analysts' predictions as they look out over the coming ten years. These alterations in the economic climate present new difficulties and dangers for marketers. Effective marketing programmes and tactics will determine how well these obstacles may be turned into opportunities.

No economy, whether it is a free economy or a controlled economy, is free from the tendency to fluctuate between boom and depression. In any case, changes in the economy have an impact on marketing since they alter consumer spending. Retail marketing companies are vulnerable to the economy both directly and indirectly through the market. For instance, when the economy is doing well, all input costs rise, which influences the price of the final product and, in turn, the sales. Through modifications in consumer behaviour, the effect on consumers also affects marketing. This has an undirective effect.

e. **Technological Environment**

Technology is the factor influencing people's lives most dramatically.Technology advancements are a significant factor that have two effects on retail marketing. First of all, they are completely unpredictable, and secondly, limitations imposed by internal and external resources frequently prohibit the adoption of new technologies. At the same time, it's important to keep in mind that technology advancement both opens up new opportunities and puts particular businesses at risk.

1.3 SUMMARY

It is essentially the marketing idea of a company-wide, customer-centered approach to creating and carrying out a plan. It lays forth the rules that all merchants must abide by, regardless of their size, channel design, or mode of sale.

Although the retailing concept is straightforward to embrace, many retailers fail to adhere to it because they overlook one or more of the aforementioned elements. For the retailer to be successful, there needs to be a good balance between all the components of this concept. The retailing notion, while significant, is constrained by the fact that it does not take into account the firm's internal resources or the level of competition in the outside world.The customer may choose not to use that particular outlet if some aspects of the shopping experience are poor. As a result, a store must make sure that every aspect of the experience aims to meet customer expectations. For different sorts of stores, this experience means different things. For example, for a high-end apparel retailer, it can suggest the presence of plush interiors and air conditioning, but a bargain store needs to have enough inventory.

1.4 EXERCISE

Q.1. Fill in the blanks

a. The word Retail is derived from the------ word. (Latin, French, English, German)

b. Retailer is the person who sells the goods in a…………… (Large Quantities, Small Quantities, Both a&b, None of These)

c. In retailing there is direct relationship with ……….. (Profitability, Sales Growth, Return on Investoment, All of these)

d. Retailing Creates ……………… (time utility, place utility, ownership utility, All of these)

e. ……….. activities are performed by the retailers (assortment of offerings, holding stock, extending services, all of these)

Q.2. State True or False

a. The Atmosphere of retailing refers to the ambience. Music,Color, Scent in a store.

b. E-retailing refers to selling using internet.

c. Retailing is marketing function which sells products to final consumers.

d. Super markets are small retailers

e. Shopping malls sells limited variety of products

(Answer-1. True, 2. True, 3.True, 4. False, 5. False)

Q.3. Match the following

A	B
1. Retail word	a. Organised retailing
2. Retail life cycle	b. Unorganised retailing
3. Department stores	c. To break bulk
4. Kiryana stores near you	d. Phases of retail business
5. Convenienece to customer	e. Role of retailer

Answers: 1- c, 2-d, 3-a, 4-b, 5-e

Q.4. Write shortnotes

a. Retailing

b. Legal Environment

c. Competitive Environment

d. Technologicval Environment

e. Economic Environment

Q.5. Explain the following

a. Define retailing and explain the features of Retailing.

b. Explain the importance of Retailing

c. Write a brief note on Business environment

d. Explain the Scope of Retailing

e. Write a brief note on Retail formats

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RETAIL MANAGEMENT - II

Unit Structure :

2.0 OBJECTIVES

- Introduce students to the Indian Scenario of retailing
- Disseminating information to students about the role of FDI in the retail sector
- Introducing students to the challenges faced by retailers and the presence of mall system

2.1 INTRODUCTION

Due to the introduction of numerous new businesses, the Indian retail industry has become one of the most dynamic and quick-paced sectors. Over 10% of the nation's gross domestic product (GDP) and about 8% of employment are attributed to it. India is the fifth-largest international retail market in the world. In the 2019 Business-to-Consumer (B2C) E-commerce Index published by the United Nations Conference on Trade and Development, India came in at position 73. India is the fifth-largest international retail destination in the world and is ranked 63 in the World Bank's Doing Business 2020 report.

The key attractions for global retail behemoths trying to enter additional markets are India's sizable middle class and its mostly untapped retail market, which will aid in the country's retail industry expanding more quickly. products in areas including apparel, cosmetics, footwear, watches, beverages, cuisine, and even jewelry are progressively becoming popular for use in business and leisure. According to a recent estimate by the Boston Consulting Group, the retail industry in India is predicted to reach a staggering US$ 2 trillion in value by 2032. (BCG).

2.2 RETAIL SECTOR IN INDIA

Size Of Indian Retail Market

India's retail sector is expected to increase at a 9% rate between 2019 and 2030, from US$ 779 billion in 2019 to US$ 1,407 billion by 2026, and more than US$ 1.8 trillion by 2030, according to Kearney Research. In FY20, offline retailers in India, commonly referred to as brick and mortar (B&M) merchants, are anticipated to raise their revenue by Rs. 10,000-12,000 crore (US$ 1.39-2.77 billion). By the end of 2021, the direct selling sector in India is anticipated to be worth US$2.14 billion.

E-retail has benefited from the pandemic, and a report by Bain & Company in collaboration with Flip kart titled "How India Shops Online 2021" predicts that the market would reach US$ 120–140 billion by FY26, growing at a rate of about 25–30% per year over the following five years. The India consumer story is still strong despite extraordinary difficulties. Household consumption reached Rs. 130–140 trillion (US$ 1.63–1.75 trillion) in 2021, driven by wealth, accessibility, awareness, and attitude. The third-largest country in terms of e-retailers is India (only behind China, the US). By 2030, it is anticipated that Direct-to-Consumer (D2C) shipments will total 2.5 billion. In the next ten years, the penetration of online used automobile transactions is anticipated to increase by 9x.

In recent years, there have been numerous investments and changes in India's retail industry.

- Between April 2000 and March 2022, India's retail trading sector drew 3.96 billion USD in FDI.
- The Consumer Price Index (CPI)-based retail inflation in India, which is based on statistics from the Ministry of Statistics & Programme Implementation (Mo SPI), was 6.71% YoY in July 2022 due to lower food costs.
- Aditya Birla Fashion and Retail Ltd's Louis Philippe, the top premium menswear brand in India, said in August 2022 that it would open a store in Vadodara, Gujarat.
- As part of its entry into the packaged food market, Wipro Consumer announced the launch of traditional snacks and spices in August 2022.
- Reliance brands limited (RBL and Tod's S.P.A, the renowned Italian luxury brand, teamed in May 2022 to become the official retailer of the brand in the Indian market for all product categories, including footwear, handbags, and accessories.
- Wipro Consumer Care opened its Telangana facility in April 2022. It has invested in a cutting-edge soap finishing line that can produce 700 Nos. of soap per minute at its top pace.
- The total amount of digital payment transactions in FY 2021–2022 (up till March 20, 2022) was Rs. 8,193 crore (US$ 1.05 billion).
- As opposed to Rs. 10.14 lakh crore (US$ 126.94 billion) in June 2022, the value of UPI transactions in July 2022 was Rs. 10.62 lakh crore (US$ 132.95 billion).

- Reliance Brands has acquired the India market in March 2022.
- The Department for Promotion of Industry and Internal Trade said in November 2021 that it is developing a regulatory compliance portal to reduce onerous compliance procedures between businesses and the government.
- Indian shops climbed by 14% in October 2021 compared to the previous year.
- According to the Department for Promotion of Industry and Internal Trade, Indian retail trading received FDI equity inflows totaling US$3.61 billion between April 2000 and June 2021. (DPIIT).
- Numerous corporations have made investments in the Indian retail sector in recent months due to the growing demand for consumer goods across numerous industries, including consumer electronics and home appliances.
- Reliance announced plans to introduce 7-Eleven Inc. convenience outlets in India in October 2021.

2.2.1 DRIVERS OF RETAIL CHANGES :

The practice of organized retailing is relatively new. The results of socioeconomic factors are this. India is at the beginning of a retail revolution. The retail sector, one of the most dynamic and quickly changing businesses, has helped our nation's economy grow. The Indian retail market has quickly developed into the most alluring and promising one in the entire world.

- **Growth of Middle class Consumers**
- **Increase in the number of working women**
- **Value for money**
- **Emerging rural market**
- **Entry of corporate sector**
- **Entry of foreign retailers**
- **Technological impact**
- **Rise in income**
- **Media explosion**
- **Rise of consumerism**

1. **Growth of Middle-class Consumer**

The number of middle-class consumers in India is steadily increasing. Rising customer demand and higher disposable income have created opportunities for the retail sector to expand and thrive. They demand reasonable costs for high-quality goods. Customers can choose from a variety of goods and value-added services at modern merchants. As a result, organized retailing has increased throughout India.

Organized retail in India would be primarily driven by rising consumerism. Expanding consumer markets and advancements in infrastructure are hastening the convergence (meeting) of consumer desires.

2. **Increase in number of working Women**

Urban women today are educated and skilled. They need to manage their time between job and home. Working women have distinct shopping habits than stay-at-home women. They don't have enough free time, and they want everything to be under one roof. They favor purchasing at one location. Therefore, contemporary retail stores provide one-store retailing.

3. **Value for Money**

Organized retail conducts business in huge volumes and benefits from production and distribution costs that come with size. They remove middlemen from the supply chain. Organized retailers provide premium goods at fair pricing. Big Bazaar and Subhiksha are two examples. More and more new business groupings are entering this area due to the potential for profit.

4. **Emerging Rural Market**

In India today, there is fierce competition in the retail industry as well. As rural consumers become more quality concerned, the rural market in India is quickly growing. Therefore, organized retailers are creating new items and tactics to please and service rural clients because of the enormous potential in rural retailing. After agriculture, which has the greatest penetration into rural India, the retail sector in India is proving to be the nation's largest source of employment.

5. **Entry of Corporate Sector**

Large business tycoons like Tata, Birla, and Reliance, among others, have entered the retail sector. They can provide high-quality products and entertainment. As corporates such as the Piramals, Tatas, Rahejas, ITC, S. Kumar’s, RPG Enterprises, and mega retailers such as Crosswords, Shopper's Stop, and Pantaloons race to revolutionize the retailing sector, Crosswords, Shopper's Stop, and Pantaloons race to revolutionize the retailing sector.

6. **Entry of Foreign Retailers**

   Foreign retailers are showing an interest in the Indian retail sector. As a result of liberalization, multinational corporations have entered our country through joint ventures and franchising. This is also responsible for the growth of organized retailing.

7. **Technological Impact**

   One of the dynamic factors driving the growth of organized retailing is technology. The introduction of computerization, electronic media, and marketing information systems transformed retailing. Because of the vast market and the growing consumer consciousness about product quality and services, organized retailing in India has enormous potential. The introduction of Bar Codes was a major technological innovation in organized retailing. Retailers are selling their products online using the Internet as technology and innovation become more prevalent.

8. **Rise in Income**

   Increased literacy has resulted in increased income among the population. Such expansion has occurred not only in cities, but also in towns and rural areas. As a result, rising income levels have increased demand for higher-quality consumer goods. Rising income and education levels have aided in the evolution of a new retail structure. People today are more willing to try new things and look different, which has increased consumer spending habits.

9. **Media Explosion**

   Because of satellite television and the internet, there has been a media explosion. Indian consumers are exposed to other countries' lifestyles. Their expectations for high-quality products have risen, and they are demanding more variety and value for money in terms of services and conveniences.

10. **Rise of Consumerism**

    With the rise of consumerism, retailers are dealing with a more informed and demanding customer. Because businesses exist to satisfy consumer needs, rising consumer expectations have forced retail organizations to change their retail trade format. Consumer demand, convenience, comfort, time, location, and other factors are critical to the growth of organized retailing in India.

2.2.2 FDI IN RETAILING IN INDIAN CONTEXT :

Retailing serves as the intermediary between the producer and the individual consumer who purchases for personal consumption. This excludes direct interaction between the manufacturer and institutional buyers like the government and other large customers. The retail industry includes both organized and unorganized sectors. Licensed retailers, that is, those who are registered for sales tax, income tax, and so on, engage in organized retailing. These include corporate-backed hypermarkets and retail chains, as well as privately held large retail businesses.

Unorganized retailing, on the other hand, refers to traditional low-cost retailing formats such as local kirana shops, owner-operated general stores, paan/beedi shops, convenience stores, hand carts, pavement vendors, and so on. Approximately 95% of the retail industry in India is unorganized. Pantaloon Retail, Shoppers' Stop, Marks & Spencer, Hyper City, Lifestyle, Subhiksha, Trent, Reliance Retail, and other well-established retailers in India account for 5% of the total retail market. The retail sector in India is estimated to account for about 10% of GDP, compared to 8% in China, 6% in Brazil, and 10% in the United States. It is estimated that India has approximately 15 million retail outlets.

India is now the final major market for globalized retail. Since the economic liberalization of 1991, India's middle class has grown significantly, as has its purchasing power. However, unlike other major emerging economies, India has been slow to open its retail sector to foreign investment over the years. Recent government signals, however, suggest that this may be about to change Wal-Mart (United States), Carrefour (France), and Marks and Spencer are examples of global supermarket chain stores. As part of the liberalization process in 2000, in addition to FDI in export trading, bulk imports with ex-port/ex-bonded warehouse sales, and wholesale cash and carry trading, other permissible modes of trading as per the Export-Import Policy were opened for FDI.

2.2.3 FDI POLICY REGARDING RETAIL SECTOR :

Foreign investment in India is broadly governed by the government of India's FDI Policy, as well as the provisions of the Foreign Exchange Management Act (FEMA), 1999. This policy primarily controls the industries that open foreign companies, thereby limiting the percentage held by these companies. Except for a few sectors where prior approval from the Foreign Investment Promotion Board (FIPB) is required, all foreign investors are permitted to invest in India. The Ministry of Commerce and Industry revises the FDI Policy and notifies the Secretariat for Industrial Assistance via Press Notes (SIA). i.e., the Department of Industrial Policy and Promotion (DIPP), on a regular basis to ensure that the companies are operating properly.

Companies in India can receive FDI through two channels: the Automatic Route and the Government Route. The automatic route does not require prior approval from the Central Government to establish business enterprises, whereas the government route requires prior approval from the Central Government or the Ministry of Finance before establishing any business organizations in India. As a rule, any company receiving FDI through either the automatic or government route is required to comply with the provisions of India's FDI Policy.

In terms of FDI Policy in India, it is prudent to review Press Note 4 of 2006 issued by the Department of Industrial Policy and Promotion (DIPP), as well as the consolidated FDI Policy issued in October 2010, which allocate the sector specific for FDI with respect to the conduct of trading activities. According to the previous policy, FDI in single-brand retailing was permitted up to 51% with prior government approval, whereas FDI in multi-brand retailing was prohibited. Under the automatic route, FDI was permitted up to 100% in cash-and-carry retailing.

2.2.4 CURRENT SCENARIO REGARDING FDI IN RETAIL SECTOR :

The central government first allowed FDI into India's retail sector in 2006, with the goal of spurring economic growth in the country. Over the last few decades, FDI in the retail industry has undergone massive transformation and exponential growth in the country's developed metropolitan cities. This sector, which is an integral part of the service industry, has grown tremendously in recent years due to rapid urbanization and is currently at its peak in terms of growth. As we all know, the retail sector in India is divided into three categories: single-brand retail, multi-brand retail, and cash-and-carry retail. Single-brand retail includes all products manufactured under one brand's name, whereas multi-brand retail includes products from multiple brands. As a result, each of its categories has a different set of percentages for FDI, implying that the percentage of FDI allocation depends on the retail category. Now, if we look at the current situation of FDI with reference to the new FDI Policy of the Central Government of India, which was announced on September 15, 2012, we can see that FDI in single-brand retailing is allowed up to 100% with certain conditions. The conditions are that the product must be sold under 'one brand name' only, and that it must be sold internationally, among other things, whereas multi-brand retailing allows for up to 51%. The basic conditions in this case are that 50% of total FDI be invested in "back-end infrastructure" within three years. Manufacturing, processing, distribution, and warehousing are all examples of back-end infrastructure.

Furthermore, at least 30% of the goods must be purchased from domestic Indian markets, i.e., MSMEs. As a result, FDI in cash-and-carry retailing, also known as 'wholesale retailing,' is permitted up to 100%.

Foreign Direct Investment (FDI) in the retail sector has proven to be a critical step taken by the Indian government in transforming the country's retail environment while also undertaking the growth and development of the Indian economy, thereby integrating with the global economy. Today following the introduction of FDI in retail, there has been a drastic transformation in the retail sector from the traditional format to the modern format with exponential growth in developed metropolitan cities, and thus, in a developing country like India, this idea of FDI in retail has largely proven to be fruitful for those involved in the organized sectors. FDI in retail has primarily created job opportunities for India's unemployed youth and has greatly aided in lowering production and intermediate costs, thereby benefiting both producers/manufacturers and consumers.

Furthermore, it has contributed to the advancement of human resource development. Thus, as an integral part of the service industry, this sector has grown tremendously over the last few decades and is currently at its peak in terms of growth. Since FDI in the retail sector has both positive and negative effects, we must focus on the positive aspects and try to remove the obstacles that stand in the way of successful FDI policy implementation.

2.3 RECENT TRENDS IN RETAILING

To meet customer demands, every aspect of a retail organisation should use advanced marketing analytics software. Data-driven marketing will be central to an organization's overarching customer-centric strategy, from manufacturers optimizing their production to sales staff understanding how to best communicate with customers.

1. **Eliminating delayed Gratification:**

   Consumers today expect their needs to be met as soon as possible. It wasn't long ago that online shoppers thought it was acceptable to wait weeks for their orders to arrive. After about a decade, consumers have come to expect free overnight shipping from online retailers. This, combined with the fact that more people than ever before are choosing to shop from home, means that retailers must be ready to meet expectations.

   Retailers must respond to this trend by developing processes that allow for the most agile order fulfilment possible. This necessitates accurately forecasting your customers' demand by tracking purchase cycles in your market and stocking products accordingly.

2. **Streamlining offline and online experiences :**

   For most of the decade, personalization has been a mainstay in retail innovation. This trend is expected to continue in 2022 as retailers take a more comprehensive look at customer data. Instead of sending targeted advertisements and promotions to customers based on their data, retailers will use personalized people-based marketing insights to create simple, streamlined shopping processes. This is a significant value-add for today's time-pressed consumers. At a time when many people prefer to shop exclusively online, creating a personalized experience based on customer insights can help to fill the gap that would otherwise be filled by an in-store salesperson. Retailers should use information about a customer's likes, needs, and values to provide customers with the most relevant experiences. As a result, when a customer visits your online storefront, they should see personalized recommendations based on their most recent search and previous purchases, both online and offline.

3. **Leverage Experiences Powered by artificial intelligence and Machine Learning :**

   AI marketing and machine learning will be used to generate personalized recommendations based on customers' real-time needs.

This enables them to make quicker, more informed decisions, resulting in a better customer experience.

Peapod, a grocery delivery service, is an example of this. It uses a service called "Order Genius," which generates personalized recommendations for online grocery shoppers. It generates a smart grocery list that can be completed in seconds by considering a customer's previous purchases and purchase cycles. So, Order Genius will recommend that a customer who previously ordered bread reorder it on a weekly basis, whereas the same customer should only repurchase deodorant monthly.

4. Socially Integrated Visualized Search :

Retailers are addressing this issue by optimizing their product offerings for visual search. Users can simply take a picture of their outfit - or download a photo of a similar outfit - and search for articles of clothing within the picture using visual search. Then, a search engine like Google will return a list of matching items, making it simple for users to make a purchase.

To prepare for the rise of visual search, retailers should establish a presence on image-based platforms such as Instagram and Pinterest. Fashion brands, for example, should constantly provide new photographs showcasing their latest clothing.

5. E-Commerce Shopping on social media :

According to Forbes, approximately 15,000 retailers will close their physical stores by 2020. As a result, many social media platforms have begun to offer e-commerce shopping options. Instagram, for example, recently introduced the Shop tab, which allows users to search for and connect with brands, creators, and products. Alternatively, many brands are leveraging influencer marketing by collaborating with popular content creators on sponsored partnerships and affiliate marketing. As these digital platforms continue to bring the shopping experience to consumers, brands should think about how they can use them to gain actionable insight into their target audience for even more personalization.

6. Transparency and Value Based Branding :

Approximately 71% of consumers prefer to buy from brands that they believe reflect their personal values. People expect transparency from today's brands, and with growing concerns about data privacy and recent political unrest, they expect companies to "walk the walk." Otherwise, they risk incurring reputational damage, which can have long-term effects on brand equity and perception, even among loyal customers.

7. Shopping Assistance via Smart Home Speakers :

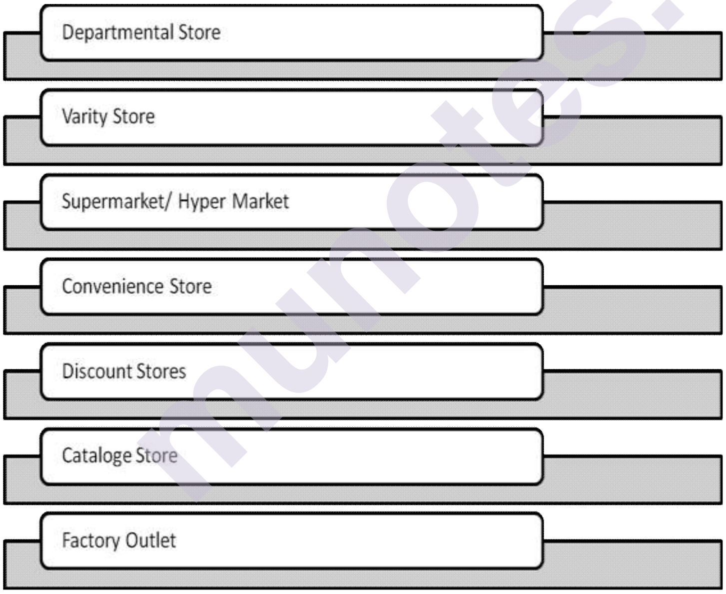
The smart speaker market is rapidly expanding, with revenue projections of $35.5 billion over the next five years. Customers can use these devices, such as the Amazon Echo or Google Home, to place orders without ever having to look at a screen. Furthermore, retailers are abandoning face-to-face customer service in favor of chat bots and virtual assistants to guide users through their online shopping experience. As these trends continue to evolve, retailers must consider how to optimize their strategies to meet customers where they are.

8. Retailers Engaging in Omni channel Marketing :

Omni channel marketing is an excellent way to convert one-time buyers into repeat customers in the new era of e Commerce sales. The integration of various channels to create a consistent brand experience is known as omni channel marketing.

Before deciding to buy a product or service, a potential customer interacts with many touch points along the buyer's journey. This means that it is prudent to reach out to a customer through various channels at each stage of the purchasing cycle. Digital advertising, websites, and social media, for example, are all ways to reach out to potential buyers.

2.3.1 MODERN RETAIL FORMATS :



1. Departmental Stores :

A department store is a large retail trading establishment. It is divided into several departments that are classified and organized accordingly. Departments are created based on the various types of goods to be sold. Individual departments, for example, are established to sell packaged food goods, groceries, garments, stationery, cutlery, cosmetics, medicines, computers, sports equipment, and furniture, so that consumers can purchase all basic household requirements under one roof. It gives them the most shopping convenience and is thus known as 'Universal Providers' or 'One Stop Shopping.' The concept of a department store was developed in France.

2. Variety Store

A variety store sells a wide variety of small, low-cost items that are popular among customers. The merchandise offered may be priced differently or all items may be priced the same. These stores typically sell household goods, toys, cleaning supplies, snacks, and office supplies. More variety of items may be offered depending on the physical size of the store, but all goods are typically perceived to be good consumer values.

3. Super Market/ Hyper Market

A supermarket is a departmentalized self-service retail store that sells a wide range of food products, such as meat, produce, dairy, and so on, as well as various household items. It is larger and has a broader selection than a typical grocery store. Supermarkets are typically located near residential areas to facilitate easy access and maximize sales. While supermarkets provide consumers with convenience and variety, they have received significant criticism. As with so many technological and social advances, self-centered greed on the part of those in power causes problems. To be beneficial to society, those who own and manage supermarkets must accept responsibility for the entire purpose, social and environmental.

4. Convenience Store

A convenience store is a small, local, easily accessible store that sells staples like bread and milk as well as packaged foods. As more gas stations transform into full-fledged convenience stores, customers expect to see a well-managed selection of fresh and chilled foods.

5. Discount Store

In merchandising, a discount store is a retail store that sells products at lower prices than traditional retail outlets. Some discount stores, like department stores, offer a wide variety of goods; in fact, some are referred to as discount department stores.

6. Catalog Store

Catalogue Store means a retail establishment where orders are accepted for the purchase of goods listed in a catalogue provided by the establishment and where some or all of the goods so listed are also available for sale at retail within the establishment." Online shopping is becoming more popular in the business world. Furthermore, the City has not received a request for a catalogue store in many years. As a result, it is appropriate to remove the definition of Catalogue Store from Section 2 of the Zoning By-law and to remove it from the list of permitted uses in various Commercial Zones.

7. Factory Outlet

A factory outlet is also referred to as a factory shop. It is a store where producers sell their products directly to the public at steep discounts. A factory shop center is a producer-owned store that sells the firm's stock directly to the public. At a factory shop, this stock may be discounted or first-quality merchandise, damaged, end-of-line, irregulars, and cancelled, out-of-date orders at extremely low prices.

2.3.2 MALL SYSTEM :

In comparison to Western countries, the concept of malls for retail shopping is relatively new in India. Victor Gruen was the man who introduced the Mall concept to the world first; few people realize that he is regarded as the father of the American shopping mall. Gruen's first grand shopping complex, the 800,000-square-foot (74,000-square-meter) South dale Center in Edina, Minnesota, opened in 1956, and over 1200 malls followed soon after. Ansal's Plaza in Delhi opened the first shopping mall in India in 1999, followed by Crossroads in Mumbai and Spencer Plaza in Chennai. After 2003, malls began to proliferate in metro cities such as Mumbai, Delhi, Kolkata, Bangaluru, Chennai, Hyderabad, and Pune, as well as tier two cities such as Gurugram, Noida, and Ghaziabad. The mall concept has now spread to many suburban areas because it has become an acceptable trend, and investors and builders consider building a Modern Mall to be a very profitable venture. The growth rate was tremendous from 2003 to 2008, with a peak in 2007 to 2008 before the recession hit in 2008.

2.3.3 ADVANTAGES AND DISADVANTAGES OF SHOPPING MALL :

1. Shopping Convenience

A department store allows customers to purchase all their needs under one roof, eliminating the need for them to shop from one shop to another. Customers will appreciate the convenience, as well as the savings in time and labour.

2. Wide Choice

The department store keeps a large variety of products and thus allows customers to choose goods of their liking from a large stock of goods of various qualities, brands, designs, colors, styles, and so on.

3. Economies of Large Scale

Department stores, as large-scale establishments, benefit from all of the economies and benefits associated with large-scale organizations. This lowers their costs while increasing their profits.

4. **Liberal Services**

They offer many unique services to their customers, such as free home delivery, telephone ordering, restaurants, recreational facilities, reading rooms, after-sales service, and so on. Some of the stores even provide credit to their customers.

5. **Central Location**

A department store/shopping mall is typically located in a city's important central area. As a result, it is easily accessible to customers.

6. **Economy in advertising**

The advertisement of one department also serves as advertising for the other departments. A customer who enters a department store to purchase one item is enticed to purchase additional items displayed in the store. As a result, one department promotes the other. Furthermore, a department store pan advertises on a large scale, saving money on advertising.

7. **Use of Specialized Services**

Department stores can afford to hire specialists with specialized knowledge to perform a variety of functions. This reduces costs, attracts customers, and increases sales and profits.

8. **Large Volume of Sales**

Department stores have higher sales because of the various services they provide. Large turnover reduces the selling cost per unit on the one hand while increasing profit on the other.

2.3.4 DISADVANTAGES :

1. **Distance**

People who live in remote areas cannot benefit from department stores because they are generally located in central locations.

2. **Higher Prices**

Commodity prices in department stores are comparatively high due to high operating and establishment costs. As a result, only the wealthy can afford to shop at department stores.

3. **Difficult to establish**

Department stores necessitate a significant initial capital investment as well as many specialized personnel.

4. **Absence of Personal Contact**

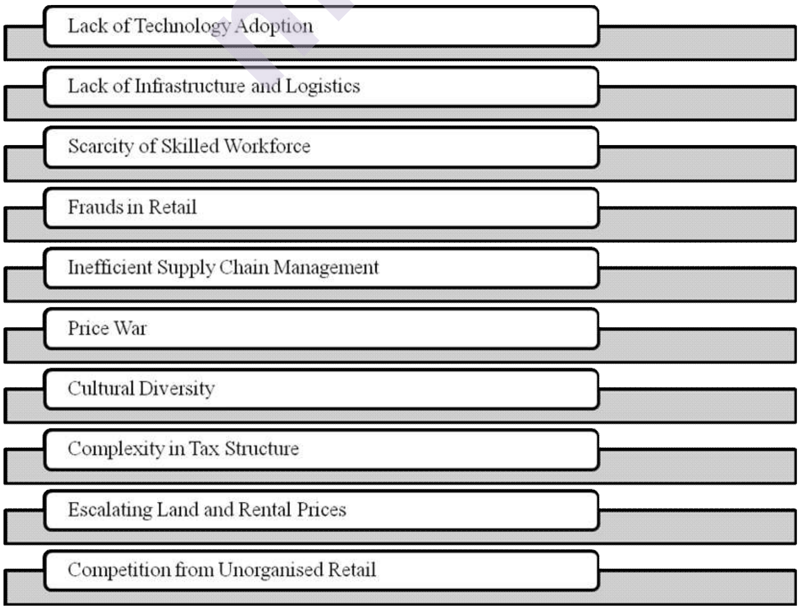
The owners of department stores are unable to make personal contact with their customers. Employees who are not concerned with customer satisfaction make the sales.

5. **Lack of Coordination**

There is a tendency for unhealthy competition to develop between departments. Controlling and effectively supervising various departments is also difficult.

2.3.5 CHALLENGES FACED BY THE RETAIL SECTOR :

The Indian retail industry is a pillar of the Indian economy, accounting for 14 to 15% of GDP and 15% of employment. When compared to other countries with more than 2.25 billion people, Indian retail is growing at the fastest rate. The Indian retail luxury market is the world's 12th largest. Many Indian and foreign firms are interested in Indian retail. In India, there are over 6000 shopping malls in operation, with another 800 under construction. This benefits both Indian retailers and foreign retailers, as well as consumers. However, the Indian retail industry has not yet developed to take advantage of the available opportunities. Retail establishments face numerous challenges. Unorganized display, parking issues, credit card issues, few promotional activities, long billing queues, fewer trial rooms, competition, less skilled human resource, government policies, tax structure, unorganized retail sector, etc. The Indian retail industry requires more substantial investment from both domestic and international players. The following are the challenges that Indian retail outlets face.



1. Lack of Technology Adoption :

The major challenge that Indian retail outlets face is the availability, feasibility, and adoption of technology. Technology is used in the day-to-day operations of retail outlets such as billing and payments, shrinkage prevention, stock inventory management, and supply chain management. However, the scope of technology is much broader. Other software, such as RFID for understanding customer preferences, CRM for customer relationship management, and ERP tools for other outlet activities, can be used. Indian retail outlets must embrace technology and use various high-end softwares to manage their operations.

2. Lack of Infrastructure and Logistics :

Another issue confronting the organized retail industry is a lack of infrastructure and logistics. Inefficient processes are the result of inefficient infrastructure and logistics. This is the most significant barrier for retailers, as inefficient distribution channels are difficult to manage and result in significant losses. India's infrastructure lacks a solid foundation. Organization and globalization are compelling companies to develop infrastructure facilities, including a more efficient railway system. The highway must meet global standards. Airport capacity and power supply must be improved. Warehouse facilities and timely distribution are also issues. These major impediments must be removed for India's retail potential to be fully realized.

3. Scarcity of Skilled Workforce :

Personnel costs account for more than 7% of sales for Indian organized retail players. Employee training is extremely expensive. When compared to other industries, the retail industry has an attrition rate of up to 50%. To retain skilled labour, industry must pay more. Store operations employ 70-80% of the total workforce in the organized retail sector. Unfortunately, there are very few courses designed specifically for the retail industry. Graduates and postgraduates from other disciplines are hired and trained in the retail sector.

4. Frauds in Retail :

Retail shrinkage is one of the most significant challenges that businesses will face. Retail shrinkage is the difference between the book value of the stock and the actual stock available in the store. Frauds, such as vendor frauds, theft, shoplifting, and inaccuracy in supervision and administration, are difficult to manage. This is true even after using security measures such as CCTV and a POS system. The number of thefts, frauds, and discrepancies in the system will increase as the sector grows.

5. **Inefficient Supply Chain Management :**

   It is critical to deliver the right goods at the right time and in the right place. There is a lack of efficient Supply Chain Management in India. In India, supply chain management should be improved, and more technology should be used to improve supply chain management and reduce inventory costs. Savings can be used to give customers additional discounts and benefits, and more money can be spent on customer retention.

6. **Price War :**

   Different retail organizations are engaged in a price war. Every organisation strives to provide low-cost goods and offers a variety of lucrative promotional schemes. In such a situation, gaining customer loyalty is difficult, and businesses maintain marginal profit in order to provide goods at competitive prices.

7. **Cultural Diversity**

   Because of India's vast size and socioeconomic and cultural diversity, there is no established mode or consumption pattern across the country. Manufacturers and retailers will have to develop strategies for various sectors and segments, which will be difficult in and of itself.

8. **Complexity in tax Structure :**

   The tax structure in India is extremely complex. Another significant challenge for Indian retail outlets is the complexity of the tax structure. The sales tax varies by state, and organized players must contend with multiple point controls and systems. With the implementation of Value Added Tax (VAT) in 2005, retailers in many areas have faced a multi-point octroi. Certain anomalies in the current sales tax system, which are causing disruption in the supply chain, are likely to be corrected over time.

9. **Escalating Land and Rental Prices :**

   The rapid growth of the retail industry has created a high demand for real estate. This is causing property prices to rise. A large investment in purchasing land is required to open a new store. This significant investment is also a challenge for retail outlets. Rental prices are also rising, resulting in an increase in overall costs.

10. **Competition from Unorganized Retailer :**

    The main challenge for organized retail outlets is competition from the unorganized retail sector. Kirana stores are part of the unorganized retail sector. These are low-cost structures that are typically operated by the owners and have almost negligible real estate and labour costs, as well as no or very low taxes, and are located near or in residential areas. They have also begun to offer promotions and discounts to gain customer loyalty, as well as to provide free home delivery services. Kirana stores also offer credit to loyal customers. As a result, this is the major challenge for retail outlets.

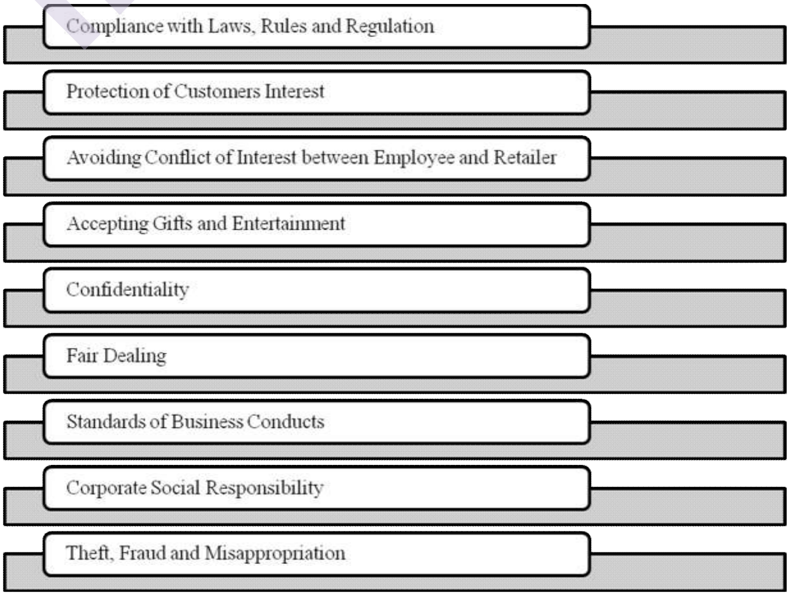
2.3.6 ETHICS IN RETAILING :

Whatever the nature of the business, practices have become an increasingly important issue. The primary goal of retailing, like any other business, is to make a profit while also providing excellent customer service. To achieve this goal, retailers must follow the law and the regulations put in place to monitor business. A retailer is responsible for developing a set of values and implementing appropriate behaviour. Managing ethics in the workplace has significant moral and practical benefits for leaders, managers, and employees. This is especially true today, when it is critical to understand and manage highly diverse workplace values. This unit discusses the significance of some of the ethical deviations and unethical behaviour issues in retail management. It also discusses the dimensions and benefits of managing ethics at work.

When it comes to the effects of products/services and relationships with stakeholders, ethics plays a significant role. Attention to ethics in the workplace educates leaders and employees on how they should behave. Perhaps most importantly, paying attention to ethics in the workplace helps ensure that leaders and managers retain a strong moral compass when faced with crises and confusion.

1. **Compliances with Laws, Rules, and Regulations**

   The retailers and their employees are required to follow all applicable laws, rules, and regulations in the country and other countries where the company does business. This includes labour laws governing employee employment, acts such as the Shops and Establishments Act, Weights and Measures Act, Companies Act, and so on.



2. **Protection of Customers Interests :**

   Retailers and their employees must deal fairly with customers and ensure that their interests, safety and security, and consumer rights are not compromised in the pursuit of profit or any other goals the retailer may have. This includes deceptive advertising, intentionally providing incorrect information to customers, invading customers' privacy, questionable pricing policies, a lack of quality control over products presented to customers, rudeness to customers, and so on.

3. **Avoiding Conflict of Interest between Employee and Retailer :**

   A conflict of interest occurs when an individual's personal interests' conflict with or appear to conflict with the interests of the retail company. Employees have a duty to avoid financial, business, or other relationships that may be detrimental to the Company's interests or cause a conflict with the performance of their duties.

4. **Accepting Gifts and Entertainment :**

   The retail company's goal is to discourage employees from seeking or receiving special favors from providers entertainment. Concern is that larger-than-necessary gifts may place employees in a position of "obligation." Employees are not permitted to solicit any third party for a gift, gratuity, entertainment, or any other item, regardless of its monetary value.

5. **Confidentiality :**

   Employees are responsible for maintaining the confidentiality of information entrusted to them because of their roles with the Company, and they must safeguard the confidential information of the Company and not disclose it to a third party without the prior consent of senior management.

6. **Fair Dealings :**

   Employees are expected to treat customers, suppliers, and competitors fairly and not to take unfair advantage of anyone through misrepresentation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

7. **Corporate Social Responsibility :**

   Many organizations frequently implement policies such as waste recycling, donating to local charities, or paying employees to participate in community events, donating or participating in events to improve "Green" and environmental awareness, and so on.

8. **Theft, Fraud and Misappropriation :**

   A critical organisational value for Misuse or theft of money, cash, or merchandise is frowned upon by most retailers. A serious matter, and disciplinary action is usually taken.

2.4 SUMMARY

In the 1990s, the introduction of the Internet and its increasing use for e-commerce resulted in a revolutionary shift in retailing away from brick-and-mortar stores and toward online retailing, in which customers shop for and purchase merchandise via personal computers, mobile phones, or other Internet-connected devices. Many established retailers began selling merchandise online to customers who valued the convenience of shopping from the comfort of their own homes, while new wholly online retailers and "e-malls," led by eBay (an online auction site) and Amazon.com, experienced explosive growth. By the 2010s, these trends had resulted in significant declines in sales at many brick-and-mortar retailers, even though most retail purchases in the United States and elsewhere were still made in physical stores.

Whatever the nature of the business, ethical practices have become an increasingly important issue. The primary goal of retailing, like any other business, is to make a profit while also providing excellent customer service. To achieve this goal, retailers must follow the law and the regulations put in place to monitor business. A retailer is responsible for developing a set of values and implementing appropriate behaviour.

2.5 EXERCISE

Q.1. Fill in the blanks

a. Form of payment which a retailer may accept is………… (Cash only, Cash and Cards, Debit Cards, all the above)

b. —— helps the retailers to face the crisis situations. (Risk Management, Credit Management, Computerization, None of these)

c. —— is a key task for both large &small retailers. (Risk Management, Credit Management, Inventory Management, All of These)

d. Consumer buying process in retailing involves —-. (Need Recognition, Information Search, Evaluations, All the Above)

e. Atmosphere in retailing refers to ………… (Weather, Ambience, Assortment of Product, Display of items)

Answers (1-a, 2-a,3-d,4-d, 5-b)

Q.2. State the following true or false

a. The word retail is derived from Latin word.

b. Retailer sells goods in small quantities

c. In retailing there is a direct interaction with customers

d. Retailing creates only place utility

e. Risk management does not help to face crisis.

(Answers 1. True, 2. True, 3. True, 4. False, 5. False)

Q.3. Match the following:

A		B	
1.	Malls	a.	Small quantity sales
2.	Ambience	b.	Modern retail format
3.	Facing Crsisis	c.	Retail atmosphere
4.	Debit Card	d.	Mode of payment
5.	Retailing	e.	Risk management

1-b, 2- c, 3- e, 4-d, 5-a

Q.4. Write short notes

a. Promotional Strategies

b. FDI

c. Drives in retail

d. Departmental Store

e. Convenience Store

Q.5. Explain in detail

a. Write a brief note on recent trend in retailing.

b. Explain the challeges faced by retailers

c. Write a brief note on drivers of changes in retail sector.

d. Explain the importance of ethics in retailing.

e. Elaborate the concept of retailing ethics.

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3

RETAIL MANAGEMENT STRATEGY - I

Unit Structure :

3.0 OBJECTIVES

- Apply advertising and promotion objectives to meet organizational goals.
- Demonstrate the creative process in developing an advertisement.
- Describe the advantage and disadvantages of various media.
- Discuss promotional objectives.
- Develop an integrated marketing communication plan.

3.1 INTRODUCTION

A retail strategy is a comprehensive marketing plan for a product or service that is designed to reach the final retail channel and influence consumers. This strategy covers everything from what retail channels a product or service will be available into what price or sales incentive should be given and how the product should be displayed on the shelf. A retail strategy is developed for distributing products through retail outlets. A variety of factors influence the sale of a product when it is sold through a retail outlet. Retail strategy is a component of a strategic marketing plan that directly attracts or reaches consumers. It consists of product pricing/discounts, commission structure, promotional schemes, product performance demonstration, and retailer commission structure.

Retail strategy is a detailed marketing plan related to the of the business, its goals, and the ways and methods to achieve them in relation to retail. A retail store must develop a strategy to promote its goods and services and reach the right customers — the primary goal of retail strategies is to increase sales as well as customer satisfaction.

A retail plan is generally dependent on a variety of factors such as products, store location, customer nature, and other numerous external factors such as competition, physical and political constraints, seasonality, and so on.

3.2 RETAIL STRATEGIES

PROMOTIONAL STRATEGY

Retail promotions have evolved into an essential component of the retail marketing process. It is a method of communicating with customers with the goal of informing, persuading, and reminding them of various aspects of the retail objectives. The elements of retail promotional mix are discussed in the first part of this unit, and various aspects of retail promotional strategy are discussed in the second part of this unit. Retail promotion entails the retailer conducting a thorough examination of its target customer group's purchasing habits from all angles in order to define and implement promotional tools that will assist the retailer in bringing customers into the store; and then making purchases of merchandise available in the store. The strategies designed to get customers inside the store and then buy the merchandise on offer must be tailored to the customers' psychological, emotional, and physical desires. This is required to ensure that marketing expenses are spent in the most efficient way possible.

The following are various promotional strategies

3.2.1 ADVERTISING :

Advertising is a method of communicating with product or service users. Advertisements, as defined by the Advertising Association of the United Kingdom, are messages paid for by those who send them and intended to inform or influence those who receive them.

Advertising is always present, even if people are unaware of it. In today's world, advertising uses every available medium to spread its message. This is accomplished using television, print (newspapers, magazines, journals, etc.), radio, press, the internet, direct selling, hoardings, mailers, contests, sponsorships, posters, clothes, events, colours, sounds, visuals, and even people (endorsements).

It consists of the following elements: a) it is a paid activity, as the retailer must pay the advertising agency for the services or media whose time or space is being used. It is used by it; b) it is a non-personal presentation - a standard message is delivered to it the total audience of the concerned medium, rather than being tailored to each individual requirement; c) it is an out-of-store mass media - such as newspapers, radio, and television

According to a study conducted by Schonfeld & Associates in the United States of retail ad spend by different types of retailers in 2004, the ad spend of Apparel and Accessories stores is approximately 3.7 percent of total sales, while that of Furniture stores is approximately 5.9 percent; the lowest spend is by Drug and proprietary stores, which is approximately 0.7 percent.

Wal-Mart spends only 0.4% of its sales on advertising; it primarily relies on word-of-mouth publicity, in-store events, and its well-known policy of everyday low prices to establish Wal-Mart as a destination store.

3.2.2 POSITIVE ASPECTS IN ADVERTISING :

- Print media typically has a large audience, as evidenced by circulation figures. The passing of a copy from one reader to another adds to the circulation.
- The cost per reader, viewer, or listener is less than that of personal or direct marketing.
- Because alternative media are available, retailers can select the media that best suits their budget and target market.
- The advertiser has complete control over the message's content, graphics, timing, and size (9or length) of the advertisement.
- Thus, the message is standardized for delivery to the entire audience in a predetermined format.
- The greatest advantage of print media is that it can be read at the reader's or target audience's convenience and at the required frequency.
- The advertiser can influence editorial content or a special feature (via a print medium, TV show, news story, etc.). Such content contributes to the credibility of a product or retailer.
- Because of advertising, self-service or reduced service operations are possible, as customers become more aware of the retailer and its offerings, reducing shoppers' reliance on sales representatives.

3.2.3 NEGATIVE ASPECT IN ADVERTISING :

- A standardized message, whether on television, radio, or print, lacks flexibility because it cannot be changed to meet the needs of individual customers in the target audience of the relevant medium
- Media advertising is typically very expensive and thus out of reach for small businesses stores.
- Media typically reaches a large audience spread across large geographical areas.
- which may be inefficient for a retailer focusing on a specific trading area or neighborhoods.
- The placement of advertisements in popular media requires a certain amount of advance planning, which limits the retailer's ability to capitalize on fad items, current trends, or events.
- Pamphlets or inserts placed in newspapers have a high throwaway rate, reducing the percentage utility of such medium; small newspaper ads or a 30-second TV or radio ad cannot include certain details, reducing their usability.

3.2.4 PUBLIC RELATIONS :

Public relations (PR) refer to the techniques and strategies used to manage how information about an individual or company is disseminated to the public, particularly the media. Its primary objectives are to disseminate important company news or events, to maintain a brand image, and to put a positive spin on negative events to minimize their fallout. A company press release, news conference, interviews with journalists, social media posting, or other venues may all be used for public relations.

Every individual or entity operating in the public eye faces the public dissemination of information about them or their practices. While public relations is a separate industry, any attempt to present oneself in a particular way to others can be considered a form of public relations.

Public relations are critical to any company's success, especially when shares are publicly traded and the value of a share is determined by the public's trust in a company or brand. In addition to handling media inquiries, information requests, and shareholder concerns, public relations professionals are frequently in charge of crafting and maintaining the corporation's image. Negative PR or willful attempts to discredit a rival brand or company are occasionally used by PR professionals, even though such practices are against the industry's code of ethics.

3.2.5 POSITIVE ASPECTS OF PUBLIC RELATIONS :

- Image enhancement for the retailer.
- Because of the extensive coverage, a news item appearing in a well-known news channel or newspaper carries high credibility as well as publicity value.
- There is no direct cost for the provided space or time for the message.
- Customers create a favorable positioning of the store in their minds to suit their perception of its offerings, which is superior to paid advertisements.

3.2.6 NEGATIVE ASPECTS OF PUBLIC RELATIONS :

- Many small to medium-sized retailers may find that organizing an event or sponsoring a worthwhile public event is out of their price range, and a paid ad may be a better option.
- The retailer has no control over the timing or placement of the message or its content. The fund requirement and planning for the public relations effort may not be suitable for gaining quick and short-term publicity, particularly for small to medium sized retailers who are primarily concerned with short term goals.

3.2.7 PERSONAL SELLING :

Personal selling is one-on-one selling, or even one or more people selling to one or more people. It entails oral communication and may make use of audio-visual equipment to improve customer presentation. A retailer's level and type of personal selling will be determined by the following factors:

- The image intended to be conveyed.
- The level of service inputs to be used in selling.
- The type of products sold.
- Interest in building long term relationship with customers

Personal selling can be done in the store by personally attending to customers visiting the store, at the prospective customer's home or at their place of work, or through telemarketing.

3.2.8 POSITIVE ASPECTS OF PERSONAL SELLING :

- A good salesperson first understands the needs of the customer and then tailors his or her message accordingly.
- If the customer is properly guided on the merchandise offerings, he will be eager to spend time in the store.
- A salesperson can change merchandise offerings based on the customer's needs and concerns, and there is the option for immediate feedback, which aids in improving merchandise offerings or personal selling inputs.

3.2.9 NEGATIVE ASPECTS OF PERSONAL SELLING :

- Personal selling can be expensive because each customer must be handled by a well-trained salesperson to maximize the customer's interests.
- Only a limited number of customers can be served at any given time.
- Customers may be offended by an aggressive salesperson who asks too many questions and interrupts them, and the negatives of a salesperson's behavior may reflect negatively on the retailer's image.

3.2.10 SALES PROMOTION :

Sales promotion encompasses all paid communication activities that aid in increasing consumer purchases and encouraging dealers to go above and beyond to improve sales of the merchandise or service in question. Displays, contests, sweepstakes, coupons, frequent shopper programmes, prizes, samples, demonstrations, referral gifts, and other limited time selling efforts that are not advertising, public relations, or personal selling efforts are included.

According to MasterCard Spending Pulse, Americans spent $36.4 billion online during the 2011 Christmas season. In 2011, the National Retail Foundation estimated that online Valentine's Day sales were worth $3 billion. It is undeniable that holiday seasons increase consumer spending. According to the URL http://salesbumpblog.com/2011/07/plan-a-salespromotion-strategy-around-key-holiday-periods/, you can increase traffic to your website and improve your online sales by planning a sales promotion strategy around key holiday.

A sales promotion is a marketing strategy in which a company uses short-term campaigns to generate interest and demand for a product, service, or other offer. Sales promotions can have a variety of goals and ideal outcomes, which we will discuss in depth throughout this article.

Sales promotions are primarily used to motivate purchasing behavior or to trigger an increase in purchases in the short term to meet a benchmark or goal. Although the primary goal of a sales promotion is to increase sales, there are numerous other advantages to developing a strategic sales promotion technique with marketing team.

3.2.11 POSITIVE ASPECTS OF SALES PROMOTION :

- The promotional themes and tools aid in the creation of appropriate importance and distinction for specific merchandise.
- The retailer can create an eye-catching appeal for the merchandise by using proper displays and schemes.
- It aids in increasing store traffic and thus sales. It aids in promoting customer loyalty to the store. It aids in promoting impulse purchasing.
- It aids in creating a fun and exciting environment through contests and product demonstrations.

3.2.12 NEGATIVE ASPECTS OF SALES PROMOTION :

- Over time, too much of any promotional feature may have a diminishing effect.
- If a store is constantly using promotional gimmicks, it will be perceived as a promotion-based outlet, reducing its selling potential during non-promotional periods.
- Sales promotions may only have a short-term effect and should be used in conjunction with other promotional activities. The cost of sales promotional activities may reduce the store's profitability if the desired sales results are not achieved.

3.2.13 RETAIL PLANNING PROCESS :

Promotional strategy is an important component of a retailer's strategic mix, and it must be used in a systematic and planned manner to maximize the output from its implementation. Any incorrect timing or inappropriate use of the promotion type may only result in a net loss for the retailer from the promotion scheme's execution. In the following sections, we will look at the process of developing a retail promotional strategy.

The flow of the process is depicted in Figure.

1. Determining Objectives

According to Mr. Chiplunkar R M, 'Product Category Management,' Ch 11 pp 233 - 234, Tata McGraw Hill Education Pvt. Ltd., New Delhi 2010, the following are the most common promotional objectives:

- Increase the customer walk-ins or traffic
- Increase sales
- Increase profit
- Clear dead stocks
- Create brand or product awareness
- Induce trial for new products
- Establish awareness of the retail outlet/chain.
- Enhance customer relations
- Positive word of mouth publicity

2. Establishing Promotional Budget

A retailer may use a variety of methods to determine the overall budget for its promotional activities. The following are the most common:

Affordability: In this method, the retailer may choose the budget for promotion at random, which could be a one-time spending activity during a specific season or festival. The budget chosen is based on the retailer's ability to pay.

Incremental method: Under this Programme, the shopkeeper may opt to spend 10% more on promotional activities this year than he did last year if he spent Rs. 1 lac. on them the year before.

Parity with competitors: Using this strategy, a store may decide how much money to spend on advertising based on the advertising strategies employed by its main rivals. The shop would copy the plan with a few hypothetical adjustments if the rival decided to run a deal throughout Christmas and New Year's.

Strategy based on a percentage of sales: In this method, the retailer may choose to allocate a specific portion of the projected sales budget for promotions. The percentage of spending may be determined by the competitors' trends or by what the retailer can afford given its net profitability. The entire budgets for promotions at many retailers range from 2 to 10 percent.

Objective and Task Method: This strategy, known as the objective and task method, is uncommon and is mostly used by a sizable retail chain with a long-term outlook. According to this strategy, the retailer may believe that it needs to increase "top of mind" recall for the store and may set a goal to reach the same level with 80% of the populace in the nearby trade area.

3. Selecting a Promotional Mix

The promotional mix refers to the various percentages of total spending that will be allocated to various promotional activities like advertising, public relations, personal selling, and sales promotion to make up the overall expenditure amount that is based on the promotional budget. For instance, a small store with a constrained promotional budget of, say, Rs 5 lacs can choose to spend 25% of the budget on activities that promote sales, such as window and counter/floor displays, another 25% on gift certificates, and the remaining 50% on prizes and presents. Spending 50%, 30%, and 20% of the total allocated amount, respectively, on advertising, sales promotion, and public relations, a large format store may use a combination of these strategies.

The varying percentages of total expenses to be spent on promotional activities including public relations, personal the merchant must consider the hierarchy of effects when choosing the promotional mix, such as raising awareness, increasing knowledge about the store, increasing customer fondness for the store, and then increasing preference and conviction, which will ultimately result in a purchase from the store. Depending on the goal to be accomplished, a different type of promotional mix may be required for each of the effects.

4. Implementation of Promotional Mix

The store will require a retail team with a certain level of competence to deploy various promotional mixes. The team will need to decide on the best promotional mix, within each promotional element to select the appropriate vehicles or tools, message contents, sales force, and the persons responsible for coordinating various promotional activities, and finally the overall control of the team and its performance. This requires a team that has a strong understanding of marketing theory and practices. For instance, the store will need to put together a marketing team with solid knowledge of the various print media, their use in various contexts and purposes, techniques of selection, etc., to choose the appropriate print media under the advertisement.

5. Review and Revision of Promotional Strategy

This is a crucial activity to carry out following the conclusion of the relevant promotion scheme or before to planning promotions to determine what supported the scheme's goals and objectives and what didn't. Knowing the causes of the scheme's success or failure is crucial to make the necessary changes to the structure of the scheme or the plan itself to make it more likely to achieve the intended goals. To assess if the plan is successful or unsuccessful, the targets should be precise.

3.2.14 RETAIL MARKET SEGMENTATION :

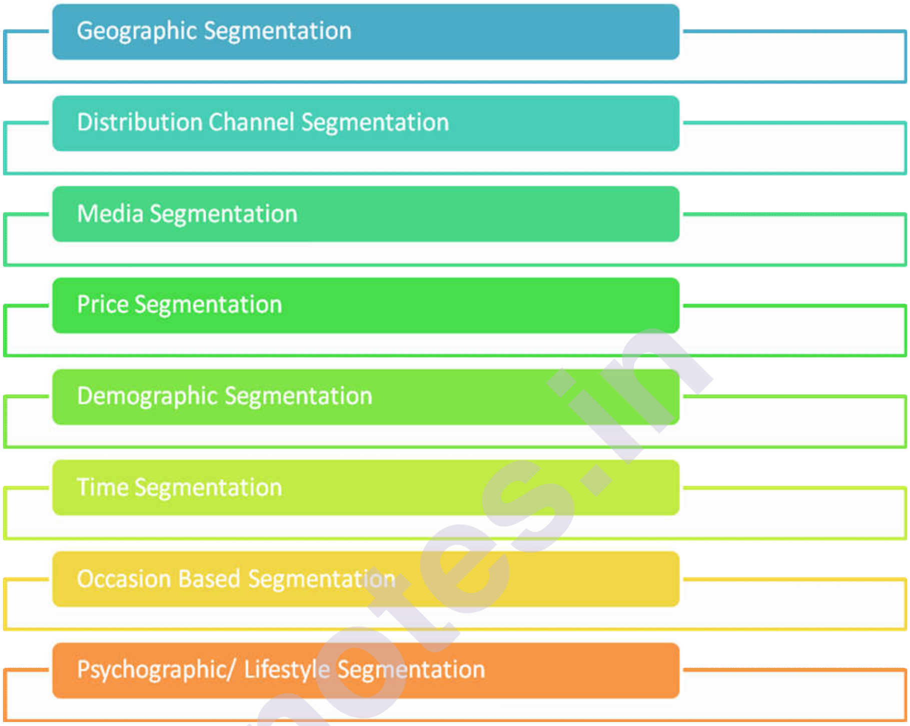
Markets are diverse throughout the board. This is clear through observation as well as from the abundance of well-known publications explaining the diversity of local and worldwide markets. Consider The Nine as an example. Latitudes, Nations of North America (Garreau, 1982), an atlas of American tastes, trends, and attitudes Weiss's 1994 book Politics and Passions and Mastering Strategies for Today's Trade Globalist: Global Markets(2003) Czinkota et al. When contemplating nature consumer behavior, markets, and competition. As a result, for a marketing and business plan to be effective, the market must be divided into homogeneous groups, the requirements and wants of these segments must be understood, products and services must be designed to fulfill those demands, and marketing tactics must be developed. Thus, segmentation is the key to efficient resource deployment and allocation, which is at the heart of firms' aspirations to become customer driven. An issue that is getting more attention is the degree of segment aggregation.

Most of us immediately consider psychographics, lifestyles, values, habits, and multivariate cluster analysis techniques when the term "market segmentation" is used. However, market segmentation is a far bigger idea that permeates company operations all over the world.

The word "market segmentation" refers, at its most basic level, to the division of a market along certain lines of affinity, resemblance, or commonality. In other words, a market segment's participants have something in common. In order to acquire a competitive edge within the segment, segmentation focuses marketing effort and resources on the subdivision (or market segment). It is comparable to the military doctrine of "concentration of force" to completely outnumber an adversary. Market segmentation is a conceptual tool used to help attain this focus. The essence of every marketing strategy is the concentration of marketing energy (or force).

Let's analyses different market segmentation strategies before talking about psychographic or lifestyle segmentation (which is what most of us mean when we use the word "segmentation"). Even though we are primarily interested in consumer markets rather than business markets, most of the following ideas also apply to B2B.

3.2.15 BASIS OF SEGMENTATION :



1. **Geographic Segmentation**

   This type of market segmentation, in which businesses target a certain geographic area, is possibly the most prevalent. For instance, businesses could decide to market their brands only in certain nations. One market, one state, or one region in the United States may be the sole place where a brand is offered. To achieve force concentration, many restaurant chains concentrate their efforts in a certain geographic area. There are regional variances in customer preferences, which frequently serves as the foundation for geographic specialization.

2. **Distribution**

   Different distribution channels can be used to target various markets. The "tick and flea collar" market, for instance, could be segmented by a business selling the product to supermarkets under one brand name, mass merchandisers under another, pet stores under a third, and vets under still another. This kind of segmentation of distribution is typical, particularly among small businesses who give each distribution channel its own brand in order to increase distribution inside that channel. An up market clothesline sold only at pricey department stores or a premium hair product distributed only through upscale beauty clinics are two other instances of distributional segmentation.

3. Media Segmentation

Media segmentation is occasionally a possibility, while being uncommon. It is based on the observation that various media frequently target various audiences. If a company invests all of its resources in one media, it may be able to control the market segment that reads that magazine or listens to that radio station. Companies who have some degree of control over the media and can in some way deter competitors from using that media are most likely to engage in media segmentation.

4. Price Segmentation

It is popular and commonly used to segment prices. Different household income levels present a chance to divide some marketplaces along a pricing axis. According to the logic, a business should provide some inexpensive, some midrange, and some pricey products if individual incomes range from low to high. The variety of vehicle brands that General Motors has historically promoted is a good example of this form of pricing segmentation. To appeal to progressively higher income groups, Chevrolet, Pontiac, Oldsmobile, Buick, and Cadillac offered a range of prices (and status) along a well-defined spectrum.

5. Demographic Segmentation

Common demographic factors include gender, age, income, home type, and educational attainment. Some brands solely appeal to women, while others only appeal to males. While hearing aids are typically marketed at the elderly, music streaming services are typically targeted at the young. Market segments are often determined by education levels. For instance, private primary schools may choose highly educated households with women of reproductive age as their target market. A segmentation strategy nearly usually includes demographic segmentation.

6. Time Segmentation

Time segmentation is less common but can be highly effective. Some stores stay open later than others or stay open on weekends. Some products are sold only at certain times of the year (e.g., Christmas cards, fireworks). Chili is marketed more aggressively in the fall, with the onset of cooler weather. Football is played in the fall, basketball in the winter and spring, and baseball in the spring and summer (or at least this used to be the pattern). The Olympics come along every four years. Department stores sometimes schedule midnight promotional events. The time dimension can be an interesting basis for segmentation.

7. Occasion Based Segmentation

At different times or situations, people frequently act and think in different ways. For instance, dietary preferences and habits varies depending on the occasion: breakfast is different from supper; going out to eat on a Friday night is different from packing a lunch during the week; Thanksgiving dinner is distinct from most other dinners. These kinds of distinctions can serve as the foundation for market segmentation. Occasion-based segmentation might be a useful option if the aim is to create new product development templates for a restaurant chain.

8. Psychographic Segmentation

The final segmentation method is psychographic (or lifestyle), which is based on multivariate studies of customer attitudes, values, behaviors, emotions, perceptions, beliefs, wants, benefits, wishes, and interests. If we can discover the appropriate segmentation variables (or lifestyle statements, words, visuals, etc.), then psychological segmentation is a valid method of market segmentation.

3.3 SUMMARY

Retail promotions are now a crucial component of the retail marketing strategy. It is a method of speaking with customers with the intent of informing, reminding, and influencing the target consumer about several parts of the retail objectives. The crucial components of the promotional mix are public relations, personal selling, and relations and the promotion of sales. Advertising is a non-personal presentation since it conveys a standard message. The entire audience of the concerned medium, rather than being customized for each person requirement. It is an outside mass media outlet that consists of newspapers, radio, each mass channel, including TV, the Internet, and others, has its own audience, which turns into upon payment of the specified space or time, is made available to the advertiser. It's impersonal.

There are several types of commercials in use, including thanksgiving, competitive, reminder, institutional, and pioneer ads. Public relations' main goal is to help the public form a favorable opinion of the retailer. The goal is to have a broad impact on all the stakeholders, including customers, investors, the government, channel participants, staff, and members of the public, on the store's reputation. There are essentially two different kinds of PR that could happen: planned PR and unanticipated PR. According to the type of coverage the event may garner, unanticipated PR may be distracting or detrimental, whereas planned PR is typically an image enhancer.

3.4 EXERCISE

Q.1. Answer the following

a. All the ___________ merchandising material including the point-of-sale materials. (Visual / Physical)

b. The retailer may decide on spending based on its _______________ sales. (Month to month / Year to year)

c. _____________ in sales is derived by offering some discounts. (Increase / Decrease)

d. …………… is done by the customers

e. ……………. Is controlled by the company

Answer -a) Visual b) Month to Month c) Increase d) Publicity

Q.2 True or False

1. Huge profit of the manufacturer is not a contributing for rapid growth of sales promotion.
2. Product mix is not the factor of promotion mix.
3. Eureka Forbes is a strategy of direct marketing
4. In advertising, message, media and everything is not controlled by marketer
5. Publicity is done by the retailer.

(Answer 1. True, 2. True, 3. True, 4. False, 5. False)

Q.3 Match the column

1. Advertising	a. Satisfied or unsatisfied Customer
2. Publicity	b. Target Customer
3. Segmentation	c. Promoting Sales
4. Sales Promotion	d. Sells to final Customer
5. Retailer	e. Paid Promotion

(Answer- 1- e, 2-a, 3-b, 4-c, 5-d)

Q.4 Shorts Notes

1. Planning Process
2. Advertising
3. Personal Selling
4. Publicity
5. Salesmanship

Q.3 Long Answers

1. Write a brief note on retail Market Segmentation
2. Explain the Basis of Retail Market Segmentation
3. Write brief note on retail planning process
4. Explain the importance of advertising
5. Write a brief note on Sales Promotion.

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4

RETAIL MANAGEMENT STRATEGY - II

Unit Structure :

4.0 OBJECTIVES

- To understand importance of CRM in retailing
- To discuss retail value chain and retail lifecycle
- To understand the role and challenges of HR in retailing
- To Examine Consumer behavior and buying decision process
- To Describe Customer service as a part of retail strategy

4.1 INTRODUCTION

Relationship marketing employs a mix of tactics to promote long-lasting contentment and customer loyalty. Relationship marketing includes things like proactive customer service, loyalty programmes, asking for feedback, and highlighting a product's benefits over flaws.

4.2 RELATIONSHIP MARKETING STRATEGIES

A combination of strategies are used in relationship marketing to encourage enduring happiness and consumer loyalty. Proactive customer service, loyalty programmes, soliciting feedback, and emphasizing a product's advantages over disadvantages are all examples of relationship marketing.

4.2.1 CRM IN RETAILING :

In order to manage and analyses customer interactions and data across the customer lifecycle, businesses employ a combination of practices, strategies, and technologies known as customer relationship management (CRM). The objective is to strengthen interactions with customers in order to promote client retention and increase sales.

4.2.2 SIGNIFICANCE Of CRM IN RETAILING :

The objective is to strengthen interactions with customers in order to promote client retention and increase sales in the following ways:

1. **Customer Conversion :**

   A customer has made the decision to spend their money when they convert by making a purchase. From a CRM perspective, this is an excellent chance to learn more about your consumers and increase the value of the purchases they make. Remarketing products to customers at the point of sale, offering opportunities for add-on purchases, and enticing customers to sign up for newsletters, emails, and loyalty offers and programmes are a few examples of how to do this.

2. **Customer Retention :**

   The goal of the retention phase is to keep customers coming back and making repeat purchases over an extended period of time in order to foster loyalty. Due of the ability to offer clients products that are comparable to or complementary to their previous purchases, customer relationship management is important throughout the retention stage.

3. **Strengthen customers' Loyalty :**

   CRM enables a shop to concentrate on each consumer separately in order to better understand their demands. This will enable the business to give long-term clients points, bonuses, and prizes, which will encourage consumer loyalty. Retailers will benefit from this since loyal customers are more likely to make repeat purchases, which will boost sales and profit levels.

4. **Segmentation :**

   Customers can be divided into distinct sections so that they can be attended to appropriately thanks to the collection of all the customer-related data. Retailer can segment your market in this way. Families, children, vegetarians, non-vegetarians, first-time purchasers, seasoned buyers, buyers who frequently make large purchases, buyers who seldom make large purchases, etc. Market segmentation makes it easier to develop a better plan that works for your target audience.

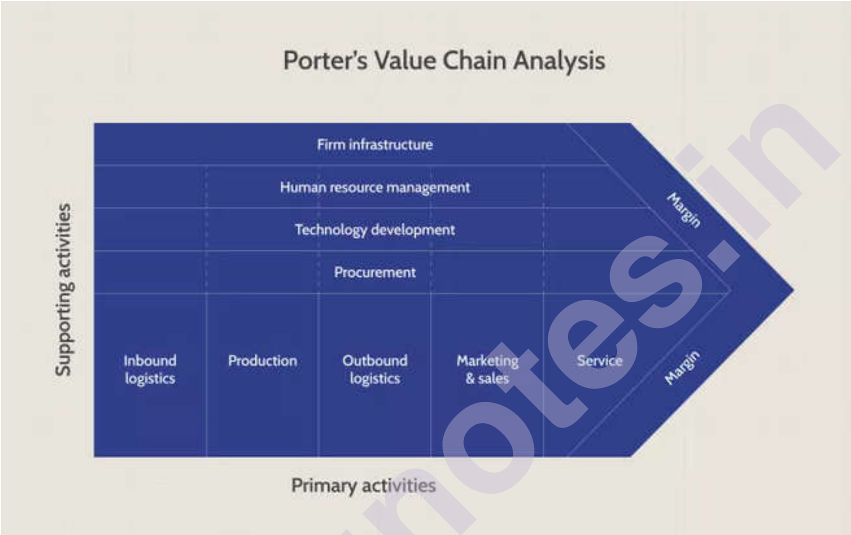
5. **Customer Data :**

   CRM keeps track of every customer's profile and information, including their most recent purchase, business cards, and phone numbers. This assists in documenting a customer's entire history so that one can get to know them all personally and more thoroughly understand who are regular clients and what their demands are. It also aids him in recognizing needs, gaining better business, and improving the shopping experience for customers at establishment.

4.2.3 RETAIL VALUE CHAIN :

A value chain is a series of tasks that a business completes before delivering a product to clients. A value chain is made up of all the steps that go into getting a product from the point of ideation to the point of distribution, including design, production, distribution, and marketing. For businesses that produce things, the value chain starts with the raw materials utilized in product development and spans the entire period before the product is sold to final consumers.

A value chain can help a business find wasteful areas of operation, then support decisions and streamline processes to boost output and profit. Value chain analysis can also assist companies make sure that their customers are confident and secure enough to stick with them.



The value chain concept's creator, Michael E. Porter, categorizes a company's activities into two main groups: primary and support.

Primary activities contribute to a product's physical creation, maintenance, sale, and support.

The production, upkeep, sale, and support of a physical object are all impacted by primary activities.

The term "inbound logistics" describes how external resources, including vendors, are managed and handled internally. These outside resources, also referred to as "inputs," can comprise raw materials.

Operations are all procedures and actions that transform inputs into goods or services (also known as "outputs") that a business sells to customers for an amount greater than the cost of production and raw materials.

Product and service delivery to customers is known as outbound logistics. The process includes systems for gathering, storing, and distributing information.

marketing and sales. Examples of efforts that seek to attract an audience, increase visibility, and justify a consumer's decision to purchase a good or service include branding and advertising.

Service. Customer service and product assistance

The company's primary activities are supported by the supporting activities, which include:

Procurement. locating suppliers, managing connections with them, negotiating prices, and other tasks involved in obtaining the necessary materials and resources to build a product or service.

technological progress Activities like research and development, IT management, and cyber security aid in a company's establishment and maintenance of its technological capabilities.
HR administration. This includes hiring, training, building and upholding a company culture, and maintaining solid employee connections.

All essential business functions, including general management, legal, administrative, finance, accounting, quality assurance, and public relations, are included in a company's infrastructure.

Retailers can gain from the value chain architecture in the following ways:

a. Find inefficient locations and take corrective action there.

b. Support decision-making for a variety of corporate operations.

c. Increase output while reducing costs by optimizing operations.

d. Understand the relationships and interdependence between the various business sectors and operations.

e. Recognize your main strengths and areas for improvement.

f. Establish a cost advantage over rivals.

4.2.4 RETAIL LIFE CYCLE :

Retail life cycle theory describes how and why the current retail formats grow in the manner that they do. The influence of the retail life cycle is linked to a variety of elements, including price cycle, market environment, macroeconomic volatility, and more, which strengthens the case for the idea. It consists of 4 stages given below:

1. **Introduction:**

   In introduction, there is reformation and development of business processes as well as birth of new retail formats. Additionally, it is difficult for retail businesses that use the new techniques to turn a profit at this time due to the cost of developing new forms. According to this hypothesis, changing business practices enables innovation in retail organizations. Restructuring business practices mostly entails lowering operating expenses and product or service prices. It can also be innovated by enhancing the product mix, customer service, sales, store selection, retail design, or sales promotion, as well as other methods, some of which are frequently combined. The business that pioneers a new retail format occasionally becomes the focus of attacks. The creation of new forms throughout this time might also bring to rivalry and revenge. Due to its little market share at this time, it has minimal effect on the current competitive landscape.

2. **Growth:**

In the expansion stage, consumers begin to embrace new business structures, and industry professionals are well-versed in their characteristics. As a result, both the market share and imitations are increasing. Retail Organization using new methods and others using traditional ways are in increasingly fierce rivalry. Organizations that have first improved their operational procedures can then boost their mark sales and profitability.

In the interim, the competition between businesses offering novel and innovative retail models starts to heat up. Customers of non-innovative companies now aim to choose the goods and services of retail organizations that have undergone quick transformation.

3. **Maturity:**

Firms with novel retail models are currently unable to increase their market share and customer base. Retailers who excelled during the growth stage are currently attempting to hold onto their market share. However, the profit margin starts to shrink because no company could gain an advantage over the others with the new retail formats, thus businesses had to lower their prices to outbid rivals. Therefore, the fundamental challenge that every business faces is how to cut costs. In a competitive environment, businesses seek to develop a more established and stable market in order to achieve a distinct edge. The distinctive qualities of new formats have gradually disappeared, and they are being replaced by traditional forms. As a result, it becomes a crucial chance for the urgent adoption of another new structure.

4. **Decline:**

The market is beginning to contract as a result of changing consumer purchasing habits and the emergence of fresh formats. Traditional formats (the original new formats) were unable to turn a profit but may have suffered significant losses as a result of the declining sales. Some businesses make the decision to abandon the market during this time. As a result, there isn't much competition between similar retail formats, but there will be more and more across distinct formats. Traditional format retailers compete on price, which causes their profit to decline over time. Due to their advantages in other areas like service, product quality, and business operations, retailers using the new format have an advantage over the competition.

4.2.5 HRM IN RETAILING :

Performance in a retail firm is assessed in relation to the HRM objectives. If objectives are clearly stated and embraced by employees, they will encourage voluntary cooperation and foster harmony among human endeavors. HRM in retail has a truly broad and diverse use. HRM covers, in general, all the tasks that a retail store employee must complete from the time of his admission to the time of his departure. Recruitment, selection, on boarding, training and development, supervision, and pay are just a few of the survival-integrated operations that make up HRM in the retail industry.

4.2.6 GROWING IMPORTANCE OF HR IN RETAILING :

A retail business may need to structure and assign responsibilities, procedures, and resources in order to fulfill the target market's, management administration's, and employees' rapidly changing requirements given the rate at which new and new corporations are joining the retail industry. Retail firms have made employee growth and retention policies a priority due to the high turnover rate and rising need for qualified workers.

Over these years, each retailer's main priorities were expansion tactics, brand building, and sales. But dealing with the lack of competent, future-ready talent, maintaining high performance, and keeping critical talent present enormous hurdles. Therefore, the crucial question for the Indian retail sector is how businesses can maintain high performance while coping with both economic difficulties and a talent deficit. In order to meet the challenge of escalating competitiveness brought on by liberalization, Indian organizations have started implementing cutting-edge HR management methods to encourage innovation and creativity among staff members. Only aggressive HR strategies will be able to keep up with the retail sector's expanding needs.

For any retailer, successful planning, organizing, and strategizing go hand in hand with outstanding execution. Additionally, execution is solely reliant on the teams' skills. Any company operating in this industry must develop systems of high performance work practices, including thorough recruitment and selection processes, reward policies, performance management systems, and extensive employee involvement and training, in order to be successful. These systems must include comprehensive recruitment and selection procedures, reward policies, and performance management systems. The success of retail firm greatly depends on the kind of HR tactics it is employing and how people are managed. HR personnel are the backbone of every organisation. The retail sector is experiencing difficulties as a result of growing competition among organised retailers.

The HR department in retail, which began as an operational function but is soon anticipated to become a strategic partner in the business, is being significantly impacted by rapidly changing retail trends. The way the HR department operates has changed as much as the retail landscape in India. Initially, HR was viewed as a supporting role that primarily focused on employee hiring and leave management. Key performance measures for HR were solely focused on hiring rates. The role of a business partner has now evolved as a result of the evolving business environment and increased exposure to HR activities through education. There are many issues facing the HR teams as a result of the opening up of FDI and the entry of huge retailers, such as retention, innovations in hiring, productivity increase and reducing turnover

4.2.7 CHALLENGES FACED BY HR IN RETAILING :

There are many hardships in manpower management in retailing as discussed below:

1. **Retention of Employees :**

   One of the biggest issues in recent years for retail HR has been finding and keeping employees. The challenging task of tackling these issues falls on HR. In order to recruit and keep personnel in a volatile business, they must develop creative strategies. Increasing employee engagement, rewarding hard work, raising pay and benefits, providing predictable schedules and guaranteed hours, and conducting in-depth departure interviews to understand difficulties and what employees are actively looking for in an employer are a few examples of how to do this. Numerous retailers have already stepped up their efforts to recruit and keep workers.

2. **Workforce Management :**

   Managing a staff has always required skillfully juggling a variety of various jobs and duties. Due to the expansion of employers' duties of care, employers are now held accountable for their employees in more ways than ever before, making workforce management a challenging undertaking. This is unlikely to change very soon because of the growing number of legislation in areas like pay transparency that are on the horizon. Additionally, failing to stay on top of the full range of management responsibilities can have disastrous effects on employee satisfaction and, ultimately, employee retention rates. By using workforce management software, you can give your HR managers a single picture and keep everyone in the company informed, allowing decision-makers to see where more resources are needed.

3. Employee training :

For employees to strengthen their abilities and advance their skills, both at work and beyond the office, having a training plan is essential. Nevertheless, putting into practice a training programme that is in accordance with employee demands can be challenging, particularly if there is a significant staff turnover rate.
As a result, the HR team must work extra hard to strike a balance between hiring and training. The business must make an investment in the training of each new hire. Once qualified, they will contribute significantly to the team. As a result, maintaining this type of person and ensuring their engagement must also be a priority.

4. Use of Technology :

The HR division is not an exception to how gradually the digital transformation is spreading. To improve productivity, talent management teams are faced with the task of digitising and automating their procedures.
Mechanical and administrative duties can be accomplished more rapidly thanks to technology and specialised HR software, freeing up time for strategic work and enabling access to vital information for better decision-making.

5. Employee engagement and Wellbeing :

All businesses must manage employee engagement and wellbeing, which typically falls under the purview of the human resources division. The advantages are significant:
increased effectiveness and productivity
more contented clients.
lower turnover rates and absenteeism levels.
increased income
Regular staff satisfaction surveys are one approach to gauge employee satisfaction. The HR division can put preventative measures into place with the use of this information and track the results. It's critical to show that workers have a voice and that the organisation cares about their issues.

6. Regulations :

Government regulations and rules change between countries as well as between states in India. These regulations involve laws in employment, pays, safety and health etc. The field of HRM becomes volatile and exposed to all fluctuating legal demands.

7. Downsizing :

Downsizing is the process of permanently reducing a company's workforce by eliminating underperforming employees or departments. Downsizing is a prevalent organisational technique that is frequently linked to recessions and failed companies. The quickest approach to reduce expenses is to eliminate employees, and closing down an entire branch, store, or division also frees up assets for sale during company reorganisations. Due to rivalry and unstable business conditions, it is also seen in the retail sector.

4.3 CONSUMER STRATEGIES

Consumer buying behaviour is the ultimate consumer's purchasing habits. A retailer must examine consumer behaviour for the success of products and services is significantly impacted by how customers respond to its marketing approach.

The marketing concept emphasises the necessity to study the what, where, when, and how consumers purchase in order to develop a marketing mix (MM) that satisfies (provides usefulness to)customers. Without clearly defining what or who a consumer is, we have been discussing consumer behaviour for a long time. Over the past few decades, India has seen a rapid expansion of the retail sector. Both structured and unorganised retail markets make up the Indian retail sector. It has seen rapid expansion in recent years, with a clear preference for organised retailing structures. The market is moving toward a contemporary idea of retailing. The demand for retail spaces is quite high as India's retail industry aggressively expands.
being built. Additionally, the widespread use of debit and credit cards has substantially aided India's strong and expanding retail consumer culture. Research into contemporary consumer behaviour is growing more and more important for the retail industry as customers become more powerful, intelligent, and smart. Consumers consider store characteristics while choosing where to shop when they make the decision where to shop. Store attributes are presented by retailers according to their specific functional strategies.

4.3.1 CONSUMER BEHAVIOR IN RETAIL CONTEXT :

Understanding retail consumers involves comprehending their shopping habits at retail establishments. To understand who, when, and how purchases are made, it is crucial to comprehend the consumer. Understanding how to assess consumers' reactions to sales promotions is equally crucial. For the survival and success of the firm, it is crucial to comprehend the consumer in the retail industry. In order to develop and implement successful marketing strategies and apply the four Ps of the marketing mix (Product, Price, Place, and Promotion) to produce high revenue over the long term, a retail organisation must have a solid understanding of consumer behaviour. Understanding and gratifying consumer needs, wants, and desires is the marketing department's primary duty. Consumer behaviour includes all facets of the acquisition, use, and disposal of goods and services. Within the context of the customer, groups and organisations are taken into consideration. Failure to comprehend consumer behaviour is a recipe for catastrophe, as several businesses have painfully learned. For instance, Wal-Mart began operations in Latin America with a store layout that was identical to US markets. However, consumers in Latin America are completely different from those in the US. Wal-Mart experienced negative effects and failed to make a difference.

4.3.2 BUYING BEHAVIOR PROCESS :

"Buying behaviour is a complicated amalgam of needs and desires that is influenced by elements such as the consumer's (1) societal function (parent, spouse, worker, etc.), (2) social and cultural context and norms, and (3) aspirations and inhibitions," according to the Harvard Business Review. Buying process starts with seeking information and ends with post purchase reactions.

4.3.3 STAGES IN CONSUMER BUYING DECISION BEHAVIOUR :

1. **Need Arousal or Problem Recognition -** The source of the problem is people's needs, and unmet demands produce tension and discomfort in the thoughts of customers. Consumers can obtain and consume goods and services to meet their requirements. For example, need for food arises when hunger strikes.

2. **Information/ Knowledge Search -** When a consumer's demand is great enough, he or she will try a readily available product to meet his or her needs, but in many circumstances, the aroused consumer will go in search of information.

   (a) Improved attention-In this scenario, the consumer becomes more responsive to information about the product that may meet his demands. The hunt for information is passive in this case.

   (b) Active information search—In this case, the consumer is the information seeker, and he gathers information from a variety of sources. For example, information search is little in case of buying pizza than buying a computer.

3. **Alternatives Evaluation**- At this stage, the consumer will compare and contrast different products or brands based on alternative product qualities that have the ability to provide the benefits the customer is looking for.

4. **Purchasing choice-** After assessing several items or brands based on various product qualities, the consumer makes a purchase decision based on his or her preferred brand. The choice of brand is dependent on various factors such as quality, price etc.

5. **Post-purchase behaviour:** The consumer may be satisfied or unsatisfied with the product after acquiring it. The buyer's happiness or dissatisfaction is determined by the buyer's expectations and the product's perceived performance.

Stage	Stage Name	Description
1	Problem recognition	Stage where a person recognizes his need for a product
2	Information search	Stage where a person intends to obtain more information on a product
3	Evaluation of alternatives	Stage where a person evaluates a product based on the information acquired
4	Decision of purchase	Stage where a person decides to purchase the product based on his evaluation
5	Post-purchase behavior	Stage where a person evaluates the product he purchased

Source: Philip Kotler The five stage model in consumer behaviour' Kotler (2012)

4.3.4 CUSTOMER SERVICE AS A PART OF RETAIL STRATEGY:

A retail company needs to develop some distinctive service guiding principles in order to effectively leverage customer service as the differentiator. Correctly defining the organization's line of business is the first step in building a strong service organisation. A company that defines its business too narrowly runs the risk of developing what is known as marketing myopia. The following are steps for the same:

Step 1:

Identifying the key customers and listen and respond to them

The retailer must recognise and give priority to its customers. Once the company has identified its important clients, it is simple to comprehend their purchasing patterns and occasions and then cater to them properly.

Customers' needs and expectations fluctuate for a variety of reasons. Consumer expectations would vary as a result of a change in the consumer's lifestyle, which would also affect his needs. Young people have different requirements and desires than middle-aged people and senior citizens. Similar to how an individual's wants might alter as he moved up the income scale. The business must keep tabs on and be clear about the expectations of its clients in the current environment. The importance of this to the organisationis to be able to plan future business and pre-empt the competition.

Step 2

Define Superior Service and establish a service strategy

The objectives and the means by which they can be expressed must be established in a strategy before it can be implemented. The requirements for such a service must first be established in order to deliver exceptional service. These requirements must be spelled out in detail and sent to all organisation members .Mc Donald's is an illustration of one such company whose aim includes providing excellent customer service.

Step 3

Set Standards and measure performance

The necessity for a system to capture, evaluate, measure, and track an organization's performance on multiple metrics develops after the identification of the main customers and their expectations and their connection to corporate objectives. For instance, Domino's Pizza is committed to making deliveries within 30 minutes. One can express specific standards that are useful and measurable.

Setting performance criteria helps to increase credibility every time the requirements are met or exceeded in addition to ensuring compliance with the targets. The stepping stone to customer delight is this. At the same time, failing to fulfil goals reveals service shortcomings that can later be closed.

Step 4

Select Train and Empower Employees to work for the customer

The retailer must build a team of committed employees with decision-making authority if it hopes to deliver outstanding service. Customer skills, communication, and product skills need to be covered in training. Giving staff decision-making authority is one way to entrust them with a lot of responsibility. If management approval is required for the action to be conducted, customers who frequently return items to a store or are unsatisfied with a product or service are sure to become even more disillusioned.

Step 5

Recognize and Reward accomplishment

While most people priorities financial security, acknowledging hard effort and showing appreciation can greatly influence employees' willingness to give their all. This necessitates extra attention from the retail organisation, as the salesman frequently serves as the organization's public face.

Rewards don't always need to be monetary; they can also be symbolic, like lapel pins, unique nametags, or holidays. It is essential for front-line employees in the retail industry to be aspirational about giving their clients great service.

4.4 SUMMARY

In order to manage and analyses customer interactions and data across the customer lifecycle, businesses employ a combination of practices, strategies, and technologies known as customer relationship management (CRM).

A value chain is a series of tasks that a business completes before delivering a product to clients. A value chain is made up of all the steps that go into getting a product from the point of ideation to the point of distribution, including design, production, distribution, and marketing.

Retail life cycle theory describes how and why the current retail formats grow in the manner that they do. The influence of the retail life cycle is linked to a variety of elements, including price cycle, market environment, macroeconomic volatility, and more, which strengthens the case for the idea.

HRM in retail has a truly broad and diverse use. HRM covers, in general, all the tasks that a retail store employee must complete from the time of his admission to the time of his departure. Recruitment, selection, on boarding, training and development, supervision, and pay are just a few of the survival-integrated operations that make up HRM in the retail industry.

Understanding retail consumers involves comprehending their shopping habits at retail establishments. To understand who, when, and how purchases are made, it is crucial to comprehend the consumer. Understanding how to assess consumers' reactions to sales promotions is equally crucial. For the survival and success of the firm, it is crucial to comprehend the consumer in the retail industry. In order to develop and implement successful marketing strategies and apply the four Ps of the marketing mix (Product, Price, Place, and Promotion) to produce high revenue over the long term, a retail organisation must have a solid understanding of consumer behaviour.

4.5 EXERCISE

MCQ

1. Consumer behavior depends on Personal and ___ factors.
   (a. Social, b. Convenience, c. Comfort, d. all of these)

2. ___ is a strategy that aims at creating customers for life and enhances the sales and market share of the organization.
   (a. CRM b. HRM c. Buying behavior d. Segmentation)

3. ___ consists of phases from introduction to decline.
   (a. Retail Value Chain b. Retail Life cycle c. CRM d. Buying behavior)

4. ___consists of Recruiting, compensation and worker management.

   (a. CRM b. HRM c. Buying Behaviour d. Segmentation)

5. ___ is last stage in buying behaviour.
   (a. Post Purchase, b. Purchase c. Need identification d. Evaluation)

Answers

(All of these, CRM, Retail Life cycle, HRM, Post Purchase)

True or False

1. Relationship marketing focuses on one time sale of a product.
2. Post purchase behavior is the satisfaction or dissatisfaction after the purchase
3. CRM is customer rapport merchandising
4. Retail loses its competitive advantage in decline stage.
5. Use of technology in retailing is the challenge faced by HR.
   (False, True, False, True, True)

Match The column

A	B
1. Social factor	a. Reference groups
2. HR training	b. Challenges of Employee
3. Need identification	c. First stage of consumer behaviour
4. Growth stage	d. Advance Technology used in retail
5. RFID	e. Increase in sale

(1-a, 2-b, 3-c, 4-e, 5-d)

Shorts Notes

1. Buying behavior in retail context
2. Significance of CRM in retailing
3. Consumer behavior
4. Challenges faced by HR in retailing.

Long Questions

1) State The importance of CRM in retailing
2) What are Challenges faced by HR in retailing?
3) Explain Buying decision process.
4) Explain Consumer behavior in retail context.

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RETAIL MANAGEMENT Edited By Dr. Anand Thakur , Excel books private limited

https://www.pdfdrive.com/retail-store-management-e47690441.html

Modern Day Retail Marketing Management 1st edition © 2017 Venkatesh Ganapathy & bookboon.com ISBN 978-87-403-1934-7

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5

RETAIL LOCATION, LAYOUT AND MERCHANDISING - I

Unit Structure :

5.0 OBJECTIVES

- To understand Retail Location: Importance, Types, Steps involved in choosing a Retail Location.
- To Understand Merchandising Concept and Merchandising Planning Process,
- To describe Retail Branding, Merchandising Buying, Visual Merchandising

5.1 INTRODUCTION

One of the most crucial considerations a retailer must make is where to locate their store. Given the significant expenditure and capital commitment required for a retail location, it is a long-term and strategic choice. The location of the retail shop will serve as the basis for all other strategies.

5.2 RETAIL LOCATION

Retail location is one of the most important decisions that retailer has to make. Retail location is long term and strategic decision , as it involves huge outlay and capital investment. All other strategies will be designed based on the location of retail outlet.

5.2.1 IMPORTANCE OF RETAIL LOCATION :

1. **Competitive Edge :**

   A favourable retail location offers a competitive edge that the opposition cannot imitate. One site can house one retail space, and time is just as important as the physical place. This geographic advantage cannot be simply replicated by rivals.

2. Customers Convenience :

Retailers must open a location that is handy for customers by considering how they would think. Retailers cannot construct a store in every neighborhood because people are geographically dispersed wherever they may possibly be, thus they must instead choose a central site that would be accessible to the majority of the community within a specific radius of the circle. The retail establishment should be proximate to the customers' location.

3. Cost Factor and Supply Chain management :

A handy retail outlet makes it easier for the organisation to organise the supply chain and distribution for a specific outlet. As a result, the organisation will incur less expense, and the retail outlet will have no trouble satisfying the customer's urgent requests and meeting their immediate needs.
The whole cost of supply chain management and operations is decreased as a result of the decreased transportation costs, allowing the retail establishment and the retail organisation to go very near to the six-sigma process.

4. Huge Investment :

Selection of retail location is long term decision and it requires large capital investments. It is indeed a long term marketing strategy.

5. Revenue generation :

The amount of customer footfalls depends upon ideal location so it impacts the revenue generation in a larger way.

5.2.2 TYPES OF RETAIL LOCATIONS :

Various types of commercial retail spaces are available. Considering town's businesses, like other communities, there are undoubtedly both new and lively retail outlets as well as some hidden stores. When picking a location for their business, retailers must take into account a variety of shop location criteria. Here are some of the more typical kinds of retail establishments.

1. Mall Spaces :

A mall houses a variety of merchants that compete with one another under one roof, from kiosks to huge anchor stores. Typically, there are three to five anchor stores, sometimes known as huge chain stores, and dozens of smaller retail establishments. In comparison to other retail sites, rent in a mall is typically substantially more. This is a result of the substantial volume of foot traffic a mall receives. Mall merchants will need to give up some of their autonomy and follow a set of guidelines provided by the mall administration.

2. Shopping Centers :

Strip malls and other related, adjacent retail venues will likewise have preferences for their tenants' business practises. Compared to a mall, these regulations are arguably more lax. There are numerous, different-sized shopping centres. As little as 3 units or as many as 20 stores may be found in some shopping malls. There will be a variety of retailers in the strip mall, as well as products and services they provide.

3. Downtown Area :

This kind of store placement can be another exclusive option, similar to the mall. The business owner, however, might have more latitude and fewer restrictions. The downtown sections of many municipalities are actively being revitalised, and shops stand to gain significantly from this work. Parking, however, is typically a major problem for downtown businesses.

4. Free Standing Location :

Any standalone structure can serve as a retail facility of this type. It might be hidden away in a residential area or just off a busy road. There may be limitations on how a shopkeeper should run his business depending on the landlord. Parking should be no problem and the price per square foot should be fair. Traffic could be the cost of all that freedom. The retailer at a free standing location must work at marketing to bring the customer inside, in contrast to attached retail establishments where customers may stumble in because they were nearby buying.

5. Office Buildings :

Another choice for a retailer is a business park or office complex, particularly if they serve other companies. Tenants split maintenance costs, and the building typically has an up market, businesslike appearance.

6. Home Based :

More and more retail companies are starting out of their homes. While many continue to operate out of the owner's spare room, some may eventually relocate to a commercial space. Although this kind of location is less expensive, expansion can be constrained. This arrangement makes it more difficult to distinguish between work and home life, and the store can encounter issues if there isn't a distinct company address and/or phone number.

5.2.3 STEPS INVOLVED IN CHOOSING RETAIL LOCATION :

The series of steps involved in choosing retail locations are as follows:

1) Selection of Geographical Trading area:

Following factors are determined in this -Size of the trading area: The area from which shoppers travel to a city is referred to as the trading area. A city's trading region would include both its suburbs and neighboring towns and cities. Due to their ability to pull clients from nearby cities and villages, cities like Mumbai and Delhi have significant trading areas.

-Population or population growth in the trade area: An area's potential for retail sales may also improve with rapid population expansion.

-Total purchasing power and its distribution: Stores selling expensive goods may choose cities with large populations of wealthy and upper middle class customers as their location. --The distribution of total purchasing power among a sizable middle class base has contributed to a retailing boom in and around India's major cities. Potential total retail sales for several product categories: A city may develop a niche market for particular types of commerce. Brassware and Mysore silks are now produced mostly in Moradabad.

-Before choosing a city, the store also takes the quantity, scope, Cost of development and caliber of competitors into account.

2) Selection of Area :

Evaluating factors for this are;

-Customer attraction potential of a certain business (commercial street in Bangalore, Chandni Chowk in Delhi), a shopping area, the quantity of stores nearby, and other factors.

-Accessibility of routes - Congestion and traffic jams shouldn't exist

-Retailers should review the zoning plans to understand the nature of the requirements.

-Municipal corporations in reference to the development of residential neighborhoods, flyovers, and shopping centers.

-The direction in which the city is spread. For instance, Navi Mumbai's suburbs in Mumbai is expanding quickly.

3) Selection of Specific Site :

- The site's suitability and anticipated traffic flow: Since they represent potential clients, it is important to gauge how much traffic there is on the roads and among the shoppers walking past a certain location.

- The site's capacity to stop traffic that is passing it. Only if it represents the market segment the store is seeking will the vehicle or pedestrian traffic passing the location be drawn.

-The complementary nature of the nearby businesses: A store that sells school uniforms would have more potential if the nearby businesses sold school supplies like books and stationary.

4) Site Selection Analysis :

When choosing a site, a shop must take into account the following elements.

1. Type of goods sold :

- Convenience items: high visitor volume is crucial, and a venue with a large window display area is typically preferable.
- Shopping Goods - Quality of Traffic is Most Important. The development of multiple garment factory outlets within a short distance on the Delhi- Jaipur route is fueled by this aspect.
- Specialty Goods: One might choose to situate close to a shopping goods or retail store.

2. The cost of the location:

Traditionally, the retail community has owned the property. A significant aspect is space cost, which includes rent, utilities, leasehold improvements, general decorating, security, insurance, and any other costs associated with having a place to perform commercial operations.

3. Location of competitors:

The region's fierce competitiveness indicates that new enterprises will have to share the market with current companies.
4. Simple access and traffic flow (studying flow of traffic, nothing one way street, street widths, and parking lots)

5.3 MERCHANDISING :

In business, merchandise refers to the things that are purchased and sold. The term "merchandising" describes the actions taken to promote the speedy retail sale of items utilising point-of-sale strategies like shelf talkers, bundling, display techniques, free samples, in-store demonstrations, pricing, and free samples. "Planning involved in marketing the right product or service at the right place, at the right time, in the right quantities, and at the right price" is what the American Marketing Association defines as merchandising.

5.3.1 MERCHANDISING PLANNING PROCESS :

Choosing, controlling, buying, exhibiting, and pricing the products in a way that maximises returns on investment, adds value to the brand name by meeting consumer wants, and prevents the formation of excess inventory is known as merchandise planning. Additionally, merchandising planning aims to provide the correct product in the right quantity, at the right price, in the right location, and at the right time.

The process of merchandise planning involves the following steps

Step 1 : Developing the Sales Forecast

Based on past sales data, an analysis of market surveys and trends, and salesperson projections, a sales forecast is a projection of the money that can be earned through sales. Since the volume of sales revenue impacts almost every area of a firm, the sales forecast, also known as the sales budget, serves as the foundation of a business plan. Forecasting entails speculating on what a consumer would do in a specific scenario.

Depending on the retail organisation, the merchandiser may create a sales prediction based on the goals set by the top management or may deliver one directly. The first stage in estimating the product or category's inventory needs is a sales prediction.
The following steps are involved in creating sales forecasts:

a) **Examining Previous Sales:** To determine whether there is a pattern or trend in the sales data, it is required to study the previous sales records. If the conditions remain the same, looking at the sales figures from the previous year for the same time period would provide a prediction of the sales in the current year.

b) **Examining the changes in economic conditions:** Because these changes directly affect consumer buying patterns, it is important to take them into consideration. Business is affected by economic slowdowns, rising unemployment rates, and other factors.

c) **Examining the shifts in the sales potential:** It is now important to link the market's changing demographics to those of the retailer and the goods being offered for sale.

d) **Examine how the retail organization's marketing methods have changed in relation to the competitors.:** The organization's marketing strategy, as well as the competition, must be taken into account while constructing the sales projection. Is there going to be a new product line introduced, a new store opening, or a makeover of an existing store? All of those things must be taken into account.

e) **Producing the sales forecast:** Next, a projection of the expected growth in sales is calculated. To determine the predicted sales statistics, this is then applied to the various products/categories.

Step : 2 : Determining the Merchandise Requirements

Planning is necessary to give any merchandise department direction and a foundation for control. One needs to prepare a course of action in order to be able to deliver the appropriate items to the consumer at the appropriate location and time. Product planning is done on two different levels.
1. Creating the merchandise budget and
2. The assortment plan are the first two steps.

The creation of a merchandise plan can be done in two ways. Planning from the top down and planning from the bottom up. The merchandising team receives the sales plan, which the top management has been working on, as part of top town planning. Individual department managers work on the expected sales predictions during bottom-up planning. The total sales is then calculated by adding these.

Inventory levels need to be planned following the completion of the sales forecasting process. The budget for merchandise is established at the beginning of the planning process. It is a financial strategy that specifies, in monetary terms, how much should be invested in product inventories.

The merchandising budget typically consists of five components:

(a) The sales strategy, which specifies how much of each product must be sold; this can be done departmentally, organizationally, or geographically per store.

(b) The stock support plan, which outlines the quantity of stock or inventory required to generate those sales.

(c) The anticipated price cuts that would be necessary if the product doesn't sell.

(d) The anticipated purchase levels, or the number of each item that must be purchased from the market.

(e) Gross profit margins (the difference between sales and cost of goods sold that the department, division or store contributes to the overall profitability of the company.)

The product mix that will be made available to consumers as a whole is described in the assortment plan, together with the merchandise that will be sold in each product category. After determining the amount of money available for the inventory, this is the following step.

Step 3 : Merchandise control – The Open To Buy

The idea of "Open to Buy" serves two purposes. First, the goods purchases can be modified in accordance with the month's sales and reductions. Second, it is possible to maintain the anticipated relationship between stock and sales. Open to buy, when utilised properly, guarantees that the buyer-

(a) Limits both overbuying and under buying

(b) Prevents sales losses brought on by a lack of the necessary supply.

(c) Continues to make purchases within the parameters of the budget.

(d) Lowers markdowns that can occur as a result of excessive purchase.

The buyer will not be able to purchase an amount equal to the intended stocks for any given month while planning. This is due to the possibility that there may already be some merchandise on hand or on order, but not yet delivered.

Step 4: Assortment Planning

For shops, planning the assortment is both crucial and difficult.

An assortment is "a group of products offered within a product category" and "the collection of all products made available in a store." These goods are a group because they have comparable physical qualities. Determining the quantity of each product that will be purchased to fit into the overall merchandise strategy is known as assortment planning. Specifications regarding colour, size, materials, brand, etc., must be made. The basic goal of an assortment plan is to produce a well-balanced selection of goods for the buyer.

The planning of the assortment is influenced by a number of elements. The type of goods that will be stocked in the retail store is the first of these factors. Products can be categorised as fashion, convenience, speciality, or basic or staple products.

Step 5: Range Planning

The range plan's objective is to develop a balanced selection for each product category that the shop choose to carry. Range planning makes ensuring that the objectives of the merchandise plan fit into particular lines and frequently, SKUs. Essentially, effective long-range planning should address the following:

The consumer should always have enough options at their disposal, and they should be presented in a way that makes it easy for them to choose.

Overbuying and under buying should be kept to a minimum thanks to the range planning procedure.

The product should be offered in sufficient quantities to satisfy the needs of every store and be accessible in every store across all locations.

Step 6 : The Model Stock Plan

A choice must be made regarding what to buy and how much to buy after assessing the amount of money that can be used for purchases. The Model Stock Plan is the product of this. The specific items and quantities that must be purchased for each product line are listed in the sample stock plan. To create the model stock plan, the buyer must first decide on the levels under each attribute, then allocate the entire amount of money or unit availability to the appropriate item categories. These steps should be completed in the order listed above.

5.3.2 RETAIL BRANDING :

Using the retail branding strategy, a retailer turns its physical locations into its products, which may then be individually promoted to maximize exposure and revenue. Retail branding is a notion that is similar to corporate branding in that it describes the process by which a retailer's stores and outlets, along with the names, symbols, and emblems included therein, become the product. This can be seen as a thorough and integrated marketing management strategy that places a strong emphasis on creating long-term client loyalty and preference. Types of retail brands are:

National (Manufacturers) Brands

National brands include well-known names from some of the biggest manufacturers in the world, including Downy, Tide, Jif, Crest, and Cheerios. These brands feature identifiable branding and packaging, are some of the more expensive products on store shelves, and enjoy significant brand appeal and brand loyalty. They are readily accessible, whether you are in a big-box retailer or a more local supermarket.

Premium private label (store) brands and private-label products

Claims may even be made on the packaging of private-label and premium private-label products, which are displayed on store shelves next to manufacturer-branded goods. These goods have a comparable quality to those of name brands, but at a lower price, and they are promoted by the retailer.

Consumer impression is frequently all that separates a private-label from a premium private-label. The more expensive premium brands compete more directly with name-brand goods than its more affordable counterpart, the basic private label, thanks to their sexier packaging, upscale nomenclature, and branding. Sam's Choice, a premium private label at Wal-Mart, has a more prestigious-sounding name and more attractive packaging.

Copycat Brands

Though they are mainly store brands or generic names, copycat brands are so termed because they mimic the manufacturer's brand right down to the packaging. These goods are sold for less money and are typically thought to be of lower quality.

Generic Brands

A type of consumer goods that is available on the market but lacks a well-known name or emblem since it normally isn't advertised is referred to as a generic brand. Due to the absence of advertising that brand names receive, generic brands are typically less expensive than their brand name equivalents. These brands, which are created to provide as alternatives to more expensive brand-name products, are particularly prevalent in the food and pharmaceutical industries and frequently experience an increase in popularity during recessions.

Exclusive Brands

A circumstance where a specific merchant is the only one permitted to resale a specific supplier's products is referred to as exclusivity. For a retailer, this connection has numerous clear benefits. Some shops instead produce their own branded products to sell in stores.

Licensed Brands

The licensor has granted the licensee the right to use that brand. While the licensee uses the brand name to sell their good or service, the licensor receives royalties. Examples of licences include a business using Mickey Mouse or another well-known character's image on merchandise. Another illustration would be a clothes maker like Life is Good granting a local business a license to use its designs and brand in that nation.

5.3.3 IMPORTANCE OF RETAIL BRANDING :

1) An increase in business value

Retailers should concentrate on boosting their brand value if they want to stay competitive in a crowded industry. Since modern consumers are frequently aware of the values underlying the brands they buy, brand value can have a big impact on your company's performance.

2) Improve Recognition

The target market recognises the organisation thanks to a strong branding strategy. Retailers are able to develop a presence and favourable awareness in their specialty through digital marketing platforms.

3) Generate leads

Strong connections can be made with potential clients through effective branding. People who may not be familiar with your brand will learn more about the advantages your business has to offer and will be more inclined to become customers if your branding is consistent and positive.

4) Build loyalty and trust

When done successfully, branding builds customer trust and loyalty as well as a new audience. Once customers begin to believe in a brand, they become devoted and are less inclined to switch to rivals.

5) Encourage Employee Pride

Employees of a well-known brand feel more in control than those of a lesser-known brand. An employee who supports their employer's brand among their peers and performs better at work is inclined to do so.

5.3.4 MERCHANDISING BUYING :

Purchasing merchandise from producers to sell on their behalf is a crucial aspect of retail management that entails retailers finding the products they need. Some businesses opt to buy their goods only from producers, while others develop their own brands, or private labels, specifically for their operations. The majority of large-scale stores have entire departments devoted to purchasing goods, where employees may have varying responsibilities about what they must buy. For instance, a department shop might employ one individual to handle home goods purchases, while others concentrate on shoes or accessories. Additionally, it's typical for retailers to have smaller, more regionalized goods procurement teams that may address the preferences and requirements of particular target markets or geographical areas. Since the needs of the audience vary depending on the local climate, a national retailer's locations in Florida might sell lighter winter jackets than those in the Midwest. When deciding which products the business needs and how many units to fill the shelves, inventory departments and merchandise buying teams commonly collaborate.

5.3.5 MERCHANDISING BUYING PROCESS :

Purchasing merchandise often involves four processes, including:

1. Identify the suppliers of the goods :

Finding sources from which to buy high-quality products to sell to customers is the first step in the purchasing process. Before agreeing to do business with a vendor, perform extensive research about their product quality and corporate history given the abundance of manufacturing and wholesale options available. When selecting a source for goods, factors like their costs, quality of materials, and delivery method should be taken into account.

2. Bargaining with producers :

Negotiating with the product source of your choosing is the next stage when purchasing goods for a retailer. Most businesses want to purchase goods in bulk to guarantee that they have plenty of inventory and extra stock in case sales go above expectations. When purchasing a lot of something, it can be advantageous to bargain for a lower price based on the sheer volume of your purchase. One can use the money saved from these bargains to buy other things, either from the same merchant or somewhere else.

3. Decide which things to buy :

The next phase in the item buying process is choosing the products you wish to buy and sell on behalf of your merchant once you've bargained a price with the manufacturer. The majority of consumers who buy goods have a definite number of units in mind, although the exact products they buy can vary depending on the season, region, economy, and product availability. To prevent getting scammed, it's crucial to keep a thorough record of everything you want to buy.

4. Purchase of Merchandise :

The actual purchase of the merchandise for the store using company funds is the last step in the merchandise purchasing process. Consignment, which entails establishing an agreement in which the retailer pledges to pay for the products once they've been sold, is one of the various purchasing processes that producers and buyers employ. Others might bargain for the purchase of goods on a recurring basis to save time on future bargaining. For instance, a hardware store may elect to schedule recurring purchases and shipments of paint since they are aware that they need particular brands and shades of paint throughout the entire year.

5.3.6 VISUAL MERCHANDISING :

When entering a store, one is greeted by visual merchandising. Customers are attracted to products by presentation and organisation, which encourages them to buy and visit the store again. It is essential for retail marketing since it is a well-defined approach that tries to affect customers' decisions inside of a business.

Visual merchandising is the process of enhancing product displays and retail store displays to better showcase their features and benefits and spark customer interest.

5.3.7 SIGNIFICANCE OF VISUAL MERCHANDISING INCLUDES

1) Enhance the customer experience:

A successful business relies heavily on the customer experience, and visual merchandising is a key component of that experience. It helps organise the retail area and makes it easier for visitors to find what they're looking for, which enhances their experience while visiting your store. Furthermore, professionally planned displays aid in improving client attraction, engagement, and education.

2) Sell targeted products:

Vendors want to sell more of the products that generate the highest earnings. These particular products are highlighted via visual merchandising, which increases sales of those products.

3) Influence Decisions made by consumers:

Neuromarketing strategies are also used in visual merchandising to sway consumers' choices by appealing to their subconscious thoughts. Strategic product placement is involved in this.

4) Meeting sales targets :

The salesperson who subconsciously induces a consumer to buy the desired goods is called visual merchandising. Marketers achieve this by placing lucrative goods in prominent locations that would draw attention to them and entice customers to purchase them.

6) Market-related shops:

The goal of visual merchandising is to make the store distinctive and stick in the minds of the customers. This is accomplished by employing placement, aesthetics, and visual clues to get people to stop, gaze, and occasionally even take pictures or spread the word naturally.

5.4 SUMMARY

Retail location is one of the most important decisions that retailer has to make. Retail location is long term and strategic decision, as it involves huge outlay and capital investment. All other strategies will be designed based on the location of retail outlet.

Choosing, controlling, buying, exhibiting, and pricing the products in a way that maximises returns on investment, adds value to the brand name by meeting consumer wants, and prevents the formation of excess inventory is known as merchandise planning.

Retail branding is a notion that is similar to corporate branding in that it describes the process by which a retailer's stores and outlets, along with the names, symbols, and emblems included therein, become the product. This can be seen as a thorough and integrated marketing management strategy that places a strong emphasis on creating long-term client loyalty and preference

5.5 EXERCISE

MCQ

1. ____ are the products designed, produced and marketed by a vendor and sold to many retailers.(National brands, Private Brands, Licensed brands)
2. ___ can be defined as the orderly, logical and intelligent way of putting stock on the floor.(Visual Merchandising, Franchising, Budgeting)
3. ___ brands imitate the manufacturer's brand in appearance and packaging.(National brands, Private Brands, Copycat brands)
4. ___ is type of retail location in standalone buildings.(Free standing sites, Downtown area, Shopping centers)

Answers: National Brands. Visual Merchandising, Copycat brands, Free standing sites

True or False

1. It is easy for retailer to change locations every now and then.
2. Location is prime consideration in customers store choice decision.
3. Freestanding locations are unplanned areas occupied by retail stores.
4. Copycat brands imitate the manufacturer's brand in appearance and packaging
5. Store design and store layout is same thing.
   (False, True, True, True, False)

Match The column

	A		B
1.	Copycat brand	a.	Strip Malls
2.	Retail location	b.	Imitation
3.	Visual merchandising	c.	Strategic decision
4.	Shopping mall	d.	Presentation of goods
5.	Assortment	e.	Required for planning

(1-b. 2-c, 3-d, 4-a, 5-e)

Shorts Notes

1. Visual Merchandising
2. Types of Retail brands
3. Role of retail location
4. Merchandise buying process
5. Steps in deciding location of retail shop

Long Questions

1. Explain significance of retail location.
2. What are steps involved in choosing retail location?
3. What is visual merchandising ?
4. Explain retail branding
5. Explain merchandise buying process.

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RETAIL MANAGEMENT Edited By Dr. Anand Thakur , Excel books private limited

https://www.pdfdrive.com/retail-store-management-e47690441.html

Modern Day Retail Marketing Management 1st edition © 2017 Venkatesh Ganapathy & bookboon.com ISBN 978-87-403-1934-7

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6

RETAIL LOCATION, LAYOUT AND MERCHANDISING-II

Unit Structure :

6.0 OBJECTIVES

1) To Understand Store Design & its Elements,

2) To Know what is Store Layout & its Importance,

3) To Describe Steps for Designing Store

6.1 INTRODUCTION

The layout and style of a store can reveal a lot to customers. It is a very potent instrument in the hands of the business owner for engaging with clients and creating an impression of the store in their minds. The creation of this image must come first in all marketing campaigns.

Looking at store design from both the retailer's and the customer's viewpoints is necessary to comprehend its significance.

6.2 STORE DESIGN

Customers may learn a lot about a store by looking at its layout and design. For connecting with customers and forming an impression of the store in their minds, it is a highly powerful tool in the hands of the merchant. All marketing initiatives must begin with the construction of this image.

Understanding the significance of store design requires looking at it from both the retailer's and the customer's perspectives.

A business must be easy for the customer to navigate, appealing to his sensory senses, and it must foster feelings of relationship, belonging, security, and enjoyment during the shopping experience. While the products, salespeople, location, and pricing all contribute to the creation of an image, it is the physical characteristics of a store that influence the customer's sensory perceptions and influence how he relates to the store. Together with the other components, they help to create the intended ambiance or image. The atmosphere that is formed in a retail store is a result of a mix of the store's outside appearance, interior design, ambience, and any events, promotions, or themes that are a part of that store.

6.2.1 ELEMENTS OF STORE DESIGN

A - Exterior design

The fascia, which was already discussed, the store door, the building's architectural details, and windows are all included in most stores' exteriors. Depending on the type of store format and the products offered, these outside store components may or may not play a significant role in the overall design of the store.

Superstores, hypermarkets, and category killers, for instance, hardly ever use window displays but feature eye-catching fascias and straightforward entrances. While the centre management team may have control over the outside of stores in a planned regional shopping centre, stand-alone stores may be required to adhere to strict architectural rules enforced by government planning authorities.

The design of entrances can either be open and inviting or private and exclusive. The requirement to be reachable is a crucial factor for merchants. Creating and organising every aspect of the physical environment is part of store design. The entire front and exterior of the store are included in the storefront. The marquee (or outdoor sign), entrances, windows, banners, planters, awnings, and lighting are examples of elements. Storefronts distinguish retail establishments from one another as important means of image communication. This is particularly true in shopping malls and centers where a store has a difficult time standing out from the stores around it in terms of visual identity.

The architectural design of a retail establishment hints at the type, caliber, and cost of the goods sold there as well as the standing of the business in the industry. For customers who are travelling on foot or in a car, exterior visibility is crucial. Retailers can draw in potential customers by using a distinctive building design and unusual landscape. The architectural design of a retail establishment hints at the type, caliber, and cost of the goods sold there as well as the standing of the business in the industry. For customers who are travelling on foot or in a car, exterior visibility is crucial. Retailers can draw in potential customers by using a distinctive building design and unusual landscape. Retailers have access to a range of exterior store design strategies. Structures that are prefabricated or modular are prefabricated, outfitted with plumbing and electrical fixtures, and transported to be set on a slab or connected to other modules. These structures are typically found in self-service settings, like a convenience store. Companies that operate chains of freestanding stores could employ uniform prototypes in various sizes with standardised specifications to cut costs. Signs and windows also are important components of the exterior appearance of a retail business. Notes Like other elements of the design mix, they help the retailer establish an identity in the minds of target customers.

B - Interior design

The entire interior of the store, including the fixtures, graphics, flooring, ceiling, lighting, and other visual features, is included in interior design. The ability of interior design to transmit a store's image and elicit particular feelings and emotions in customers is the greatest of all the visual merchandising and store design elements.

Aisle width, how pipes and vents are handled, how walls are decorated, and the type of lighting fixtures are all fundamental elements of interior design. All of these components play a part in how shoppers view the store and react to it. The exhibits throughout the store should complement those in the windows. To move customers through the store, good display effects should remain inside.

It includes:

1) **Space Management :** A retail establishment's planned selling environment and its financial productivity are linked by the allocation of space to its products. Long-term goals for market positioning and customer loyalty must be balanced with short-term goals for stock turnover, sales, and profitability in space management. A store that appears to be beautifully large will not remain that way if there are insufficient sales of the products to support the operation, but if the store is packed to the gills with goods, some customers may decide not to visit.
   Space Management Objectives are
   a. Use space effectively whether floor, page or virtual
   b. Optimise short- and long-term returns on investment into retail space
   c. Provide a logical, convenient and inspiring product-customer interface
   d. Make right selection of products available
   e. Communication of retailer’s brand identity

2) Atmospheres and aesthetics

a. Atmospherics and aesthetics are the key components of a store's interior design. The art of creating an atmosphere that appeals to a customer's senses and emotions by using visual cues, lighting, colour, music, and aroma can have an impact on their purchasing decisions. Atmosphere was initially defined by Philip Kotler.

Indian retailers are quickly discovering the effects of several atmospheric factors on customers.

b. In contrast, aesthetics considers elements like the store's real size, the colours, textures, and other design elements utilised inside the store to produce a specific look and feel for the store. Texture is concerned with how things appear and feel. Any surface can cause light to be refracted, creating visual texture. On the other side, balance is how a display's weight is distributed. There are three different kinds of balance: symmetrical, asymmetrical, and open.

c. The fixtures, flooring, ceiling, lighting, and signage utilised inside the store to create a certain look are factors in the interior design of the store.

6.3. STORE LAYOUT

Each square foot of the allotted selling space in a retail store can generate the most revenue with the help of a well-planned store layout.

The size and position of each department, any permanent structures, fixture locations, and consumer flow patterns are typically displayed in store plans. The type of products sold, the location of the building, and how much the company can afford to invest in the overall store design will all affect each floor plan and shop layout.

There are several distinct sorts of layouts that are frequently used in retail establishments. The product range's breadth and depth, the nature of the product categories sold, the type of fixture being utilised, and the outlet's physical limits will all have an impact on the layout.

6.3.1 TYPES OF LAYOUT :

A - Grid Layout :

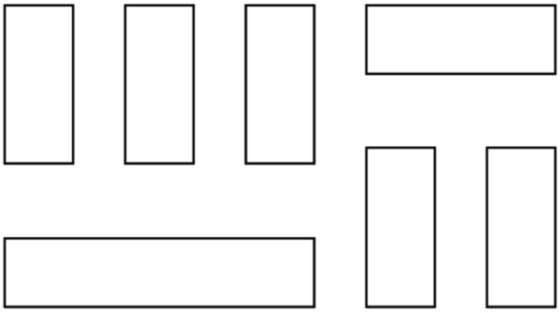
The most typical store layout you'll see in retail is the grid pattern (Table 1). When a retail establishment wants to make the most of its area or when it carries a lot of things (especially diverse sorts of products), it is employed in supermarkets, drug shops, and many big box retail stores. Retailers are aware of how to use the grid format to boost sales conversion because it is so widely used in the industry. They accomplish that in the following ways:

Properly timed promotions. In actuality, it was at eye level and slightly to the left. You will notice what is somewhat ahead of you if you are moving counterclockwise through a store with a grid layout. When you turn, the promotion will be a bit to your left and at eye level from where you are looking as you walk. In corners, nothing gets noticed.

Power walls: In a grid style store, you can take advantage of how effectively you can utilise your wall space by erecting power walls.

Power walls let you showcase goods to entice customers into a space that they might otherwise pass by in regular traffic patterns. Retailers make use of repetition by displaying numerous examples of a specific product on the wall, maybe in various colours or sizes.
Visual displays and end caps: Aisle fixtures must come to an end, and typically, those ends make excellent locations for product displays.

Grid Layout Map



Advantages

- It's easy to categorize products
- Shoppers are used to the grid layout style and shop it easily

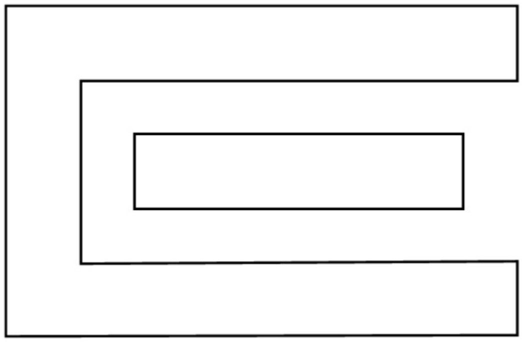
Disadvantages

- It's boring, and it's difficult to use this layout to create "shopping experience" for the customer
- Customers often can't take shortcuts to what they need
- Line of sight is limited, forcing a customer to look up and down aisles
- Visual "breaks" are needed to keep shoppers engaged

B - Racetrack Layout

The racetrack, or loop, layout is one to take into consideration if a business is selling a product that consumers want to peruse, touch, and look at (Table 2). Customers experience the goods along a predetermined path and in the manner that the retailer intends. Given that traffic can only really move in one direction in this type of arrangement, the store is not really required to affect traffic flow. This is what makes the design ideal for carrying out marketing. The store places promotions at eye level and slightly to the right since they know where the customer will glance next.

Table 2. The Racetrack or Loop Layout



Advantages

- Retailers can provide a great "shopping experience" using this layout
- Promotions are easier to execute because the layout really controls what the shopper sees
- Encourages browsing

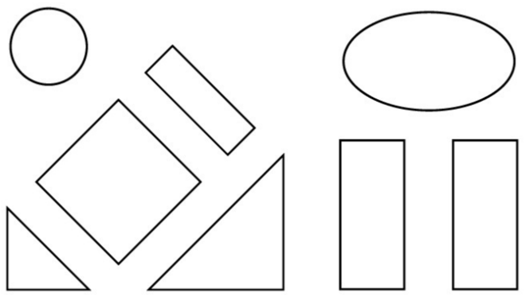
Disadvantages

- Customers who want to run in and pick up something quickly are often discouraged when faced with this layout
- Not a good layout for a high-turnover store, like a pharmacy or a convenience store

C - Mixed or free flow layout

This design can take any form or location that the retailer chooses (Table 3). The only predictable component of this plan is how customers will act: we know they will enter and turn to the right, we know they won't want to travel up or down a floor, and we know they won't shop in an aisle that is too small. If there is no rhyme or reason to the way things are presented in the store, it can confuse customers and can easily disrupt traffic flow. Customers who are confused almost always leave the business without making a purchase.

Mixed or Free Flow Map



Advantages

- Ideal for a store offering smaller amounts of merchandise
- Easy to create a shopping experience in this layout

Disadvantages

- Less space to display product
- Easier to confuse the customer

6.3.2 IMPORTANCE OF STORE LAYOUT :

1) **Determining consumers' shopping behavior :**

   It is a well-established truth that a store's layout significantly affects how customers behave when they shop. A consumer is more likely to make more purchases the longer they remain in a store. Retailers therefore take advantage of any chance to lengthen the buying process. To make people search through other products to find staples like milk, bread, and eggs, for instance, the majority of retailers place them toward the back of the store. Not only that, but the placement of departments, fixtures, and elevators can all impact the flow of customers through a store.

2) **Effective Space management :**

   Given the limited area that a retail store has, making the most of every square inch of that space is absolutely essential to the success of any brick-and-mortar store. Retailers may be sure that each brand has the best space possible based on its potential for sales and customer demand by choosing the correct store design and floor plan. Therefore, the merchant can rearrange inventory to fulfil sales targets if a certain location is experiencing a sales decline. For instance, expensive mobile phones will be displayed next to inexpensive accessories. To increase the sale of both things, high-priced items will be given more room in this arrangement, while low-priced items will be stacked on a fixture next to these.

3) Foster positive atmosphere :

In order for customers to reflect the same feelings toward the products they intend to purchase, retailers want them to feel relaxed and at ease when browsing. The feelings evoked during a shopping trip can be significantly influenced by a store's layout. Customers' shopping experiences might be ruined by even the best-looking furnishings of a business if the layout is not optimised.

For instance, too tall or low shelves can ruin a customer's shopping experience. Similar to this, tight or congested aisles can make individuals feel claustrophobic, while large aisles might tyre and inspire no interest in shoppers. Contrarily, a well-balanced layout with plainly visible items can reduce shopper uncertainty and encourage them to stay longer.

4) Stock Turnover :

An effective layout gives you the chance to affect store turnover. Turnover is directly impacted by the proper shelf arrangement, product assortment, and strategically placed special offers. A clever layout could therefore significantly increase a store's turnover.

6.3.3 STEPS FOR DESIGNING STORE LAYOUT :

The following are steps for designing store layout

1. **Decide on retail store layout :**
   Whether big or small, the majority of retail establishments employ one of the six standard layout types: grid, loop, free-flow/mixed, diagonal, forced-path, and angular. The layout retailer choose will rely on available area, the kind of shopping experience one want to offer, and the goods you sell.

   For instance, grid layouts are frequently used in grocery stores since they are easy to predict and apply. Contrarily, boutiques frequently employ more inventive layouts that let businesses promote various products.
   Pick a floor plan that benefits your company, enables to increase earnings, and enhances the customer experience.

2. **Creation of Blueprint :**

   After carefully weighing all of your available layout possibilities, it is time to begin planning how to set one up in your particular location. It is important to initially draught store layout on paper before starting to implement it. Once everything is set up, this will provide you a bird's-eye view of your store, assist in comprehending your space, and direct the installation procedure. One should start with a bare-bones blueprint for your store. Start with your store's blueprint if you have one. If not, create your own sales floor schematic. You can utilise online store design tools like Smart Sheet or grid paper for this.

Everything should be included in your blueprint, from the tables and checkout counter to the built-in racks and shelving. Your schematic should include any items that will be fixed fixtures in your shop. To accurately gauge the amount of room you have, you need also make sure that everything you are sketching is done at scale.

3. Consider Traffic flow and consumer behavior :

Customer flow is one of the main factors that your retail layout will affect. To prevent causing discomfort and promote a great customer experience, your store layout should accommodate the natural ways that customers move around your area. You may design a layout that is both comfortable and natural and increases sales by working with your clients' natural purchasing behaviours.

4. Position of Check out :

The area where your point-of-sale (POS) system or cash register is located and where clients pay for their purchases is referred to as a cash wrap, sometimes known as a cash well or checkout counter. In general, the checkout counter should be placed on the front left of a retail establishment. When entering a store, customers tend to veer to the right, circle around, and then exit on the left side. The final phase of the shopping experience is located on your customers' natural exit path at the front left of your store, where there is a checkout desk. Additionally, its positioning doesn't obstruct shoppers' vision or occupy valuable product display space.

5. Use Smart Product Placement to Maximize Exposure :

Once the store has outlined your floor layout in rough draught form, it is time to start product mapping. Place your products such that they encourage customer interaction, result in a satisfying shopping experience, and increase sales. When determining where products should go, retailers need to take a number of factors into account.

a. Identify top sales or important products:
b. Designate an area for sale items to be displayed.
c. Establish a location for products that are in season or have a limited supply.

6. **Optimize Products With Fixtures & Displays :**

Think of the displays and fixtures at stores.

Fixtures include things like lights, counters, fixed shelving, wall-mounted racks, and dressing rooms that are permanent and fixed elements of your store.

Displays: Modular units, tables, slat wall, and free-standing garment racks are examples of items that hold product and are typically portable, adaptable, and configurable.

When it comes to furnishing your store with fixtures and displays, start by making an investment in high-quality fixtures, add adaptable displays that can be used in different ways, and then look for reasonably priced temporary displays from product suppliers.

7. **Add Comfort zones and customer amenities :**

Retail floor plan is about bringing customers inside, making them feel at home, and giving them an experience that makes them want to come back, in addition to managing customer flow, producing effective displays, and boosting sales.

Customers' shopping experiences will be made memorable by thoughtful amenities like sitting, changing rooms, and customer service spaces, which will motivate them to keep interacting with your company. When designing the layout of your store, take comfort for customers into account. Simple seating options include entry benches, a lounge area near the dressing rooms, and stools at the checkout. However, in some circumstances, seating plays a role in making shopping easier in addition to simply being comfortable.

For example, a shoe store should provide seating throughout its space so customers have a spot to sit and lace up.

8. **Ensure store is accessible :**

One should be sure that you are adhering to the requirements set forth by the Americans with Disabilities Act in order to guarantee that your area is accessible to everyone and to prevent any exorbitant fines. Retailers are required to abide by regulations to make sure that facilities are accessible and comfortable for Americans with disabilities. The parking and entry, navigable store, restrooms, changing rooms, and elevators are the primary considerations you need to take into account while designing the layout of your retail store. Information about clients.

6.4 SUMMARY

The atmosphere that is formed in a retail store is a result of a mix of the store's outside appearance, interior design, ambience, and any events, promotions, or themes that are a part of that store.

Each square foot of the allotted selling space in a retail store can generate the most revenue with the help of a well-planned store layout.

The size and position of each department, any permanent structures, fixture locations, and consumer flow patterns are typically displayed in store plans. The type of products sold, the location of the building, and how much the company can afford to invest in the overall store design will all affect each floor plan and shop layout.

6.5 EXERCISE

Fill in the blank

- _____ are used for storing and displaying merchandise.
- The ____ layout has parallel aisles with merchandise on shelves on both sides.
- ___ is design and appearance of the store.
- The race track layout is also called ____ .
- ---- is merchandise arranged in an asymmetrical way.
  (fixtures, Grid, Store design, Loop, Freedom layout)

True or False

1) The storefront is a reflection of personality of store.
2) Courtesy signs are mainly to inform customers about location of various sections of store.
3) Deciding on a retail store floor plan is the step of store layout.
4) Race track is also known as loop layout.
5) There is no need of store planning.

(True, False, True, True, False)

Shorts Notes

1. Steps for designing store layout
2. Types of retail layout
3. Store design
4. Importance of store layout.

Long Questions

Explain Elements of Store design

What is Store layout, explain its importance

Explain steps for designing store layout.

Match The following

A	B
1. Grid Layout	a. Interior design
2. Blueprint	c. Exterior design
3. Outside Store components	c. Easy for display
4. Furniture and fixture	d. Layout on Paper

(1-c, 2-d, 3-c, 4-a)

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RETAIL MANAGEMENT Edited By Dr. Anand Thakur , Excel books private limited

https://www.pdfdrive.com/retail-store-management-e47690441.html

Modern Day Retail Marketing Management 1st edition © 2017 Venkatesh Ganapathy & bookboon.com

ISBN 978-87-403-1934-7

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7

USE OF TECHNOLOGY IN RETAILING

Unit Structure:

7.0 OBJECTIVES

After studying this unit the student will be able to -

- Understand the use of technology in retailing such as Electronic Data Interchange (EDI), Radio Frequency Identification (RFI) and Data Base Management System.
- Know the various functions and challenges in E-retailing

7.1. INTRODUCTION

Technology is transforming the way business is being undertaken. Retail sector is not an exception for the same. The technology assist retailer to enhance their operations in terms of increasing sales as well as increasing reach of the business to global market. The retail sector is moving away from old techniques and embracing modern technology for the majority of their business needs. It has enabled retailer to keep up with fast-paced society.

Technology has added a new dimension to the retail industry. The development of point-of-sale devices, bar codes for invoicing, and payment databases has made large setups much easier to operate. Digital devices have made consumer buying journey very easy. It has made consumers in making better buying decisions. It also allows retailers to assist customers and obtain relevant data for buying products.

7.2 USE OF TECHNOLOGIES IN RETAILING

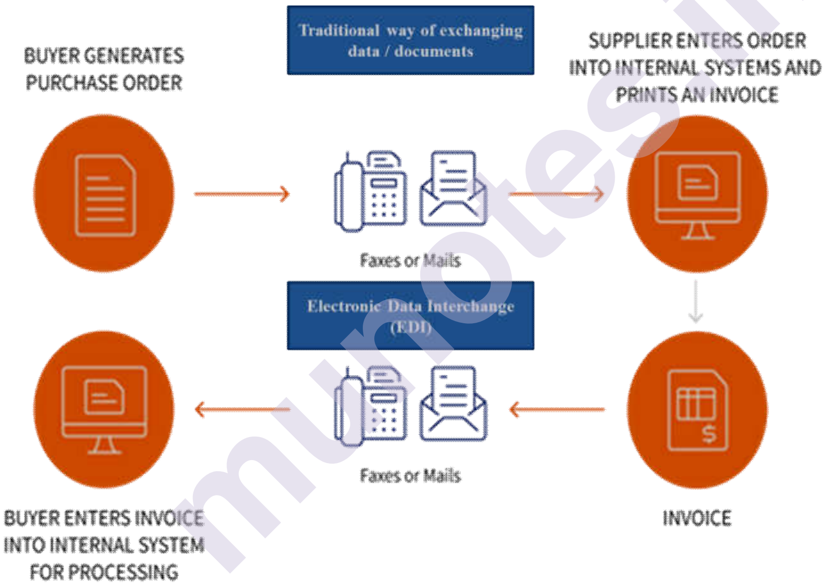
7.2.1 ELECTRONIC DATA INTERCHANGE (EDI) :

Electronic Data Interchange (EDI) is the computer-to-computer exchange of business documents (purchase orders, invoices and advance ship notices) in a standard electronic format between business partners. EDI is simply termed as paperless exchange of data / document.

EDI has replaced paper-based exchange of documents such as purchase orders or invoices. These documents now can be exchanged via computer. Here the information moves directly from a computer application in one organization to a computer application in another organization. With EDI data / documents can be shared rapidly.

Fig. 1 Traditional exchanging of documents v/s

Electronic Data Interchange



Source:www.edibasics.com

Above chart shows that in traditional way of data / document exchanging, the buyer generates purchase order and sends to the supplier via fax or mail. Thereafter, supplier enters details in the system and then generate and print the sales invoice.

On the other hand in Electronic Data Interchange (EDI), the buyer enters data into system and invoice is generated.

7.2.2 BENEFITS OF EDI TO RETAILERS :

1) Reduces errors and saves costs:

Traditional way of exchanging of data involves a lot of manual processes. There is a potential for expensive errors with every instance of human intervention. EDI eliminates manual work and automates the process. It reduces cost involved in paper handling, filing, storage and mailing by manipulating data electronically without the cost of manual entry. Retailers and suppliers can save costs and reduce errors with EDI integration. They can save up to 90 percent of invoicing costs with EDI.

2) Saves time of transaction:

EDI documents / data can be exchanged in minutes whereas paper-based documents / data which can take days to be delivered. Therefore, EDI fasters invoice processing and improved cash flow (receive payment faster). Retailers receive EDI invoices directly into their software so they can process them quickly and efficiently.

3) Staff can focuses on more valuable tasks:

EDI in the retail industry helps to automate processes and lets employees focus more on higher value tasks. Instead of spending time on data entry, employees can spend time on more strategic work to help the business to grow.

4) Improved communication:

EDI improves the overall quality of communications through better record keeping; fewer errors in inputting orders, order receipt, and Advanced Shipment Notice (ASNs). Therefore there is less human error in the interpretation of data.

5) Saves time in communicating with suppliers:

The retailer can set up automatic reorders if inventory levels drop below a certain point. They can check the status of orders to see when it will arrive and order everything to arrive "just in time".

6) Measure performance of supplier:

The retailer can see which of their suppliers respond quickly, fulfill their orders completely and deliver on time. It helps them decide whether they need to find new suppliers or continue with the existing suppliers.

7) Stock Management:

Maintaining an unnecessarily large inventory in a warehouse is not cost-effective, as it increases expenditure due to higher storage costs. By using EDI, companies can better predict how much stock they need to store in order to meet customer demand, helping them to cut storage costs and save money.

8) Increased customer satisfaction:

EDI means faster deliveries – benefitting businesses and end consumers alike. With the help of track-and-trace features, customers are updated in real time on the status of their order, giving them peace of mind as to exactly when their order will arrive. This increases customer satisfaction, which in turn improves customer retention.

7.2.3 RADIO FREQUENCY IDENTIFICATION (RFID) :

Radio frequency identification (RFID) is a new tracking technology that involves small tags that emit distinct signals. Retail business owners can use remote scanners to read RFID tags placed on individual products, enabling them to record a variety of information, including quantities of various stock items and their precise locations.

The development of the social economy has changed the way people shop. Consumers not only have high requirements for quality, but also expect a better shopping experience. With the rise of smart retail and high competition among companies, RFID technology plays an increasingly important role in improving the competitiveness of modern retail enterprises.

RFID has come a long way since the early 2000s. At that time, Wal-Mart was the first big retailer to experiment with the new technology, which cost $1.50 per tag. It was a sparkling new concept, used primarily for inventory accuracy.

RFID in retail involves the placement of RFID tags on products that emit signals to RFID readers which are then processed by software, generating real-time results for stock taking, transactions, inventory levels, or individual customer purchase order history. RFID in retail simplifies the typical retail inventory process which is very manual, time-consuming, and only done at predetermined intervals. Products tracking is one of the major ways that retailers use RFID. RFID in retail can be used to prevent theft and track products that are frequently moved and often misplaced. RFID technology allows retailers to track their inventory throughout the retail supply chain, from the warehouse shelves all the way to the sales floor.

Fig. 2 Radio Frequency Identification

Source: Google images

7.2.4 USES OF RFID IN RETAIL MARKETING :

1) Consumer Research :

RFID tags carry unique product numbers. If consumers pay for goods with a credit, debit or shopper's discount card, retailers can link the purchases to the recorded RFID data and use that marketing information to map out individual consumers' movements through a store. This sort of data can help a retail store make improvements. Example – In case of footwear and clothing retailers, RFID can be added to shoe cabinets, clothes panels, fitting rooms, fitting mirrors, shelves and warehouse entrances and exits to record customer shopping behaviors. up and trying on products, so that products can be optimized with the desired configuration, resulting in higher sales.

2) Inventory Tracking :

Manual inventory tracking requires lot of physical work by the workers. On the other hand RFID scanner can read tags as far away as 20 feet and record hundreds of tags per second, meaning employees can quickly scan shelves to record quantities and locations. Some stores find it cost-effective to install permanent RFID scanners to provide real-time monitoring of stock. The greater efficiency helps marketers ensure that products are always in sufficient supply to meet consumer demand.

3) Security :

Shoplifting is a serious concern for retail store owners. One option is to direct staff to watch customers closely, but this approach has two major disadvantages: the extra work distracts staff from other responsibilities, and customers hate being watched. RFID technology offers an elegant solution: a remote scan of shoppers as they leave your store can reveal if they are leaving with stolen merchandise. As the cost of RFID technology decreases, this security solution becomes an increasingly cost-effective way of decreasing theft.

4) Smart Shelving :

To find out certain products in a store is difficult task. RFID can help to trace the location of the product in the store where it is stored. Example - Retail shoe stores are often filled with all kinds of shoes with different specifications, models and colors. However, due to a limited display area, there is only one sample for each shoe. Staff often needs to search manually in storefront warehouses, and it is often difficult to find a specific product in a short time. As a result, many customers are unwilling to wait and leave without purchasing anything. RFID assists in fast and accurate product searches. Using an RFID terminal, staff can detect goods quickly in the warehouse and lock targeted goods accurately, which greatly shortens search time and helps workers responds to customer requirements with high efficiency.

5) Reduces checkout (billing) wait time :

RFID can also help reduce wait times at the checkout i.e. during billing of the products purchased. While traditional barcodes require line of sight for scanning, and each item has to be scanned individually, an entire shopping cart can be scanned all at once, instantly, with no items being removed from the basket. This is the time-saving advantage of RFID, where entire areas can be scanned in seconds.

6) Provides Real-Time Data :

RFID has helped to get analytics and data in real-time. The retailers without RFID don't really know what's happening with their stores and customers in any specific detail. The data collected by retailers about their stock and customers is often historical and at risk of being outdated. However, with RFID all this can be changed. RFID produces far more detailed insights about stock and customers. This includes how well individual items are doing in specific stores (such as which sizes of items are selling better). Accordingly retailers can take steps to move or reinforce stock at specific stores.

7) Incase process efficiency :

An RFID reader can read hundreds of individual items at once. Each item has a unique ID, they can never be read more than once. The signals also do not require line of sight to be read. Naturally, this makes RFID inventory counts and inbound/outbound checks incredibly fast and reliable. In the case of store inventories, RFID has been found to reduce cycle count times by 96%. This therefore means they are far more convenient to perform and can be done multiple times in a week rather than a year.

7.2.5 DATA BASE MANAGEMENT SYSTEM :

A Database Management System (or DBMS) is essentially nothing more than a computerized data-keeping system. DBMS is a software package designed to store, retrieve, query and manage data. User interfaces (UIs) allows data to be created, read, updated and deleted by authorized entities.

DBMS helps retail sector to store, manage, and retrieve data of the retail store. This enables to get data whenever required and helps to make timely decisions.

7.2.6 IMPORTANCE OF DATABASE MANAGEMENT SYSTEM (DBMS) :

1) **Generates accurate reports :** DBMS does the job of humans by doing the same task or many tasks without any errors. These programs can generate accurate reports at scale since they do not need to take breaks or go on vacations like humans do. Automated software is being used by retailers to generate reports in real-time. It generates accurate reports and statistical data. This saves time and resources for the organizations.

2) **Improves customer retention rates :** Database management software can help data owners to manage their data in an efficient way. It gives out clear insights about what customers need and want. These software tools can be used to tailor marketing messages to specific customers, make better predictions about the customer's future behavior, and tailor offers that are more relevant. The software can help businesses improve their customer retention rates by identifying the most valuable customers and investing in those who are more likely to purchase from the company again.

3) **Saves time on data entry :** Data entry has been one of the most time-consuming tasks in the workplace. From its earliest days, data entry required humans to type in information by hand on a keyboard. This process was tedious and used up all of the time employees spent at work. Fortunately for employers, there is hope for reducing or eliminating data entry errors. This can be accomplished through 'Database Management Software' that runs on computers and mobile devices. The software provides a user interface that workers use when entering information into a database without having to type it all by hand, which saves them the trouble of having to correct mistakes later on in data processing stages before analysis can take place.

4) **Helps to get information in real-time :** DBMS is a system that collects information about stock and customers and then provides the ability to store that information. It helps get access to information about stock and customers in real-time. With the help of these technologies, it's possible for retailers to spend less time collecting data on the contrary they can get information in real-time.

5) **Inventory Management :** Controlling your inventory is essential to the efficiency and profitability of the retail business. An inventory database provides you with an accurate, up-to-date picture of stock levels for each product so that you have sufficient stock to meet customer demand without overstocking. Overstocking incurs unnecessary costs and reduces profits, while inadequate stocks could result in lost sales, again reducing profitability.

6) **Customer Research :** DBMS is essentially storage of information on computer. Retailers can store all sorts of information that can help them better figure out who to market the product to. For example, DBMS can provide accurate information on which type of people are buying certain products, such as their age, gender, ethnicity, etc. If the retailer uses the DBMS technology and finds that 80 percent of people who buy their products are female, it would be immensely beneficial for the retailer to come up with a marketing strategy to try and target females. Being able to access this information is a huge game changer in the retail industry, and makes it that much easier for you to market your product efficiently and effectively.

7) **Increases Business Revenue :** The inevitable result of using DBMS is the immediate increase in revenue for the business. By storing business information using DBMS, retailer can easily figure out which products are selling well, and which aren't. Retailer can then use that information to allocate your business's resources accordingly.

7.3 E-RETAILING

E-Retailing refers to Electronic-Retailing. Penetration of computers and spread of the Internet has given rise to E-Retailing. The e-retailing is the subset of E-Commerce that means, E-commerce is the principle domain that includes the E-retailing operations

The e-retailing includes selling of goods using electronic media, in particular, the internet. It is the direct sale of products, information and services through virtual stores on the web.

There are thousands of e-retailing sites on the internet that are extension of existing retailers or start-ups. The online retailing requires lots of displays and specification of products to make the viewers have a personal feel of the product and its quality.

Strong branding is needed for successful e-tailing as the website might be easily navigable and updated regularly to satisfy consumers' needs and add value to the consumer's life.

A strong distribution network is also needed for e-retailing, which should be prompt and efficient as the consumers can not wait for the delivery of goods and services for a long time.

7.3.1 FORMATS OF E-RETAILING

1) **Business to Business (B2B) :**

   In this form the buyer and seller both are business entities. It is a transaction or business conducted between two businessmen, such as a wholesaler and retailer. B2B transactions tend to happen in the supply chain, where one company will purchase raw materials/spare parts from another to be used in the manufacturing process. E.g. An automobile company purchases tire or seats or glass from another business entity via internet. The websites are India Mart and Ali Baba.

2) **Business to Consumer (B2C) :**

   B2C refers to the process of businesses selling products and services directly to consumers. Firms use their websites for a range of marketing activities. These include promotion, product information, reviews about the product/ service and delivery of the product at the doorstep. The cost of products and services is kept low through this method and the speed of transaction is faster. The websites are Flipkart and Amazon

7.3.2 CHALLENGES OF E-RETAILING :

1) **Security Issue :**

   E- business sites record crucial and sensitive details of customers such as name, phone number, address and bank details. Though many e- business firms try to make transactions over their websites secure through SSL (https) that encrypts the transferred information, still many cases of online password hacking has occurred. It has adversely affected the trust and confidence of customers about online shopping.

2) **Lack of personal touch :**

   Indian customers prefer to see, touch, smell or taste products before making purchase decisions. However, e- business does not facilitate this arrangement due to which its advantages are missing in this shopping option. Customers also have the impression that the products shown in pictures on website can be different from what they actually turn out to be after delivery. However, these days, many firms are adding real images and videos of models using these products on their websites, and also adding all possible information about products such as size, quantity, colours etc. for the convenience of customers.

3) **Uncertainty about Quality :**

One of the biggest problems of online buying is that customers may have no guarantee of a product's quality. Reviews provided by other customers are not always helpful. Return policy of e-business firm is also not properly implemented, so customers face problems in returning products and getting refund or replacement for it.

4) **Delay in Delivery :**

E- business firms can face the problem of shortage of manpower. This may result in delay in delivery of product to customers. In many cases, customers do not get delivery of products on promised date or time, which results in customer dissatisfaction.

5) **Need for Internet Access :**

Online shopping requires Internet facility to work. Nowadays, availability of internet connection is not a problem in metro cities. However, internet connectivity is very poor in many villages. Hence, these villages can be targeted only if they get better internet connectivity.

6) **Technical Problems :**

E- business functions through the Internet due to which technical problems such as slow speed of Internet can occur. Sometimes, transactions are denied due to slow internet connectivity. There may also be chances of double payment due to repetitive clicks by users on the payment button.

7) **Competitors :**

Due to a variety of benefits offered by e- business such as global reach, high profitability, less initial costs, etc. many firms are encouraged to undertake e- business. This has led to increase in competition among the e-businessmen, and in order to attract customers, they have to reduce price of their products.

8) **Unproven Business Models :**

In the initial years of dot-com era, most of the businesses on the internet were experiments in new areas and did not provide stable sources of profit. This was the primary reason behind closing down of 90 per cent of the purely e-commerce companies in the beginning of this century. Today, dot-com businesses (E-Business) have matured a little. Still some of the businesses are at experimental level and do not guarantee regular revenue.

7.4 SUMMARY

The technology in the retail industry has touched nearly every aspect of business for both e-commerce sites and brick-and-mortar stores. From reducing shrinkage to better estimating inventory needs, retail technology can streamline inventory management. Automation of inventory processes ultimately creates efficiency across supply chain, helping to free up capital for business growth. By creating a superior technology experience in the retail stores, it could improve customer satisfaction before, during and after the sale.

7.5 EXERCISE

Fill in the blanks

1) EDI stands for ____________

   (Electronic Data Information, Electronic Data Interchange, Electronic Device Information)

2) _______ is a new tracking technology enables generating real-time results for stock taking, transactions, inventory levels, or individual customer purchase order history.

   (Radio frequency identification [RFID], International Organization for Standardization [ISO], World Trade Organization [WTO])

3) _________ is a computerized data-keeping system used in retail stores.

   (Database Management System [DBMS], International Organization for Standardization [ISO], World Trade Organization [WTO])

4) ________includes selling of goods using electronic media, in particular, the internet.

   (Mall, Supermarket, e-retailing)

5) E-retailing faces ________ challenge.

   (Personal touch, No competition, Security Issue)

True or False

1) EDI is a paper-based exchange of documents such as purchase orders or invoices. **FALSE**

2) EDI helps in stock management. **TRUE**

3) Radio frequency identification (RFID) is used for inventory tracking. **TRUE**

4) A Database Management System (DBMS) saves time on data entry. **TRUE**

5) E-retailing involves selling goods in the physical shop. **FALSE**

Match the pairs

Group - A	**Group – B**
1) Electronic Data Interchange (EDI)	a) Tracking technology
2) Radio frequency identification (RFID)	b) Technical problem of internet
3) Database Management System (DBMS)	c) computer-to-computer exchange of business documents
4) B2B e-retailing	d) Computerized data-keeping system
5) Challenge of e-retailing	e) Business to Business

(1-c, 2-a, 3-d, 4-e, 5-b)

Answer in brief

1) Write a note on Electronic Data Interchange (EDI) in retailing.

2) Explain the concept of Radio Frequency Identification (RFID) in retailing.

3) How Data Base Management System (DBMS) is useful in retailing. Explain.

4) Discuss the formats of e-retailing with suitable examples.

5) What are the challenges faced by e-retailing?

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8

GREEN RETAILING AND CAREER OPTIONS IN RETAILING

Unit Structure:

8.0. OBJECTIVES

After studying this unit the student will be able to -

- Explain the concept and importance of green retailing
- Describe various career options in retailing
- Know the responsibilities of store manager in retailing
- Discuss the functions of merchandising manager

8.1. INTRODUCTION

Retail industry is a labour intensive industry. Today retail industry is not just expanding but also getting more organized. This shift has attracted many to make career in this industry. Retailing has created job opportunities for skilled as well as unskilled labour. The Indian retail sector is likely to generate 2.5 crore new jobs by 2030. **(Business Standard, October, 28 2022).**

For the youth to avail the upcoming opportunities and pursue a promising career in retail industry, it is important they equip themselves with the right training as different lines of retail business require distinct skill-sets.

8.2 GREEN RETAILING

Green retailing is a modern concept of retailing in which a retail business is managed by taking the benefits of eco-friendly processes. Nowadays consumers are becoming aware and they prefer to purchase only eco-friendly products. Therefore, it is important for a retailer to opt for the current trend and convert their retail business into a green retail business.

In the beginning years of green retailing, retailers focused on selling organic products but nowadays retailers are emphasizing not only on selling green products but also on adopting green practices in the store.

More and more retailers are opting green retailing to increase their business as more and more consumers demand eco - friendly products. Many retailers use Green Retailing as a business strategy to differentiate their products from their competitors opting green practices in stores.

Examples of Green Retailing

1) Levi's - Levi's is known for its eco-friendly measures and different initiatives and efforts. The company earlier came up with an entire sustainable garment line titled Levi's Eco in the US, which is widely popular and is currently in use in India.

The denims under this label are manufactured using 100 per cent cotton, coconut shell buttons, and sport an indigo finish produced using the mimosa flower, potato starch as well as Marseille soap.

The brand has also introduced Levi's Waterless, a line of clothing that promotes water conservation. The jeans manufactured under the Waterless collection need 96 per cent less water as compared to the manufacturing of regular jeans.

Levi's also advocates re-cycle and re-use to create better awareness about the environment among masses. (www.indiaretailing.com)

2) Starbucks - Starbucks has been certified by LEED since 2005, but it has move beyond that by planning to eliminate all plastic straws by 2020 and open 10,000 environmentally friendly stores by 2025.

Starbucks tries hard to engage its community in sustainable issues. It uses green materials for producing, packaging, and delivering its product to customers. As part of its Green Store initiative, the brand also plans to reduce waste and use 30 percent less water and 25 percent less power during production processes.

The brand designs disposable coffee cups, is involved in recycling and green building, supports farmers and the environmentally sustainable community, and has been hard at work on communicating this message to its target audience.

3) IKEA - This brand uses many tactics and sources to manage waste and renew energy. Ninety percent of its buildings have solar panels, it uses wind farms to generate energy, and it has planted millions of trees, while sending only 15 percent of waste to landfills.

I kea has developed a strategy known as People & Planet Positive, encouraging consumers to be environmentally conscious. It manufactures products through eco-friendly practices, which relieves us from the necessity to choose between stylish design and sustainability.

8.2.1 IMPORTANCE OF GREEN RETAILING

1) **Increased Revenue:**

   Many customers have realised the benefits of eco-friendly living. Therefore they prefer to buy green products. So, businesses producing green product or undertaking eco-friendly processes can attract more customers. This will increase the revenue.

   More and more customers are concerned about environmental problems and they would pay more for products and services offered by environment-friendly companies. Some government firms and non-profit institutions also prefer giving contracts to companies that run in an eco-friendly manner.

2) **Tax Credit:**

   The government of many countries offer incentives such as tax credits to companies that run in an eco-friendly manner. Several grants and tax incentives are available to green companies and entrepreneurs who aspire to start a business in an eco-friendly way. The government has set some regulations and conditions that have to be met by the companies for getting such incentives. New businesses and start-ups can also receive these grants if they follow the criteria from the beginning. It also helps in making the process of getting a business license hassle-free.

3) **Improved Public Image:**

   One of the best advantages of going green is that the image of the organization will improve in the eyes of the general public. They will not only like but also respect the business. Companies can use the green retailing to generate positive public relations. The marketing strategies should focus on all the green changes made by the company. Using these tactics businessman can attract like-minded customers.

4) **Attracts more investors:**

   Business which undertakes green initiatives and adopt eco-friendly business practices gain more credibility in the business world. Due to credibility they can attract more investors to invest into their eco-friendly companies. Investors like to associate with the companies undertaking green businesses rather than companies which create ecological disasters.

5) **Increase in sales:**

Statistics have shown that an eco-friendly business can attract more customers and also increase sales volume because these days more customers are demanding green products. More and more consumers are looking at product labeling to see if what they're buying has been manufactured according to eco-friendly practices or is recyclable.

6) **Conservation of Natural Resources:**

The primary goal of an eco-friendly business model is to protect the planet. By going green, business owners can save natural resources such as water and fossil fuels. Going green also helps in reducing air pollution, water pollution and soil pollution. Business owners can also save money by using alternative means of travelling and alternative energy sources like solar energy. Harmful activities, such as deforestation and mining, can be reduced. One of the advantages of running a sustainable or green business is that it helps in slowing down climate change. All these factors ensure that our planet is left in good shape for our future generations.

7) **Employee Health:**

Going green attracts employees with a similar mindset. A green business model also helps in maintaining the health of your employees. Business owners can start to provide healthy and organic food in the cafeteria. They can also use organic cleaning products which are plant-based and do not contain toxic chemicals. It ensures that the business owners are not putting their employees' health at risk. It results in a decrease in the number of sick leaves and an increase in productivity.

8.2.2 VARIOUS CAREER OPTIONS IN RETAILING :

Retail industry is one of the fastest evolving industries. The Indian retail industry is undergone drastic changes with the consumers looking at convenience with multiplicity of choices under one roof. It generates huge employment opportunities. This has changed the face of retailing in India. As the sector is booming in India, a career in retail sector is promising a growth potential for the ambitious youngsters.

The candidates are trained in supply chain management, finance management, marketing information, electronic retailing, marketing and business communication, customer relationship etc. With rapidly expanding departmental stores and huge shopping malls, plenty of job opportunities are opening all over India.

Some of the career options in retailing are discussed below:

1) **Sales and related job:**

   Sales are the main aspect of retail industry. It is an important part of store operations. The important duty of the sales staff is to sell the products to the customers. Other than sales, the related job involves, sales associate (welcome customers on arrival in the stores), cashier for receiving payments and operating cash registers etc., The retail staff also discharges duties like preparing displays, making deposits at cash office, taking inventory etc. depending upon their working hours. The retail staff should be well equipped with excellent communication skill.

2) **Store manager:**

   A store manager is the person ultimately responsible for the day-to-day operations or management of a retail store. All employees working in the store report to the store manager. Store manager is responsible for managing human resource, hiring team, providing training and development programmes, managing profit and loss of the store, banking, and handling customer complaints.

3) **Visual merchandiser:**

   Visual merchandising refers to displaying merchandise in such a manner that appeals to the eyes of the customer. Visual merchandising includes window displays, signs, interior displays etc. It helps in promoting the sale of goods. It is a tool to achieve sales target. Visual merchandiser is responsible for merchandising (promote and sale the product). Creativity is essential to be a good visual merchandiser.. A combination of colour and theme plays an important role in visual merchandising.

4) **Regional Sales Manager:**

   A regional sales manager is responsible for a group of retail stores in the particular region. They visit stores (which falls under their region) to observe performance and to help solve problems of the stores. Regional managers report store performance to national sales manager. A regional sales manager requires excellent interpersonal and communication skill. They also must have computer skills and be patient with both employees and customers. They must be able to motivate and organize their employees in the different stores located in their region.

5) **Finance and Accounting:**

   A retail store requires well run financial department. A financial manager is responsible for keeping the records of accounts of income, paying expenses, maintaining financial records, cash flow control, banking etc. The financial manager must be efficient enough to handle the risk of debts.

6) Human resource Manager:

Retail industry is a labour intensive industry. Human Resource Management is one of the most important aspects in retail industry. HR manager has to recruit right people for a particular job, because the success of retail depends upon right sales force. The HR manager is responsible for recruitment &selection, training and development programmes, compensation and benefits, retention of sales force / employees etc. HR manager has to also deal with grievances and any disciplinary matters of sales force.

7) Logistic:

Logistics refers to the overall process of managing how resources are acquired, stored, and transported to their final destination. It is very fast growing area in retailing. Logistic manager is responsible to organize the storage and distribution of goods. They ensure that the right products are delivered to the right location on time and at a proper cost.

8) Promotional activities:

Promotion Manager is responsible for promotional activities such as advertising, sales promotion and public relation. People with specialized knowledge, creativity etc. are required for the promotion of the products of the retail store..Promotion managers direct a firm's advertising and promotional campaign. to promote the firm's products and services.

8.2.3 RESPONSIBILITIES OF STORE MANAGER :

A store manager is the person ultimately responsible for the day- to-day operations or management of a retail store. All employees working in the store report to the store manager. Store manager is responsible for managing human resource, hiring team, providing training and development programmes, managing profit and loss of the store, banking, and handling customer complaints

1) **Arrangement of the store:** Store manager has to see to it that, in the store everything is arranged in proper manner so that customers can find everything they need easily. Also the manager has to make sure that offers such as special discount are properly displayed so as to attract the customers to purchase the goods. For example, if there is an offer on soft drink, the manager should make sure to display that offer at front or place cane of soft drinks near the cash counter so that customers can buy them while making the payment. In addition to this, visual merchandising tasks, replenishment (replace) of stock, and also maintaining sales records are also jobs of a store manager.

2) **Recruitment, training, compensation and motivation of sales force:**

Recruitment of staff is also one of the most important responsibilities of a store manager. A store manager invites job applications and conduct interviews to hire the right sales force / employees. After recruitment, the sales force / employeesare provided training to make them familiar with the store's policies and working environment. The manager has to see to it that sales force / employees are paid fair salary and other incentives that too on time. He/she should maintain the record of leave of the sales force / employee. A role of a store manager is to keep his team motivated and provide solutions to their problems. He should also make sure that all his team members are getting along with one another and working as a team.

The success of the store depends on its employees; therefore, a store manager hires employees with right qualification and skills. In his day-to-day jobs, he has to make sure that all employees are working honestly and are not causing any problems in the store.

3) **Cost Minimization:**

Cost minimization means controlling day-to-day expenses to run a store successfully. A manager is responsible to apply effective policies so that total expenses for running a store can be minimized and hence, profit can be maximized. This can be done by eliminating errors, waste, and accidents. Cost minimization is crucial for stores who work on low price policy such as D mart.

4) **Implementing Marketing Plans:**

Every commercial store has its own marketing plans. The marketing plan includes which product to sell, decide price of the products and its promotional activities to increase the sales of the store. The success of the store relies on the effective implementation of those marketing plans. It is one of the most important responsibilities of a store manager is to implement marketing plan effectively. At the same time manager has to make the staff of the store understand the marketing plan so that they assist in successful implementation of the marketing plan. A manager is also required to take training to staff to understand the work process of a marketing plan.

5) **Managing budgets:**

The store manager has to prepare and manage budget of the store. A store manager is responsible to make understand each department's head about their target and funds allotted to them. Also to collect daily, weekly, and monthly performance report and analyze them.

6) **Managing and holding inventory:**

Keeping the track of inventory is also a job of the store's manager. A manager makes sure to keep an appropriate level of inventory in the store so that there will be no shortage or surplus of the stock. This is because surplus stock blocks working capital of the business and shortage of stock disrupts the supply of the goods. Mostly, big stores keep inventory stored in nearby storage house so that they can get it quickly whenever it goes out of stock in the store. To do this, he has to maintain a record of the number of goods sold every day and if he finds the shortage of any goods, he places an order to get it back in stock soon.

7) **Keep running store peacefully:**

A store manager makes sure that there is always harmony at different levels of a store. Employees of different departments are getting along with one another and are not causing any issue or disturbance in the work of others.

It also includes a healthy relationship between different staff members, store and government, store and other competitor stores, staff and store management, as well as staff and customers. He is required to have soft skills and patience to keep a healthy relationship with everyone.

8) **Providing Customer services:**

Keeping customers happy and satisfied is one of the most important responsibilities of a store manager. Stores provide services to customers like assistance with products, free home delivery, credit facility, discounts for bulk shopping, sharing information about offers and sales, and after-sale services. It is also a duty of a store manager to take special care of loyal customers of the store and make sure that they are getting best of the service and ensure their satisfaction with the services of the store.

9) **Keeping safety of store, employees, and inventory in-check**:

A store manager is also responsible to make sure that his employees and inventory is safe. Manager has to perform this duty on an everyday basis. It is his job to keep in-check the safety of store's building and let management know if any changes are required to keep building, its employees, and customers are safe as long as they are within the premises of the store.

In addition to this, he makes sure that all safety provisions are being met as per the guidelines of government (both central and state) and Municipal Corporation. The main safety provisions include emergency fire exit and firefighting system.

10) Preparing promotional materials and display:

Setting promotional displays during festival seasons or when a sale is going on is a part and parcel of a store manager's job. It requires innovative and creative skills to get the maximum attention of customers and lure them to buy those things.

8.2.4 FUNCTIONS OF MERCHANDISING MANAGER :

Merchandising Managers use the creativity and plan product displays that will attract the attention of the customers and entice them to buy products. The various functions of the merchandising manager are as follows:

1) Conducting Demographic Research:

Merchandising managers have to gather demographic data that are based on the income, average age and sell-through data of the customer who visit to the store. Merchandising managers analyze this data and use it to assist marketing personnel in purchasing and presenting items that are likely to sell well in stores

2) Identifying Vendors and Making Wise Purchasing Decisions:

Merchandising Managers are often responsible for identifying and working with reliable vendors who can supply quality products at the best price. Once the vendors are identified, purchases need to be made at the right time and in the correct amounts to best fit the store's needs.

3) Forecasting and Negotiating:

One of the roles of a Merchandising Manager is to collaborate with the finance department to forecast or determine whether the costs of raw materials will increase or decrease. Once these forecasts are made, negotiate with vendors is done to fix the price on products.

4) Visual Merchandising:

For Merchandising Managers, creating panograms is a regular duty. A panorama is a diagram that shows how and where specific retail products should be placed on retail shelves or displays in order to increase customer.

8.3 SUMMARY

Today, the retail industry is considered amongst the largest in India, and is ever-growing. This is because as long as there are buyers, this industry will prosper. In the last couple of years, the buying capacity of an average Indian citizen has increased. This is because of various factors; prime amongst them is the large pay packets. Apart from that people have become more aware of themselves, and are willing additional rupees to feel good and look good. And all this has positive impact for job seekers – full time and part time. Thus, today a career in retail is not a difficult one to enter to. It is exciting because of the number of people one gets to interact with. Apart from that one also needs to be aware of the changing trends in order to increase sales.

8.4 EXERCISE

Fill in the blanks

1) __________ retailing is managed by taking the benefits of eco-friendly processes.

   (Organized, Unorganized, Green Retailing)

2) ___________ retailing business is known for its eco-friendly measures.

   (Levi's, Chemical Factory, Mining Industry)

3) _________ is one of the career options in retailing.

   (Architect, Medical Representative, Visual Merchandiser)

4) The store manager has to look after _________ activity.

   (Managing activities at the store, Raise the capital, Registration of company)

5) _________ use the creativity and plan product displays that will attract the attention of the customers and entice them to buy products.

   (Merchandising Managers, Finance Manager, Production Manager)

True or False

1) Starbucks undertake green retailing practices. **TRUE**

2) Green retailing conserves the nature resources. **TRUE**

3) Visual Merchandiser is one of the career options in the retailing. **TRUE**

4) Store managers are responsible for raising finance from the market. **FALSE**

5) Merchandising Manager is responsible for recruitment of sales staff. **FALSE**

Match the pairs

Group - A	Group – B
1) Green Retailing	a) Example of green retailing business
2) IKEA	b) Plans product displays
3) Regional sales manager	c) Eco-friendly business process
4) Store manager	d) Career option in retailing
5) Merchandising Manager	e) Managing retail store activities

(1-c, 2-a, 3-d, 4-e, 5-b)

Answer in brief

1) Explain the concept of Green Retailing. Discuss its Importance.

2) What are the various career options available in retailing?

3) Discuss the various responsibilities of Store Manager.

4) Write a note on functions of Merchandising Manager.

Refereces

https://okcredit.in/blog/advantages-and-disadvantages-of-starting-an-eco-friendly-business/

https://www.hhrc.ac.in/ePortal/Commerce/I%20M.Com.%20-%2018PCO3%20-%20Dr.%20M.%20Sridevi%20&%20Dr.%20S.%20Veerapandiyan.pdf

https://www.marketing91.com/responsibilities-of-a-store-manager/

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MODULE 1 Unit 01 RETAIL MANAGEMENT - I Unit Structure 1.0 Objectives 1.1 Introduction 1.2 Retailing 1.3 Summary 1.4 Exercise 1.0 OBJECTIVES ‣ Introduce students with the basic concepts of retail management and the latest developments in retail industry in the Indian context ‣ Develop knowledge of contemporary retail management issues at the strategic level ‣ Establish an academic relationship to the above through the application of retailing theory and research 1.1 INTRODUCTION The final step in the marketing distribution chain is retailing. The French verb "retaillier," from which the English word "retail" has been derived, implies "to cut a piece" or "to break bulk." It includes every step of the product and service sales process. Retailing is the second-largest industry in the world and is one with intense competition. Its capacity to give customers more freedom of choice, accessibility to a wide range of goods, and access to numerous services is what accounts for its appeal. The typical size of a retail store varies significantly between nations, mostly dependent on the degree of economic development of that nation. Retail management refers to the many procedures that enable customers to purchase the necessary goods from retail establishments for their intended uses. All the steps necessary to attract customers to the store and meet their shopping demands are included in retail management. Retail management guarantees that clients have a pleasant shopping experience and that they leave the store smiling. Simply put, retail management makes it easier for people to shop. One-sixth of the labour force is employed by the largest private industry in the world, retail, which accounts for 8% of the GDP. The retail commerce is anticipated to be worth 7 trillion US dollars. The retail industry has seen a significant transformation recently, and many nations have only thrived because of retailing. As far as India is concerned, it contributes 14% of our GDP and is the second largest industry in terms of the number of people it employs, behind agriculture. India is currently ranked second among Asian nations and the fifth most desirable retail destination worldwide, according to a poll. It is listed as the seventh most alluring retail location globally. 1.2 RETAILING MEANING AND DEFINITION It is most typical way of conducting business It entails selling goods in modest quantities to customers directly from a fixed location (a retail store). These