RETAIL MANAGEMENT

UNIT - _I

OVERVIEW OF RETAILING

"In my whole retailing career, I have stuck to one guiding principle: give your customers what they want…and customers want everything: a wide assortment of good quality merchandise, lowest possible prices, guaranteed satisfaction with what they buy, friendly knowledgeable service, convenient hours, free parking, and a pleasant shopping experience.

You love it when you visit a store that somehow exceeds your expectations and you hate it when a store inconveniences you, or gives you hard time, or just pretends you are invisible…"

– Sam Walton (Founder, Walmart)

In the complex world of today, the consumer is king and retailers are keener on consumer satisfaction. Considering the busy lifestyles of today's consumers, the retailers also provide services apart from products.

Retailing occupies a very important place in the economics of any country. It is the final stage of distribution of product or service. It not only contributes to country's GDP but also empowers a large number of people by providing employment.

RETAIL

"Retailing includes all activities involved in selling goods or services to the final consumers for personal, non-business use."

- Phillip Kotler

Any organization that sells the products for consumption to the customers for their personal, family, or household use is in the occupation of retailing.

RETAIL MANAGEMENT:

The various processes which help the customers to procure the desired merchandise from the retail stores for their end use refer to retail management. Retail management includes all the steps required to bring the customers into the store and fulfil their buying needs.

Retail management makes shopping a pleasurable experience and ensures the customers leave the store with a smile. In simpler words, retail management helps customers shop without any difficulty.

MEANING

The various processes which help the customers to procure the desired merchandise from the retail stores for their end use refer to retail management.

DEFINITION

A process of promoting greater sales and customer satisfaction by gaining a better understanding of the consumers of goods and services produced by a company. A typical retail management strategy for a manufacturing business might research the retail process that distributes the finished products created by the business to consumers to determine and satisfy what buyers want and require.

FUNCTIONS PERFORMED BY RETAILERS,

1. Buying and Assembling:

It has been said that a retailer stocks wide variety of products to meet the requirements of a large number of customers. For this purpose, the retailer has to assemble products of different manufacturers from different wholesalers through the process of buying. In buying these products he has to be cautious. He has to find out the best and cheapest source of supply. Then he has to select only such of the goods offered which would suit the need of his customers. He must purchase only in quantities enough to meet the demands of his customers.

2. Warehousing and storing:

Products thus assembled have to be stored by the retailer so that they are held in reserve stocks out of which consumers requirements are met without any interruption by selling in small quantities.

3. Selling:

The ultimate purpose of retailing business is to sell these products to the consumers. Though a retailer is sometimes referred to as buying agent of consumers, producers and manufacturers regard retailer as a means of dispersing goods to the market and drawing income into their hands so that they can continue their business of production.

4. Assumption of Risk:

The retailer has to bear the risk of physical deterioration of goods and fall in value. A retailer has to stock goods in anticipation of demand from his customers. This stock must always be sufficient to meet any demand from the customers. This fact involves risk to the extent of the stocks held by any retailer. Firstly, the products stored are subject to the usual risks of flood and other natural calamities. Secondly, there are the risks of flood and other natural calamities.

Secondly, there are the risks of spoilage and deterioration due to the very nature of goods. Then there is the risk of change in fashion. Fickle mindedness of the consumers and human tendency to like change in life together make loss of value through change in style and fashion – a very real risk to a retail trader.

5. Grading and Packing:

Retailers have to sort out in different lots goods or products left ungraded by the producer or the wholesaler. Also, they must make arrangements for proper packing of goods which are sold loose.

6. Financing:

Often retailers have to grant credit to consumers. Credit sale in effect means facilitating the flow of products through the marketing channel to its ultimate goal. Thus retailers contribute in financing the marketing process.

7. Supply of Market Information:

Retailers, being in touch with the consumers, are most favourably situated to study consumers' ehavior, changes in the tastes, fashions and demand etc. Thus they collect valuable information pertaining to the problems of marketing.

IMPORTANCE OF RETAILING.

1) Sales to Ultimate consumers of the products

In a retail transaction, the goods and services are sold to ultimate or final consumers. The products don't get resold after this transaction. Goods and services sold at this point can be used for various purposes such as for domestic use, household use or for industrial use.

2) A convenient form of selling quantity-wise

The meaning of word retail is to break down the goods in small pieces and reselling them. the goods are bought by the retailer in large quantities from the middleman or manufacturer and bulk is divided into small quantities and sold to consumers as per their requirements.

To do this, the retailer can repack goods in various quantities and shapes so that it is convenient for consumers to choose and carry them to their homes.

3) Convenient Place and Location

Retailer stores are generally set up at locations which are convenient for consumers to reach. A retail store can be of various forms such as it could be a small shop, small store, or a multiplex. Goods can be sold through internet and mobile apps as per the convenience of consumers.

Moreover, shopping online is becoming a new trend because of the advancement in technology and courier services. Therefore, more and more companies are taking their business online where customers can view products at the comfort of their home and buy them.

4) The lifestyle of the people are shaped by retailing

Retailing is an integral part of modern society. People highly depend on retail stores to lead a comfortable life. in the past time, goods and service were made available through the process of trading.

But in present times trading is replaced by buying and selling goods which makes retail stores an important part of the society.

5) Retail businesses contribute to the economy

In many countries, the retail business is one of the biggest contributors to the Gross Domestic Product (GDP) and its contribution has increased as compared to past and is also increasing by leap and bounds. Retailing is a driving force of the economy and its ambition is to encourage sustained growth.

6) Retail dominates the supply chain

In a supply chain, goods and services flow from the manufacturer or a service provider to final consumers and when there is a huge number of consumers and they are distributed worldwide then the role of retail stores become much more important. Retailers play the role of a connecting link between a manufacturer and final consumers.

Because of their crucial importance in the supply chain the structure of retail stores has improved gradually over the years. In modern times, retailing is categorized by large multiple chains and not by small scale independent retail stores. The increasing importance and formalization of retailing have made it a powerful part of the supply chain.

7) Retail is interdisciplinary

Retailing has developed from a number of interrelated disciplines such as economics, geography, management, economics, and marketing. Economics is useful to manage the finances of a store. the good knowledge of geography is important to make the right choice of location to open a store. Management plays an important role in managing your staff and inventory and similarly, right marketing helps you to penetrate in the market.

8) Retailers provide maximum employment

Retailing

At the present time, the retail world employs maximum people. As per an estimation, one in nine of the workforces is employed in the retail industry. Moreover, two third of the total workforce in the retail world is women and more than half employees in retailing are part-time employees, which provides flexibility to workers to adapt to the particular needs of any employer In the past, the salaries paid to employees were very low. Therefore, people worked on a temporary basis in the retail sector. But as the work conditions and salaries paid in the retail sector are improving more and more people are considering retail jobs as a permanent career.

9) Retailing is an important subject area of study

Because of the importance of retailing more and more emphasis is being paid to the area of retailing. Retailing is a separate subject of studies like management and marketing. researches have been conducted and professionals being hired to make this sector flourish.

10) Retailing offers scope for expansion in other countries

Retail provides a great opportunity to expand in international markets. A retailer who wants to extend their business by selling their goods in other countries opens stores in different countries to increase the number of consumers of their products.

11) Retailers rule the channel of distribution

Retailers are becoming the rulers of a channel of distribution. In past times, the power was in the hand of suppliers because of a limited number of suppliers in the market. Retailers had no other option than getting goods from the supplier to sell in their stores. But in present times there are many suppliers for a single type of product.

Therefore, a retailer can make a decision for which brand to stock in their stores and consumers buys products stock provided by the retailers. Therefore, retailers play an important role in shaping the demands of consumers.

12) Provides Comfort and facilities for shopping

Shopping has become a pleasant experience because of all the facilities and comfort provided by chain stores, shopping malls, multiplexes, etc. people now don't think shopping as work but they look forward to it and consider it as a stress releasing and family activity.

The giant retailers provide various facilities such as air conditioning, parking, entertainment, kids play section, lifts, trolleys to carry goods, and food facilities, etc. and retailing through mobile phones ensures doorstep delivery on all orders placed through the website or mobile apps.

13) Provide services to the manufacturer

The retailer is the end part of the supply chain and he is the one who interacts with the customers. therefore, he has the opportunity to know about the views of customers and their likings and disliking. Retailer gathers this information from his customers and shares it with the manufacturer.

This helps the manufacturer to make the required changes in the quality of the product and improve its services to satisfy their customers. Therefore, a retailer plays an important role in helping the manufacturer to increase his revenue generation.

14) Provision of warehousing and storage

Warehousing is a big problem for a manufacturer. A retailer buys goods in advance from the manufacturer and reduces the problems of warehousing and storage for the manufacturer.

15) Advantage of an expert and specialist

Retailers are experts and have experience in selling products to customers. he has a better understanding of customers and their likes and dislikes because of this regular contact with them. He stores products as per the need of customers and sells them to customers in different sizes and shapes.

16) Creates utilities and value

Retailer increases the value of the product by creating a place, time, and utility in the distribution of goods. Retailers buy products in bulk and break them in small quantities and sell them in small packs. In this way, he creates form utilities.

CHARACTERISTICS OF RETAILING:

1. Direct interaction with customers/end customers.

2. Sale volume large in quantities but less in monetary value

3. Customer service plays a vital role

4. Sales promotions are offered at this point only

5. Retail outlets are more than any other form of business

6. Location and layout are critical factors in retail business.

7. It offers employment opportunity to all age.

<u>TYPES OF RETAILERS:</u>

Store Retailing by Store based Strategy

1. Department Store

Department stores are large retailers that carry wide breadth and depth of products. They offer more customer service than their general merchandise competitors. Department stores are named because they are organized by departments such as juniors, men‗s wear, female wear etc. Each department is act as ―ministore‖. Means the each department is allocated the sales space, manager and sales personnel that they pay an attention to the department. IMC programme for each department is different and particular. Department store utilizes various sources for marketing communication. Due to overstoring most of the budget are spending on advertising, couponing and discounts. Unfortunately the use of coupons diminishes profits and creates a situation where consumer does not buy unless they receive some type of discount.

2) Convenience stores:

Convenience stores are located in areas that are easily accessible to customers. Convenience store carry limited assortment of products and are housed in small facilities. The major seller in convenience stores is convenience goods and non alcoholic beverages. The strategy of convenience stores employ is fast shopping, consumer can go into a convenience stores pick out what they want, and check out relatively short time. Due to the high sales, convenience store receives products almost daily. Because convenience store don‘t have the luxury of high volume purchase.

3) Full line Discount Stores

It conveys the image of a high volume, low cost, fast turnover outlet selling a broad merchandise assortment for less than conventional prices. It is more to carry the range of products line expected at department stores, including consumer electronics, furniture and appliances. There is also greater emphasis on such items as auto accessories, gardening equipment, and house wares. Customer services are not provided within stores but at centralized area. Products are sold via self service. Less fashion sensitive merchandise is carried.

4) Specialty Store:

Specialty store carry a limited number of product within one or few lines of goods and services. They are named because they specialize in one type of product. Such as apparel and complementary merchandise. Specialty store utilizes a market segmentation strategy rather than typical mass marketing strategy when trying to attract customers. Specialty retailers tend to specialize in apparel, shoes, toys, books, auto supplies, jewellery and sporting goods. In recent years, specialty stores have seen the emergence of the category killer. Category killers (sometimes called power retailer or category specialty) are generally discount specialty stores that offer a deep assortment of merchandise in a particular category.

5) Off-price Retailers

Off price retailers resemble discount retailers in that they sell brand name merchandise at everyday low prices. Off price retailers rarely offer many services to customers. The key strategy of off price retailers is to carry the same type of merchandise as traditional department stores but offer prices that can be 40 to 60 percent lower. To able to offer the low prices, off price retailers develop special relationship with their suppliers for large quantity of merchandise. Inventory turnover is the key factor of successful off price retailing business. In addition to purchasing close outs and cancel orders, off price retailers negotiate with manufacturer to discount order off merchandise that is out of seasons or to prepay for items to be manufactured thus reducing the price of buying items. E.g. there are many types of off price retailers, including outlet store, Manufacturers department store or even specialty store chains can be an off-price retailer.

6) Variety Store

Variety store offer deep assortment of inexpensive and popular goods like stationary, gift items, women‘s accessories, house wares etc.They are also called 5 to 10 percent store because the merchandise in such stores, used to cost much.

7) Flea Market

Flea market is a literal transaction of the French aux puces, in outdoor bazaars in Paris. A flea market is the outdoor or indoor facility that rent out space to vendors who offer merchandise, services and other goods that satisfy the legitimate needs of customers. Flea market provides opportunity for entrepreneur to start business at low price. A flea market consist of many retail vendors offering a variety of products at discount price at places where there is high concentration of people. On specific market days they assemble for exchange of goods and services.

8. Factory Outlets

Factory outlets are manufacturer owned stores selling manufacturers closeouts, discontinued merchandise, irregulars, cancelled orders, and sometimes in seasons, first quality merchandise.

9) Membership Clubs

A membership club appeals to price conscious consumers, who must be a member of shop there. It breaks the line between wholesale ling and retailing. Some members of typical club are small business owners and employee who pay a nominal annual fee and buy merchandise at wholesale prices; these customers make purchase for use in operating their firm or for personal use. They yield 60% of total club sale. The bulk members are final consumers who buy exclusively for their own use; they represent 40 %of overall sales.

10. Conventional supermarket.

Conventional supermarket is essentially large departmental stores that specialize in food. According to the food marketing institute, a conventional supermarket is a self service food store that generates an annual sales volume of $2 million or more. These stores generally carry groceries, meat and produce products. A conventional food store carries very little general merchandise

11. Food Based Superstore

One of the biggest trends over the past twenty years in food retailing has been the development of superstore. Superstores are food based retaliates that are larger than the traditional supermarket and carry expanded service daily, bakery, seafood and non food sections. Supermarket varies in size but can be as large as 150000 sq ft. Like combination stores food based superstore are efficient, offer people a degree of one stop shopping stimulate impulse purchase and feature high profit general merchandise.

12. Combination Store

Because shoppers have been demanding more convenience in their shopping experience, a new type of food retailers has been emerging. This type of retailer combines food items and non food items to create one stop experience for the customer. Combination stores are popular for the following reasons. They are very large from the 30000 to 100000 or more sq ft. this leads to operating efficiencies and cost savings. Consumer like one stop shopping and will travel further to get to the store. Impulse sales are high.

13. Super Centres and Hypermarkets

Super centre is a combination of a superstore and discount store. Supercenter developed based on the European Hypermarkets, an extremely large retailing facility that offers many types of product in addition to foods. In supercentre more than 40 percent of sales come from non food items. Super Centre is fastest growing retail category and encompasses as much as sales. Wal-Mart is category leader with 74 percent share of super centre retail share.

14. Warehouse Clubs and Stores.

Warehouse clubs and stores were developed to satisfy customers who want to low prices every day and are willing to give up services needs. These retailers offer a limited assortment of goods and services, both food and general merchandise, to both end users and midsize businesses. The stores are very large and are located in the lower rent areas of cities to keep their overhead low cost low. Generally, warehouse clubs offer varying types of merchandise because they purchase product that manufactures have discounted for variety of reasons.Warehouse clubs rely on fast moving, high turnover merchandise. One benefits of this arrangement is that the stores purchase the merchandise from the manufacture and sell it prior to actually having to pay the manufacturer.

15. Limited Line Stores

Limited line store also known as box stores or limited assortment stores, represent a relatively small number of food retail stores in the United States. Limited line store are food discounters that offer a small selections of products at lows prices. They are no frills stores that sell products out of boxes or shippers. Limited line stores rarely carry any refrigerated items and are often cash and carry, accepting no checks or purchase bags from the retailers.

NON STORE RETAILING.

1. **Direct Marketing**

Direct marketing is defined as an interactive system of marketing, which uses non personal media of communication to make a sale at any location or to secure measurable response. Direct marketing is a method wherein the manufacturer or producer sells directly to retailer, user or ultimate consumers without intervening intermediaries. This offers flexibility with maximum controls of sales efforts and marketing information feedback. Various forms of Direct Marketing-telemarketing, Direct mail marketing, television, marketing,

2. Direct Selling.

In contrast to direct marketing, which involves no personal contact with consumers, direct selling entails some type of personal contact. This contact can be at the consumer home or at an out of home location such as the consumer office.

3.Vending Machines.

Vending machines represents an additional class of retail institutions. Essentially, vending is non store retailing in which the consumer purchase a product through a machine. The machine itself takes care of the entire transaction, from taking the money to providing the product. Vending machine offerings range from typical products such as soft drinks and candy to insurance, cameras, phone calls, phone cards, books, paper and pens.

4.Catalog Marketing.

Mail Orders marketing/Catalog Marketing, also called as mail order business, is one of the established methods of direct marketing. Since mail orders marketers use catalogues for communication with the consumer, this form of marketing is often referred to as catalogue marketing. In these methods the consumer become aware of product through information furnished to them by the marketer through catalogues dispatched by mail.

5. Franchising

Franchise in French means privilege or freedom. Franchising refers to the methods of practicing and using another person‘s philosophy of business. The franchisor grants the independent operators the right to distribute its products, techniques and trademarks for a percentage of gross monthly sales and royalty fee. Various tangibles and intangibles such as national or international advertising, training and other support services are commonly made available by the franchisor. Agreements typically last five to twenty years, with premature cancelation or termination of most contracts bearing serious consequences for franchisees.

Types of retail channels

- **Direct channel.** This is when the same company that manufactures a product sells it directly to the consumer or end user. Dell, as mentioned in Chapter 1, is a direct channel marketer. Mail-order catalog sales companies, like Lands' End, are also direct channel sellers.
- **Retailer channel.** This is when the producer sells to the retailer, and the retailer sells to the consumer.
- **Wholesaler channel.** Intermediaries play a role here, as the manufacturer sells to a wholesaler . . . who sells to a retailer . . . who sells to the consumer.
- **Agent or broker channel.** The most complex arrangement involves several transactions, often because the merchandise is being imported. The producer sells to an agent . . . who sells to a wholesaler . . . who sells to a retailer . . . who finally sells to the consumer or end user.
- **Dual channel or multiple channel.** This term refers to the use of two or more channels to sell products to different types of customers. A lawnmower manufacturer, for example, might sell some product lines at retail and others to commercial lawn care companies, each requiring different intermediary services.

REQUISITES FOR SUCCESSFUL RETAILER.

ONLINE

Frankly, you already know how important online selling is to retail today. Nearly all consumers use Google, Amazon, eCommerce websites and social media (or a combination) to shop. The big question managing those online channels. Successful retailers create engaging, informative content for all their online channels. They use the channels that work best for their products, and they give customers accurate and consistent stock availability and pricing information.

PERSONALIZED

Successful retailers make the most of what they know about their customers. In turn, they provide a customer experience consumers expect from retail today. Specifically, customers feel loyal to brands that know them. These brands tailor promotions to suit customer shopping habits. Similarly, they may customize push notifications, allow customers to create personal wish lists, and honor loyalty programs across all their channels.

AUTOMATED

Finally, successful retailers automate. While that's a big concept that covers a lot of functions, the proposition is simple. Automation increases efficiency and lowers costs, while improving customer experience. For example, removing administration steps to process sales and dispatch orders helps get the right product to the right customer faster. And technology continues to make automation possible up and down the supply chain.

FORCES AFFECTING RETAIL SECTOR IN INDIA.

1. Increase in per capita income: Per capita Income means how much an individual earns, of the yearly income that is generated in the country through productive activities. India has marked growth in per capita income by 10.5% which shows tremendous increase in GNP (Gross National Product) of the country. Increase in per capita income reflects hike in income of Households which in turn will consume more, thus leading to growth of retail sector. Household prefer to shop from big giants as compare to their Kirana store.

2. Demographical changes: India is having huge young age working population which is generating huge income and high savings. For any developing country young age group, income, savings are key factors for its growth. Presence of these key factors has helped in attracting big retail giants to India

3. High standard of living: Standard of living in India has improved. Earlier Shopping in India always had an emotional tag attached to it, along with that people use to have myth that shopping from shopping complexes or Malls is costlier and it suits only to rich class. But now things have .changed, people have changed their misconception and have adopted Mall culture. This shows that standard of living has increased.

4. Change in consumption pattern: Consumption patterns among various classes have changed over the years. Earlier customers were brand loyal due to which they were allowing new brands to enter the market. But now customers are showing good response to new product entering the market because they have realised that they are paying for quality. This drastic change in customers perception has opened ways for many new entrants.

5. Availability of low-cost consumer credit: It is rightly said that sales generated on credit are more as compare to cash sales. With the change in credit policies, many new customers have entered the market. Purchasing on credit basis with good credit worthiness gives both seller and buyer flexibility to transact. Earlier due to lack of cash many buyers use to postpone their purchases, but now with modernisation they are carrying it on credit basis as it is cheaper to repay.

6. Improvements in infrastructure: With many infrastructural changes taking place right from metro rails to Bandra-worli sea link in the country, retail is also expanding its wings. With huge infrastructure spending which has entered the country in form of FDI (Foreign Direct investment), more retail giants have proposed to enter Indian market.

7. Entry to various sources of financing: An economy gets finance from two routes either in form of FDI (Foreign direct investment) or as FII (Foreign institutional investment). Now both the ways are opened up for retail sector. Previously so as to protect small Kiryana stores route for

FDI in retail was difficult but later on when it was found that retailing is generating employment of around 8% in economy FDI route was also simplified.

As per the sources, followings are some of the major investment expected to be made in Indian retail industries:

- **Bharti-Wal-Mart will invest approx. US$2.5 billion by 2015.**
- **Reliance Industries Limited is planning to invest US$ 6 billion in the organized retail sector in India by opening 1500 supermarkets and 1000 hypermarkets by 2010-2011.**
- **Future Group (Pantaloon Retail) will invest US$260 million by 2008.**
- **Metro AG is investing US$400 million over the next three years.**
- **Pantaloons is planning to invest US$ 1 billion in order to increase its retail space to 30 million square feet**
- **New Delhi-based round-the-clock convenience chain Twenty Four Seven Retail Stores Pvt. Ltd plans to invest US$200 million in the next five years and targeting an emerging segment of night shoppers.**

THE RETAIL LIFE CYCLE.

- **Innovation:** A new organization is born, it improves the convenience or creates other advantages to the final customers that differ sharply from those offered by other retailers. This is the stage of innovation, where the organization has a few competitors. Since it is a new concept, the rate of growth is fairly rapid and the management fine tunes its strategy through experimentation. Levels of profitability are moderate and this stage can last up to five years depending on the organization.
- **Accelerated Growth:** The retail organization faces rapid increases in sales. As the organization moves to stage two of growth, which is the stage of development, a few competitors emerge. Since the company has been in the market for a while, it is now in a position to pre-empt the market by establishing a position of leadership. Since growth is imperative, the investment level is also high, as is the profitability. Investment is largely in systems and processes. This stage can last from five to eight years. However, towards the end of this phase, cost pressures tend to appear.
- **Maturity:** The organization still grows but competitive pressures are felt acutely from newer forms of retailing that tend to arise. Thus, the growth rate tends to decrease. Gradually as markets, become more competitive and direct competition increases, the rate of growth slows down and profits also start declining. This is the time when the retail organization needs to rethink its strategy and reposition itself in the market. A change may occur not only in the format but also in the merchandise mix offered.
- **Decline:** The retail organization looses its competitive edge and there is a decline. In this stage, the organization needs to decide if it is still going to continue in the market. The rate of growth is negative, profitability declines further and overheads are high.

THE STRATEGIC RETAIL PLANNING PROCESS,

1. Deciding the store’s philosophy, mission and objectives,

2. Situation analysis,

3. Formulation of retail strategy

4. Strategy implementation and control.

1. Deciding the store’s philosophy, mission and objectives:

The retail strategic planning process starts with the identification of store’s mission for its existence and hence the scope of the retail store. The mission of a store entails identifying the goods and services that will be offered to customers. It also deals with the issue that how the resources and capabilities of a store will be used to provide satisfaction to customers and how the store can compete in the target market vis-a-vis its competitors.

Examples of Corporate 'Mission Statement'

The mission also involves the way of store’s functioning. How a store will work and accomplish its day to day operations? What is the emergency planning? All are answered in the store’s mission statement. For example, Vishal Mega Marts, they have philosophy of customer satisfaction through “manufacturing to retailing”.

The store’s objectives may be classified into two parts:

(i) External store objectives, and

(ii) Internal Store Objectives.

External store objectives are those that define the impact of store on its environment, e.g., to develop high degree of customer confidence by providing quality goods at lowers prices. Internal store objectives, on the other hand, are those that define how much is expected to be achieved with the available resources, e.g. to raise the store turnover by 15% in the coming year.

2. Situational Analysis (SWOT Analysis):

The objective of doing store’s situation analysis is to determine where the store is at present and to forecast where it will be if formulated strategies are implemented. The difference between current and future position (forecasted) is known as planning or strategic gap. Under organisational analysis, normally stores study their external (environmental) and internal environments.

External Analysis: The purpose of examining the store’s external environment is to study the opportunities and threats in the retailing environment. The external analysis studies factors that affect the macro-environment of retailing industry and the task environment.

Under external analysis, retailer studies these parameters:

(i) Economic environment of retailing,

(ii) Political environment of retailing,

(iii) Legal environment of retailing,

(iv) Socio-cultural environment of retailing,

(v) Technological environment of retailing, and

(vi) International environment of retailing.

The store's task environment can be influenced directly by retailer's own policies and includes competitors, suppliers and customers.

Internal Analysis:

The objective of studying internal environment of its own store is to identify the store's strengths and weaknesses. The store will try to increase its capabilities, and overcome the weaknesses that deter the business profit. While doing the internal analysis, store examines the quality and quantity of its available resources and critically analyzes how effective these resources are used.

These resources for the purpose of examining are normally grouped into human resources, financial resources, physical resources (assets) and intangible resources (goodwill, image etc).

The types of questions that are enquired under different resources are:

Human resource:

a) Is present strength of employees at various levels is sufficient for future action?

(b) Are the employees trained and capable to perform the tasks assigned to them?

(c) Are the employees loyal to store?

(d) Are the employees punctual and regular?

(e) Are the employees skilled in their assigned tasks?

3. Formulation of Retail Strategy:

In this stage, after analyzing the store's capabilities in terms of HR, finance, physical and intangible resources, a store manager formulates retail strategy with regard to marketing, retail positioning and retail mix. Marketing is the way to achieve the set objectives. Therefore, marketing strategy should be devised according to store's primary and secondary objectives.

Generally, marketing strategy is developed on the basis of product and/or market segmentation instead of the market as a whole.

Retail Positioning is a plan of store's action for how the retailer will enter the target market and will compete with its main competitors. Retail positioning from a retail store's point of view, is a step by step plan to create and maintain a unique and everlasting image of the store in the consumers' mind.

Retail positioning is made possible under these circumstances:

(i) By differentiating the store's merchandise from its competitors,

(ii) By offering high level of after sales services at nominal/no cost, and

(iii) By adopting low pricing policies.

The main elements a retail store manager has to face are:

- **Store's location**
- **Merchandise assortment**
- **Pricing policy**
- **Customer service mechanism**
- **Visual merchandising**
- **Personal selling efforts**
- **Advertising efforts and**
- **Store's internal and external environments.**

4. Strategy Implementation and Control:

It is concerned with the designing and management of retail systems to achieve the best possible combination of human, financial, physical and intangible resources of a retail store to achieve the formulated objectives, without timely and effective implementation also requires scheduling and coordination of various retail activities. For example, the coordination between the marketing and sales promotion department is a must for sales promotion to make success.

Further, the spirit of team work is an essential part for the success of strategy implementation. If the retail store's strategies are competitive, marketing efforts are as per demand but the sales promotion employees are not taking it seriously or are ineffective, result will not be up to the mark.

The positive steps include the following:

(i) Inspection, (ii) Detection, and (iii) Correction.

It means after implementing the retail strategies, retailer should assess how effectively strategies are being implemented, how far the strategic objectives are being achieved and what has been left to be achieved in the store's objectives list. Therefore, retailers inspect the implemented strategies from time to time and detect the fault (if any) in the implementation of various retail elements. If any deficiency is found during inspection process, that has to be corrected with immediate effect without any further loss to store.

RETAILING MIX.

The 6 P’s of Your Retail Marketing Plan

1- Product::- Product is one of the most important element of retail mix. Retailer needs to identifying and full fill customer's needs. Retailers must be focused about the quality of product as per the customer's expectations and requirements.

2- Place::- Place means right location where customer can access the product. The availability of product must be at the place of customer's need.

3- Promotion::- Promotion tool is used by retailers in order to advertise their products in market to customers. The promotion can be done by various method i.e. direct marketing, newspaper advertisement, leaflets and etc.

4- Price::- Price is also plays an important role in retail mix. Price decided by the retailer must be affordable by customers. Price must be effective by which a retailer can survive in market between it's competitor with same product.

5- Personnel::- Personnel means in the retail mix refers to the people who are involved in process of providing product or service to the customer. These people have responsibility about a product or service from pre-sale to post-sale activities.

6- Presentation::- Presentation in retail mix refers to the physical environment of a retail store (brick & mortgage), website (non-store retailing). Presentation of retail store (brick & mortgage) includes ambience, lighting, access to products and etc. While in website (non-store retailing) includes the virtual store ambience, easiness in access to customer, buying & selling, payment methods and comparison availability between product by other retailers.

ISSUES IN RETAILING.

1. Keeping up with ever-changing customer expectations

Customer preferences will always change, sometimes even faster than you can imagine. As a retailer, you should be able to keep up with the seasonal trends as well as your customer shopping behavior. You don’t need to totally change your products in every season, you just need to add some different elements to your products in accordance with what is trending. In short, you must never forget to innovate!

2. Maintaining customer loyalty

Good customer experience is a key factor in creating brand loyalty. One of the common mistakes made by retailers is let their existing customers go and think they can easily replace them. If you keep this mindset, you will find it hard to sustain your business growth.

3. Managing internal communication

Retail has complex operations and managing its internal communication is not an easy task. This challenge is mainly faced by large-scale retail companies with multiple divisions. Inefficient communication between divisions can disrupt the business processes.

4. Retaining and engaging employees

Retail is one of the industries with the highest employee turnover rates. Retaining staff is one of the toughest challenges in the industry. Meanwhile, replacing employees requires a lot of energy and costs.

5. A high-stakes global game of digital disruption

Consumer behavior changes very quickly. Now with the growth of e Commerce, consumers have plenty of choices before making a purchase decision. Although e Commerce has a dramatic impact on consumer behavior, but reports show that consumers still love to make purchases for most products in-store.

6. Finding the best technology solutions for the retail industry

There are many technologies developed for various businesses that offer various prices and benefits. Retailers have been looking for the best automated solutions to simplify their business processes, yet their choices often fall on the wrong software, either they're difficult to use or don't really have abilities to overcome retail challenges.

UNIT II

TRADITIONAL AND MODERN FORMATS OF RETAIL BUSINESS

Traditional Retail

Meaning

The sales person goes to the outlet, counts the inventory, explains the promotions (if any) and then suggests an order to the store owner. The store owner then agrees or modifies the order. Modern Retail: The order would be suggested by the IT system of the Modern Retail chain

MODERN RETAIL

Meaning

Retail is the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. ... Over the centuries, retail shops were transformed from little more than "rude booths" to the sophisticated shopping malls of the modern era.

MODERN RETAIL VERSUS TRADITIONAL RETAIL

- **Order Acquisition**

Traditional Retail: The sales person goes to the outlet, counts the inventory, explains the promotions (if any) and then suggests an order to the store owner. The store owner then agrees or modifies the order.

Modern Retail: The order would be suggested by the IT system of the Modern Retail chain. This order either would flow to the manufacturer/ LSP (Logistics Service Provider) via EDI or email or fax.

- **Order Execution**

Traditional Retail: The distributor would deliver the order 1-2 days after the order was taken. Or if the model of operation is a ready stock unit [the salesperson who takes orders travels with a van which carries the stocks] , then the stocks are delivered as soon as the order is taken – the salespersonhands over the order to be delivered to the merchandiser/ delivery boy who travels with the van. They pick the stocks from the van and deliver to the store.

Modern Retail: The delivery slots or delivery windows are fixed by manufacturer. The deliveries to the DC (Distribution Centre) or Stores have to be made within the delivery slots or delivery windows. Any miss on the delivery windows or delivery slots would lead to a penalty or/and going back to the last in the queue (your delivery will be scheduled after all deliveries for the day have been completed) or/and delivering directly to the stores.

- **Promotions**

Traditional Retail: Standard company promotions are executed.

Modern Retail: Promotions would be partially led by the Modern Retailers. These promotions would be unique to the Modern Retailer. Any stickering or customization or manipulation that needs to be done will have to be done by the manufacturer or LSP.

- **New Launch**

Traditional Retail: A manufacturer would have a sales launch for Traditional Retailers to introduce a new product to the market. On the day the product is to be launched, the salesperson would take orders for the new product and the new product would be on the shelves.

Modern Retail: The launch of a new product in Modern Retail is more complicated. The new product launch would have to be informed to the Modern Retail months in advance. It would have to be included in the product master of the Modern Retail. The planogram would have to be modified to include the new product. In some cases, a placement fees would also have to be paid.

- **In-Store**

Traditional Retail: Once the stocks are delivered, the store owner or shop assistant arranges the stocks on the shelf or in the back room. When a customer asks for a product, the shop assistant knows where the stock is kept, gives the product to the customer.

Modern Retail: The stocks maybe taken straight to the shelf or taken to the backroom. One of the most important differences between a Traditional Store and Modern Retail store is that in a Modern Retail store the customer picks up the product from the shelf. If the product is not on the shelf, the customer assumes that it is out-of-stock. The product may actually be available in the backroom. So, one of the important logistics activity in a Modern Retail store is to replenish the shelves regularly so that the shelf is always stocked. Many stores maintain merchandisers whose job is to replenish the shelves from the backroom.

Payment

Traditional Retail: Payment is made to the stockist or distributor immediately or on the next visit of the salesperson. So, the credit period is usually equal to the time between 2 visits of the salesperson.

Modern Retail: Modern Retailers usually demand a long credit period from manufacturers and vendors. Sometimes, a Modern Retailer may ask for a special format for their invoices. They would not accept the standard invoice format of the manufacturer.

- **Metrics/ Scorecard Measures**

Traditional Retail: Usually, Traditional channel stores do not have a formal scorecard to measure manufacturers. They have a general approach which would be regularity of coverage, time between order and delivery, and fill rates.

Modern Channel: Modern retail chains have a formal scorecard to measure manufacturers. The logistics measures would be shelf availability, inventory levels, case fill rates, on-time delivery.

– Marketing Concepts in Retailing

– Consumer purchase behavior

– Cultural and Social group influence on Consumer Purchase Behaviour.

Mall

Malls provide everything that a person wants to buy under one roof. From clothes and accessories to food or cinemas, malls provide all of this, and more. Examples include Spencers Plaza in Chennai, India, Alpha one in Amritsar and Viva collage in Jalandh

Hypermarkets

Hypermarkets in India are a combination of supermarket and department store. These are large retailers that provide all kinds of groceries and general goods. Big Bazaar and Reliance Fresh are hypermarkets that attract enormous crowds.

Cash &carry stores

A cash-and-carry is a self-service wholesale store, especially for groceries, at which customers pay at each visit and take the goods they have bought away with them. Warehouse clubs are large-scale, members-only establishments that combine features of cash-and-carry wholesaling with discount retailing.

Supermarkets

Supermarket is another popular retail format in India. A supermarket is a grocery store which deals in food and household goods. They offer a fairly huge range of products and self service. People usually go to the supermarkets to buy goods in large quantities so that they can stock those goods for later consumption. They provide products for reasonable prices and of medium to high quality.

Specialty stores

A small retail outlet that focuses on selling a particular product range and associated items. Most specialty store business operators will maintain considerable depth in the type of product that they specialize in selling, usually at premium prices, in addition to providing higher service quality and expert guidance to shoppers.

Discount store

Discount stores offer product at lower price than market price. The main reason behind this low price is the additional stock left over towards the end of any season. Discount stores sell their goods at a reduced rate with an aim of drawing bargain shoppers.

Departmental stores

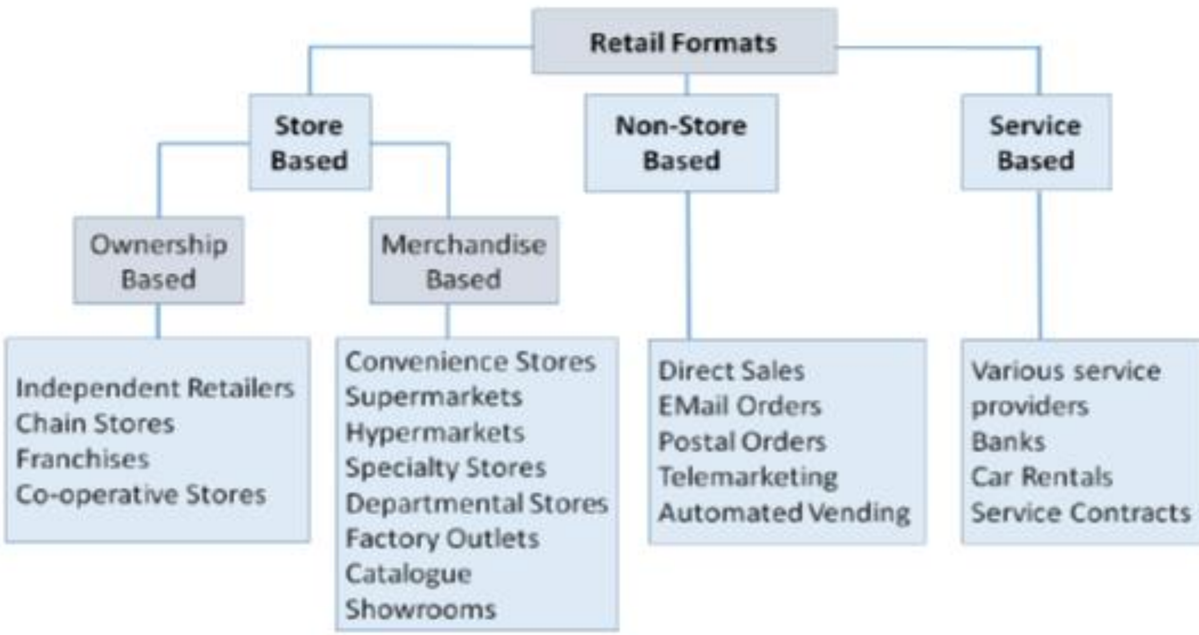
Department stores are classified as general merchandisers. Some carry a more selective product line. For instance, while Sears carries a wide range of products from hardware to cosmetics, Nordstrom focuses their products on clothing and personal care products.

Convenience stores

Convenience is offered in a lot of ways to the customers through easily accessible store locations and small store size that allows the customers to do quick shopping and fast checkout. The product selection offered by these retailers is very limited and the price of the products can be high.

E- retailers

Electronic retailing (E-tailing) is the sale of goods and services through the Internet. ... E-tailing requires companies to tailor their business models to capture Internet sales, which can include building out distribution channels such as warehouses, Internet webpages, and product shipping centers



STORE BASED

Ownership based

Independent retailers

An independent retailer is one who owns and operates only one retail outlet. Such stores can be seen under proprietorship. The individual retailer can easily enter into a retail market. The owner is assisted by local staff or his family members. These kinds of shops are passed from one generation to other generation.

Chain stores

When two or more retail outlets are under a common ownership it is called a retail chain. For example: One of a number of retail stores under the same ownership and dealing in the same merchandise. It is called chain retailing**.**

Chain Stores are groups of retail stores engaged in the same general field of business that operate under the same ownership or management, chain stores are retail outlets owned by one firm and spread nationwide. For example, Van Heusen, Food world, Shopper’s stop etc.

Franchises

A franchise is a contractual agreement between franchisor and a franchisee in which the franchisor allows the franchisee to conduct a business under an established name as per the business format. In return the franchisee has to pay a fee to the franchiser. For example: Pizza hut, McDonalds, etc.

Co- operative stores

A consumer co-operative is a retail organisation owned by its member customers. The objective is to provide commodities at a reasonable price. For example: Sahakari Bhandar, Apna Bazaar etc.

Merchandise based

Convenience stores

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Super markets

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A small retail outlet that focuses on selling a particular product range and associated items. Most specialty store business operators will maintain considerable depth in the type of product that they specialize in selling, usually at premium prices, in addition to providing higher service quality and expert guidance to shoppers.

Departmental stores

Departmental stores are the largest form of organized retailing today, located mainly in metro cities, in proximity to urban outskirts. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Examples include Shoppers Stop, Piramyd, Pantaloon.

Factory outlets

A factory outlet is a shop where a factory sells damaged or out-of-date goods directly to customers at reduced prices.

catalogue

A catalogue is a book or magazine containing details and pictures of items currently being offered for sale, especially as used by companies that do much of their business by mail order.

Showrooms

The practice of examining merchandise or products in a store and then buying it online for a lower price. "Showrooming" benefits online retailers, since they can offer cheaper prices than brick-and-mortar retailers for identical products because of their lower overhead

NON STORED BASED

Direct sales

Direct selling is a retail channel for the distribution of goods and services. There is no fixed retail location. In direct selling there is a direct contact of the retailer with his ultimate customers.

Email orders

It is retail format in which offerings are communicated to the customers through a catalogue, letters or brouchers. Such retailing is suitable for specialty products. The buyer place an order for the desired products with the merchant through a telephone call or website .internet and online payment option has made shop from home easier.

Postal orders

Postal orders is an official piece of paper with an amount of money written on it that you can send or give to someone who can then exchange it for the same amount of money at a post office

Telemarketing

It is a form of retailing in which the products are advertised on television. Details about the product in regard to its features, price, warranty, direction to use etc. are mentioned and explained. Phone numbers are provided due to which customers can make a call and place an order for the product.

Automated vending

This is a form of non store retailing in which the products are stored in a machine and dispensed to the customers when they deposit cash. Vending machines are placed at convenient and busy locations like air ports, shopping malls, working place etc. This machine primarily contains products like chocolates, snacks and drinks etc.

SERVICES BASED

Various service providers

A service provider is a company that provides organizations with consulting, legal, real estate, education, communications, storage, processing, and many other services.

Banks

A bank is a financial institution where customers can save or borrow money. Banks also invest money to build up their reserve of money. ... Banks also can use the money they have from deposit accounts to invest in businesses in order to make more money.

Car rentals

A car rental or car hire agency is a company that rents automobiles for short periods of time for a fee. It is often organized with numerous local branches, and primarily located near airports or busy city areas and often complemented by a website allowing online reservations

Service contracts

Service Contracts are agreements between a customer or client and a person or company who will be providing services. For example, a Service Contract might be used to define a work-agreement between a contractor and a homeowner. ... Most often Service Contracts include details such as deadlines and payment agreements.

MARKETING CONCEPTS IN RETAILING

In the growing market, retail marketing has become one of the major emerging trends in the entire economical cycle. It is the retail market only which provides the consumer a basic platform to encounter with goods and a shop keeper for the first time. Retail market consists of a fixed location like boutique, store, departmental store etc, here in these location consumers meets the shop keeper and purchase goods in return of certain value. Maintaining a certain profit margin, these shop keepers sell goods to their consumers. The basic motive of these shopkeepers is to satisfy the consumers and fulfill their needs and demands.

Retail marketing strategy has become one of the basic elements of marketing strategy which includes a lot of planning and proper execution of this planning. Now let us first focus on the basic nature of retail. Firstly in retail, a marketer needs to focus primarily on the needs and desires of the customers.

Retail marketing even focuses on satisfying the customers, maintaining a proper profit margin for the owner of the goods. Customer needs are the basic key factors of retail. Retail marketing consists of 5 basic pillars, first is saving the precious time of the customers. Second is setting the right prices of the goods, third is creating a proper connection with the emotions of the customers, fourth pillar is paying the right respect to the customers and lastly solving the problems of the customer is another pillar of retail.

Creating customer loyalty is the basic function of retail, as once you create customer loyalty towards your brand it will be easier for you to stay in the market for a longer period of time. Creating customer loyalty is not a very easy task, as it takes years for a brand to create customer loyalty.

You can only create customer loyalty if you have a retail marketing plan, some of such marketing plans are the sales promotional activities like loyalty cards, loyalty one, gifts, coupons, special discounts and reward program.

Reward program includes special gifts on purchase of bulk goods and loyalty cards are special privileged cards which are offered to customers in order to provide them huge discounts and free gifts. These sorts of special sales promotional activities not only increase the sales target but at the same time increase customer loyalty also.

With so many new sales promotional programs promoted by the retail marketing strategies, now it is possible to create a healthy relationship with the customers. Previously creating emotional bonding with the customers was not taken into consideration, and thus customers were only treated as customers who were just supposed to pay the price of the goods. Thus, this resulted in lower customer loyalty and it gave rise to huge number of product switching.

CONSUMER PURCHASE BEHAVIOUR / buying are same

<u>Meaning</u>

Consumer buying behavior is the sum total of a consumer's attitudes, preferences, intentions, and decisions regarding the consumer's behavior in the marketplace when purchasing a product or service

<u>CONSUMER BUYING BEHAVIOR PROCESS</u>

1. Problem Recognition (awareness of need):

Problem Recognition (awareness of need) difference between the desired state and the actual condition. Deficit in assortment of products. Hunger—Food. Hunger stimulates your need to eat.

Can be stimulated by the retailer through product information- a commercial for a new pair of shoes stimulates your recognition that you need a new pair of shoes.

2. Information search:

i. Internal search, memory.

ii. External search if you need more information. Friends and relatives (word of mouth). Marketer dominated sources; comparison shopping; public sources, etc.

3. Evaluation of Alternatives:

Need to establish criteria for evaluation, features the buyer wants or does not want. Rank/weight alternatives or resume search. May decide that you want to eat something spicy, Indian gets highest rank etc.

If not satisfied with your choice, then return to the search phase. Can you think of another restaurant? Look in the yellow pages etc. Information from different sources may be treated differently. Marketers try to influence by "framing" alternatives.

4. Purchase decision:

Choose buying alternative, includes product, package, store, method of purchase etc.

5. Purchase:

May differ from decision, time lapse between 4 & 5, product availability.

6. Post-Purchase Evaluation – outcome:

Satisfaction or dissatisfaction. Cognitive Dissonance, have you made the right decision. This can be reduced by warranties, after sales communication etc. After eating an Indian meal, you may think that really you wanted a Chinese meal instead.

Types of Consumer Buying Behaviour:

i. Routine Response/Programmed Behaviour: Buying low involvement frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk.

ii. Limited Decision Making: Buying product occasionally. When you need to obtain information about unfamiliar brand in a familiar product category, perhaps. Requires a moderate amount of time for information gathering. Examples include clothes-know product class but not the brand.

iii. Extensive Decision Making/Complex high involvement, unfamiliar, expensive and/or infrequently bought products. High degree of economic/performance/psychological risk. Examples include cars, homes, computers, education. Spend a lot of time seeking information and deciding. Information from the retailers catalogs; friends and relatives, store personnel, etc. Go through all six stages of the buying process.

iv. Impulse buying, no conscious planning.: The purchase of the same product does not always elicit the same Buying Behaviour. Product can shift from one category to the next.

For example: Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision making.

Factors that affect the Consumer Buying Decision Process:

1. Personal: Unique to a particular person. Demographic Factors. Sex, Race, Age etc. Who in the family is responsible for the decision-making? Young people purchase things for different reasons than older people.

i. Motives: A motive is an internal energizing force that orients a person's activities towards satisfying a need or achieving a goal. Actions are affected by a set of motives, not just one. If marketers can identify motives than they can better develop a marketing mix. MASLOW hierarchy of needs!

a. Physiological.

b. Safety.

c. Love and belonging.

d. Esteem.

e. Self-actualization.

ii. Perception: What do you see? Perception is the process of selecting, organizing and interpreting information inputs to produce meaning.

Selective Exposure: Select inputs to be exposed to our awareness. More likely if it is linked to an event, satisfies current needs, intensity of input changes (sharp price drop).

Selective Distortion: Changing/twisting current received information, inconsistent with beliefs. Advertisers that use comparative advertisements (pitching one product against another), have to be very careful that consumers do not distort the facts and perceive that the advertisement was for the competitor.

Selective Retention: Remember inputs that support beliefs, forget those that don’t. Average supermarket shopper is exposed to 17,000 products in a shopping visit lasting 30 minutes – 60% of purchases are unplanned. Exposed to 1,500 advertisements per day. Can’t be expected to be aware of all these inputs, and certainly will not retain many. Interpreting information is based on what is already familiar, on knowledge that is stored in the memory.

iii. Ability and Knowledge:

Need to understand individuals’ capacity to learn. Learning changes in a person’s behaviour caused by information and experience. When making buying decisions, buyers must process information. Knowledge is the familiarity with the product and expertise.

Inexperienced buyers often use prices as an indicator of quality more than those who have knowledge of a product. Learning is the process through which a relatively permanent change in behaviour results from the consequences of past behaviour.

iv. Attitudes:

Knowledge and positive and negative feelings about an object or activity—may be tangible or intangible, living or non-living—drive perceptions. Individual learns attitudes through experience and interaction with other people. Consumer attitudes toward a firm and its products greatly influence the success or failure of the firm’s marketing strategy.

v. Personality:

All the internal traits and behaviours that make a person unique, uniqueness arrives from a person's heredity and personal experience.

Examples include:

a. Workaholism.

b. Compulsiveness.

c. Self-confidence.

d. Friendliness.

e. Adaptability.

f. Ambitiousness.

g. Dogmatism.

h. Authoritarianism.

i. Introversion.

j. Extroversion.

k. Aggressiveness.

l. Competitiveness.

Traits affect the way people behave. Marketers try to match the store image to the perceived image of their customers. There is a weak association between personality and buying behaviour; this may be due to unreliable measures. Nike ads. Consumers buy products that are consistent with their self concept.

vi. Lifestyles: Recent US trends in lifestyles are a shift towards personal independence and individualism and a preference for a healthy, natural lifestyle. Lifestyles are the consistent patterns people follow in their lives.

2. Social Factors:

Consumer wants, learning, motives, etc. are influenced by opinion lead-ers, person's family, reference groups, social class and culture.

1. Opinion leaders: Spokesperson etc. Marketers try to attract opinion leaders…they actually use (pay) spokespeople to market their products.

2. Roles and Family Influences: Role…things you should do based on the expectations of you from your position within a group. People have many roles. Husband, father, employer/employee. As individuals' role is changing, marketers must continue to update information. Family is the most basic group a person belongs to.

Marketers must understand:

a. That many family decisions are made by the family unit.

b. Consumer behaviour starts in the family unit.

c. Family roles and preferences are the model for children's future family (can reject/alter, etc.).

d. Family buying decisions are a mixture of family interactions and individual decision-making.

e. Family acts as an interpreter of social and cultural values for the individual.

3. Reference Groups:

Individual identifies with the group to the extent that he takes on many of the values, attitudes or behaviours of the group members, families, friends, sororities, civic and professional organizations. Any group that has a positive or negative influence on a persons attitude and behaviour.

Membership groups (belong to) affinity marketing is focused on the desires of consumers that belong to reference groups. Marketers get the groups to approve the product and communicate that approval to its members. Aspiration groups (want to belong to) Disassociate groups (do not want to belong to) Honda, tries to disassociate from the "biker" group.

The degree to which a reference group will affect a purchase decision depends on an individual's susceptibility to reference group influence and the strength of his/her involvement with the group.

4. Social Class:

An open group of individuals who have similar social rank. Social class influences many aspects of our lives. Upper middle class Indian prefer luxury cars such as Mercedes.

a. Upper Indian-upper-upper class, 3%, inherited wealth, aristocratic names.

b. Lower-upper class, 1 .2%, newer social elite, from current professionals and corporate elite.

c. Upper-middle class, 12.5%, college graduates, managers and professionals.

d. Middle-middle class, 32%, average pay white collar workers and blue collar friends.

e. Working class, 38%, average pay blue collar workers.

f. Lower class, 9%, working, not on welfare.

g. Lower-lower class, 7%, on welfare.

Social class determines to some extent, the types, quality, quantity of products that a person buys or uses. Lower class people tend to stay close to home when shopping and they do not engage in much pre-purchase information gathering. Stores project definite class images. Family, reference groups and social classes are all social influences on consumer behaviour. All operate within a larger culture.

5. Culture and Sub-culture:

Culture refers to the set of values, ideas, and attitudes that are accepted by a homogenous group of people and transmitted to the next generation. Culture also determines what is acceptable with product advertising. Culture determines what people wear, eat, reside and travel. Cultural values in the Europe are good health, education, individualism and freedom.

CULTURAL AND SOCIAL GROUP INFLUENCE ON CONSUMER PURCHASE BEHAVIOUR

An individual has his own choice and mindset. Consumer buying behavior eventually refers to the buying behavior of an individual. An individual can get affected by the environment in which he lives, his culture, his social class, his psychology and his personality. Now, marketers need to understand this psychology and the mindset of these consumers, also, understand what all factors influence their behavior to develop effective marketing strategies.

Culture

Culture is a very important aspect to understand the behavior of a consumer. It signifies the set of values of a particular community.

An individual decides to behave in a certain manner because of his culture. He gets all these values from his parents and family. Every individual has different sets of values as compared to others, what they see from their childhood when they start practicing those habits, they become their culture.

Culture does vary from individual to individual, region to region, and country to country, so the marketer needs to pay a lot of attention in analyzing the culture of various regions and groups. Throughout the process, the consumer is under influence of his culture as his friends, family, society, and his prestige influence him.

For a marketer, it is very crucial to take all these things into consideration while analyzing or observing a consumer's behavior as they play a vital role in his behavior, perception and expectations.

For example, if we observe the taste and preferences, people in southern India prefers rice to roti whereas north Indian people prefer roti than rice.

Social Classes

The social groups or membership groups to which an individual belongs are the social classes that influence him. In the social classes, we usually find people with similar values, lifestyle and behavior. Now a marketer or a researcher needs to pay attention here because generally the buying behavior of people in a particular social class to some extent is similar, though the level of influence may be low or high, he can tailor his marketing activities according to different social classes. Social perception is a very important attribute that influences the buying behavior of an individual.

Example − A person from a low-income group may focus on price while making the purchase while a person from a higher income group may consider the quality and uniqueness of the product.

Sometimes an individual also is influenced by a social group to which he does not belong, but wishes to get connected with others. For example, in a college a student is in no need to buy a smart phone but purchases it to be part of that group and be accepted by them.

Marketers need to understand these situations well and plan their strategies accordingly for such social benefits. Individuals play various roles in the consumer buying process −

Initiator − Initiator is usually the person who comes up with an idea and suggests the purchase.

Influencer − He is the individual who actually pushes for the purchase. He highlights the benefits of the product. This individual can be from the family or friend or outside the group too.

Decision Maker − He is generally the person who takes the final decision or the final call after analyzing all the pros and cons of the product. He may not necessarily be the final buyer as may also take the decision on behalf of the consumer.

For example, a father might decide on buying a laptop for his son or a brother might decide on the best career option for his sister.

Buyer − Buyer is generally the end user or the final consumer who uses the product.

Family

As we, all know family plays a very important role in making a purchase. The family is responsible for shaping up the personality of an individual. Our attitude, perception and values are inculcated through our family.

An individual tends to have similar buying habits and similar taste and preference and consumption patterns as he gets to see within the family. Perception and family values have strong influence on the buying behavior of an individual which they tend to keep constant.

Social Status

A social status of an individual usually comprises of an individual's attitude, class and prestige. It depends on the way he carries himself socially or the position at which he is in his work or family or even in his group of friends. The social status of an individual influences his consumption pattern.

Example − A CEO may want to have a celebration and give a party to his colleagues, friends and family, so for his social status he may want to book a five star hotel, something like Taj or Oberoi instead of any other normal hotel.

A purchase decision takes place because of the above-mentioned factors. A consumer is influenced by his culture, environment, family, social status and groups. Companies need to understand these factors and develop strategies and market themselves accordingly to meet the needs of the consumers and increase sales.

UNIT III

RETAIL LOCATION STRATEGIES:

MEANING

A space you lease for the selling of goods to consumers. When it comes to business, retailers have one overall goal: to sell merchandise. That's why they focus on sales floor space, adequate parking for customers, and an overall image that draws in customers.

IMPORTANCE OF STRATEGY FROM THE RETAIL PERSPECTIVE

- A strategy in commercial domination will mean planning or methods by which an organization wants to achieve its objectives.
- Thus, the strategy of retail can be defined as a clear and definite plan, so that retailers have drawn up the framework to tap the market and build long-term relationships with consumers.
- A retails strategy is fundamental to the existence of the retails organization.

A retail strategy needs to be focused on:

- Store location
- Merchandising
- Pricing
- Marketing

Store Location

First of all, the Store location is very important; the frequency of your sale depends on the store location, especially when your business focuses on offline sales.

Your store location also increases the connectivity and network if your store is in the primary place, you can convert sales through reference and other sources as well.

Merchandising

If you are selling a product then you have to have all the options for your customer. A customer can come for anything you can help them for their needs of the products.

These ways you can easily manipulate the market. Merchandising strategy should match the sales strategy.

Many times, the business strategy is more based on long-term salesperson relationships or competitive delivery issues than thinking about an organization's good strategy, which is written and communicated throughout the organization.

Pricing

Pricing is one of the important factors in retail. It depends more on your advertising, promotion, communication, sales and anything else. The retailer has to provide the right price to the customers

Marketing

There is also a big factor in the marketing retail strategy. The market in which the retail organization chooses to compete is determined.

In the end, the result should be evaluated to measure and evaluate that the strategy is working and any necessary changes should be effective.

The retail strategy is to determine the retailer’s performance as per the consumer requirement. If we understand the concept of retail strategy, then we can establish a business strategy in a small shop.

Retail Strategy

Retail Strategy is a complete marketing plan for a service or a product to reach and influence consumers. This strategy is included in all those things which will make retail channels available for any product or service, to deliver price or sales incentives and how the product should be displayed on the shelf.

The retail strategy is about reaching consumers effectively. It involves everything such as pricing according to consumer lifestyle, how to sell, how to lure the consumers, better things at cheap rates, keeping in mind the choice of the Consumer, keeping in mind the availability of goods. There are a lot of things we will learn in the retail strategy.

Retail strategy is developed for the product, which is distributed through retail outlets. When a product is sold through a retail outlet, many factors affect product sales. There are some factors mentioned earlier:

- Product pricing/discount
- Incentive or commission structure followed
- Promotional schemes
- Placing the product
- Performance attraction
- The incentive structure for retailers

What is High low Pricing?

High low pricing is a strategy to develop a sales conversion ratio in the initial stage of production and distribution.

Initially, a retailer can sell the product at a higher price and later when it is less desirable it will sell through a promotion, markdown or clearance sale.

Retail pricing Strategy

The retail pricing strategy processes price stabilization without losing profit margins. A number of factors affect the retailer's bottom line, including fair-priced products that gain a fair amount of space to increase unit sales without sacrificing unit profits.

RETAIL LOCATION STRATEGIES

New Development Drivers

Traditionally, retail centers have been defined as either regional, community, or neighborhood, with standard tenants for each of these categories. Recently, though, the lines have blurred, as discount department stores anchor regional malls and traditional mall tenants move in-line at strip centers or into freestanding locations.

Location, Location, Location?

What does all of this mean if you have a site looking for a use or a use looking for a site? Throw out those preconceived ideas about location, as the old adage is in a state of evolution. Market, market, market is a more-appropriate concept for the future as retailers and developers alike ask not "Is this a good location," but rather "Is this the best location in the market, given the competition?"

Historically, the criteria for many retailers has included a location on Main and Main, with a minimum population within a specific radius, generally concentric rings of 1, 3, 5, or 10 miles. But providing demographics based on concentric rings and identifying the competition are no longer enough to sell a buyer on a location. Road systems, buyer preferences, and new venues of competition must now be considered, making use of the new technologically advanced systems that overlay mapping, demographics, and other data.

Consistency in consumer behavior also plays a part in the decision-making process, as cluster analysis, which identifies similar behavior patterns within similar demographic tracts, becomes prevalent. Psychographics-adding psychology, behavior, and lifestyles to demographic data-is also being utilized.

SETTING UP A SUCCESSFUL RETAIL LOCATION STRATE

- ***For Store Layout and Upkeep***

As you develop your store retail strategy, there are a few ways you can make a strong first impression as people walk into your business:

- Use color psychology to convey your store items and brand values. For example, blue conveys professionalism and calm while red and orange excite shoppers.
- Catch the eye of passersby. Set up a fun and unique window display that makes people stop and remember your brand.
- Consider how your customers walk through your store. Build clear pathways and have a set process for how people will explore your products.
- Invest in plants and other greenery to add personality and accentuate your brand.
- Always look open -- you don't want to lose customers because they can't tell if your lights are on.

- ***For Visual Merchandising***

How you present your merchandise is an essential part of both your retail strategy and in-store marketing plan. No one wants to look through a store where the merchandise looks forgotten, stale, or beat up. Your customers want fresh items that are high in demand, they want items that catch their eyes and draw them in.

One of the best examples of strategic merchandise placement on the market is Lush. When you walk through the mall, you can smell Lush products from a few stores down. You can see the bath bombs, creams, and shower gels as you walk by. The store uses bright colors of products that contrast against black backgrounds, so all you see are tall, brightly colored pyramids of products calling out to you.

- ***For Staff and Service***

The number of staff members helping your customers and the quality of care they offer can significantly impact your strategy and retail marketing efforts. Something simple like having the right number of staff members can make a significant difference in your store sales.

Studies have found that having the right number of staff members on the floor can increase sales by 10% over brands that cut back on staff to save money. This proves the cost of staffing outweighs the sales benefits.

"Retailers need to move past the inclination to minimize cost by understaffing stores because it has a big impact on profitability,"

- ***For Communication and Media***

Communication is the cornerstone of retail strategy and in-store marketing. Through communication, you can introduce customers to your brand and provide quality customer service while giving them the tools to make strategic buying decisions.

Follow this rough checklist to consider how your customers see your store:

- Make in-store digital signage more visible, including information on sales, products, and directions to restrooms, customer service, and changing areas.
- Invest in overhead music and messaging. This can match your brand and help you convey important information to customers.
- Set up stations where customers can learn more. These might be tablets or touchscreen kiosks where customers can access information online. You can also offer free WiFi so shoppers can look up information on their own.
- Encourage customers to sign up to your digital communication channels, including your email newsletters, text blasts, and social media channels.

ISSUE TO BE CONSIDERED IN SITE SELECTION.

1. Connectivity and ease of traffic flow:

These are the two important issues that a retailer must consider while selecting a site. There may be good merchandising, good customer service, and good interiors but if the man who has to visit cannot reach the store easily, will not be a good preposition. The store sites you have short listed should be well connected through roads, trains and means of public transport. Like Karol Bagh in Delhi is well connected with roads and rail traffic with the neighboring cities.

2. Parking facility:

Parking today has become the most uncontrollable civic problem for not only metro / big cities but even the small cities and towns are facing the same problem. In a store where tens to hundreds of customers come to shop with their vehicles (two or four wheeler), require space to accommodate their vehicles.

In absence of proper and safe parking arrangement, customers hesitate to visit the store, knowing parking today has become the reason for public clashes, stealing and other cases of road rage. There are several ratios that are used to determine the provision for parking lot.

For a food store, retailers throughout the globe usually apply the ratio of 3:1, which means 3 sq.ft of parking space for every sq. ft of retail store. One thing may be remembered that no ratio is universal in real life sense but it depends on the product to be sold and the place where your store will be located, i.e. nearby public parking lots.

3. Cost effectiveness:

An important factor to be considered before taking the decision on a particular site is the cost consideration. A retailer must remember that so called 'good site' is always a costly affair and retailer should try to go for that because ignorance to such site may be the reason for failure of your store. Retailer may manage the funds to have such site but one thing should not be forgotten that space cost is a combination of mortgage/rent, facilities, lease hold improvements, usual decoration, wear and tear, insurance, security and so on. Therefore, selecting site location only on the basis of cost factor alone may be risky.

4. Presence of competitors

While selecting a site, it is beneficial to check the compatibility of the retail store with the other nearby retail stores in that area. It includes analyzing the type and number of competitors, other industrial parks, shopping complexes, franchisee chains, individual stores and other departmental stores, setting up a new store among established competition means new store will have its market share from the existing ones. Further, under intense competitive area, newcomer must come with unique merchandise, wide merchandise assortment and high level customer service.

Other factors to be considered are:

i. Visibility of the store

ii. Ease of traffic flow

iii. Local laws and regulations

iv. Amenities available in that area

v. Buy/lease arrangements

vi. State of infrastructure (water, road and electricity)

<u>DECISIONS ON GEOGRAPHIC LOCATIONS OF A RETAIL STORE.</u>

- **Type of Goods Sold**

Convenience goods require easy access to let the customer quickly make a purchase. These products are also of general interest among consumers. A mall might not be a good location for convenience goods because this product type may be priced on a different scale compared with other retailers on the property. Consumers might be inclined to patronize convenience stores located on the path of their daily commutes. This can mean occupying space situated in or near a transit hub or along heavily trafficked routes.

- ***Population and Your Customer***

When choosing a city or state to locate your retail store, research the area thoroughly before making a final decision. Read local papers and speak to other small businesses in the area.

Obtain location demographics from the local library, chamber of commerce or the Census Bureau. Specialty research firms that cater to retailers could also provide demographic information. Any of these sources should have information on the area's population, income brackets, and median age. You know who your customers are, so make sure you find a location near where your customers live, work and shop.

- ***Accessibility, Visibility, and Traffic***

Don't confuse a lot of traffic for a lot of customers. Retailers want to be located where there are many shoppers but only if those shoppers meet the definition of their target market. Small retail stores may benefit from the traffic generated by nearby larger stores. There are several aspects retailers should consider along these lines.

- ✓ How many people walk or drive past the location?
- ✓ How well is the area served by public transportation?
- ✓ Can customers and delivery trucks easily get in and out of the parking lot?
- ✓ Is there adequate parking?

Depending on the type of business, it would be wise to have somewhere between 5 to 8 parking spaces per 1,000 square feet of retail space.

When considering visibility, look at the location from the customer's viewpoint. In many cases, the better visibility your retail store has, the less advertising is needed. A specialty retail store located six miles out of town in a free-standing building will need more marketing than a shopping store located in a mall.

- ***Signage, Zoning, and Planning***

Before signing a lease, be sure you understand all the rules, policies and procedures related to your retail store location. Contact the local city hall and zoning commission for information on regulations regarding signage. There may be limits on the size and imagery used in signs that advertise your business. Ask about any restrictions that may affect your retail operation and any future planning that could change traffic, such as highway construction.

- ***Competition and Neighbors***

Other area businesses in your prospective location can actually help or hurt your retail shop. Determine if the types of businesses nearby are compatible with your store. For example, a high-end fashion boutique may not be successful next door to a discount variety store. Position it next to a nail or hair salon, which tend to draw the same demographic of customers, to more optimal results.

- ***Location Costs***

Along with the base rent, consider all location-based costs involved when choosing a retail store location.

- ✓ Who pays for lawn care and security?
- ✓ Who pays for the upkeep and repair of the heating/air units?
- ✓ Will you need to do any painting or remodeling to have the location fit your needs?
- ✓ Will the retailer be responsible for property taxes?

The location you can afford now and what you can afford in the future may vary. It is difficult to create sales projections for a new business. One way to determine how much rent you can pay is to find out how much sales similar retail businesses generate and how much rent they pay.

- ***Personal Factors***

If you plan to work in your store, think about work-life balance issues such as the distance from the shop to home and other personal considerations. If you spend much of your time traveling to and from work, the commute may overshadow the benefits of being your own boss. Also, many restrictions placed on a tenant by a landlord, management company, or community can hamper a retailer's independence.

- ***Final Considerations***

Your retail shop may require additional handling when it comes to choosing a location. Make a list of any special characteristic of your business that may need to be addressed.

- ✓ Will the store require distinct lighting, fixtures or other hardware installed?
- ✓ Are restrooms for staff and customers available?
- ✓ Is there adequate fire and police protection for the area?
- ✓ Is there a sanitation service available?
- ✓ Does the building have a canopy that provides shelter if raining?
- ✓ Are there (blue laws) restrictions on Sunday sales?

Don't feel rushed into making a decision on where to put your retail store. Take your time and research the area. If you have to change your schedule and push back the date of the store's opening, then do so. Waiting to find the perfect store location is better than just settling for the first place that comes along.

LOCATION SITE AND TYPES OF RETAIL DEVELOPMENT.

Importance of Location in Retail Business

- ✓ Retail store location is also an important factor for the marketing team to consider while setting retail marketing strategy. Here are some reasons −

- ✓ Business location is a unique factor which the competitors cannot imitate. Hence, it can give a strong competitive advantage.

Selection of retail location is a long-term decision.

- ✓ It requires long-term capital investment.
- ✓ Good location is the key element for attracting customers to the outlet.
- ✓ A well-located store makes supply and distribution easier**.**

LOCATIONS CAN HELP TO CHANGE CUSTOMERS' BUYING HABITS.

- ➢ **Trade Area: Types of Business Locations**

A trade area is an area where the retailer attracts customers. It is also called catchment area. There are three basic types of trade areas −

1. **Solitary Sites**

These are single, free standing shops/outlets, which are isolated from other retailers. They are positioned on roads or near other retailers or shopping centers. They are mainly used for food and non-food retailing, or as convenience shops. For example, kiosks, mom-andpop stores (similar to kirana stores in India).

Solitary Sites

Advantages − Less occupancy cost, away from competition, less operation restrictions.

Disadvantages − No pedestrian traffic, low visibility.

2. **Unplanned Shopping Areas**

- ✓ These are retail locations that have evolved over time and have multiple outlets in close proximity. They are further divided as −
- ✓ Central business districts such as traditional "downtown" areas in cities/towns.
- ✓ Secondary business districts in larger cities and main street or high street locations.
- ✓ Neighborhood districts.
- ✓ Locations along a street or motorway (Strip locations).

Unplanned Shopping Areas

Advantages − High pedestrian traffic during business hours, high resident traffic, nearby transport hub.

Disadvantages − High security required, threat of shoplifting, Poor parking facilities.

3. Planned Shopping Areas

These are retail locations that are architecturally well-planned to provide a number of outlets preferably under a theme. These sites have large, key retail brand stores (also called "anchor stores") and a few small stores to add diversity and elevate customers' interest. There are various types of planned shopping centers such as neighborhood or strip/community centers, malls, lifestyle centers, specialty centers, outlet centers.

Planned Shopping Areas

Advantages − High visibility, high customer traffic, excellent parking facilities.

Disadvantages − High security required, high cost of occupancy.

FACTORS DETERMINING RETAIL LOCATIONS

The marketing team must analyze retail location with respect to the following issues −

- **Size of Catchment Area −** Primary (with 60 to 80% customers), Secondary (15 to 25% customers), and Tertiary (with remaining customers who shop occasionally).
- **Occupancy Costs −** Costs of lease/owning are different in different areas, property taxes, location maintenance costs.
- **Customer Traffic −** Number of customers visiting the location, number of private vehicles passing through the location, number of pedestrians visiting the location.
- **Restrictions Placed on Store Operations −** Restrictions on working hours, noise intensity during media promotion events.
- **Location Convenience −** Proximity to residential areas, proximity to public transport facility.

STEPS TO CHOOSE THE RIGHT RETAIL LOCATION

A retail company needs to follow the given steps for choosing the right location −

Right Retail Location

Step 1 - Analyze the market in terms of industry, product, and competitors − How old is the company in this business? How many similar businesses are there in this location? What the new location is supposed to provide: new products or new market? How far is the competitor's location from the company's prospective location?

Step 2 – Understand the Demographics − Literacy of customers in the prospective location, age groups, profession, income groups, lifestyles, religion.

Step 3 – Evaluate the Market Potential − Density of population in the prospective location, anticipation of competition impact, estimation of product demand, knowledge of laws and regulations in operations.

Step 4 - Identify Alternative Locations − Is there any other potential location? What is its cost of occupancy? Which factors can be compromised if there is a better location around?

Step 5 – Finalize the best and most suitable Location for the retail outlet.

MEASURING THE SUCCESS OF LOCATION

Once the retail outlet is opened at the selected location, it is important to keep track of how feasible was the choice of the location. To understand this, the retail company carries out two types of location assessments −

- **Macro Location Evaluation**

It is conducted at a national level when the company wants to start a retail business internationally. Under this assessment, the following steps are carried out −

Detailed external audit of the market by analyzing locations as macro environment such as political, social, economic, and technical.

Most important factors are listed such as customer's level of spending, degree of competition, Personal Disposable Income (PDI), availability of locations, etc., and minimum acceptable level for each factor is defined and the countries are ranked.

The same factors listed above are considered for local regions within the selected countries to find a reliable location.

- **Micro Location Evaluation**

At this level of evaluation, the location is assessed against four factors namely −

Population − Desirable number of suitable customers who will shop.

Infrastructure − The degree to which the store is accessible to the potential customers.

Store Outlet − Identifying the level of competing stores (those which the decrease attractiveness of a location) as well as complementary stores (which increase attractiveness of a location).

Cost − Costs of development and operation. High startup and ongoing costs affect the performance of retail business.

TYPES OF PLANNED SHOPPING AREA.

Knowing the types of shopping centers and the likely visitor experiences are helpful when deciding on the best shopping stop for your group. The following characteristics and definitions of 9 types of shopping centers from the International Association of Shopping Centers (ICSC) are useful guidelines when planning group shopping stops. Planners may anticipate a stay lasting 3+ hours at centers listed on TRIPinfo.

Note: TRIPinfo omits the Strip/Convenience category of shopping centers since these are not usually planned stops for group tours. Also, some centers may not precisely fit into one specific classification.

General-Purpose Centers

Type	Concept	Typical GLA Range (Sq. Ft.)	Typical # of Tenants	Typical Type of Anchors
Neighborhood Center	Convenience	30,000 - 125,000	5 - 20	Supermarket
Community Center	General merchandise; convenience	125,000 - 400,000	15 - 40	Discount department store; supermarket; drug; home improvement; large specialty-discount; apparel
Regional Center	General merchandise; fashion	400,000 - 800,000	40 - 80	Full-line department store; junior department store; mass merchant; discount department store; fashion apparel
Super-Regional Center	Similar to regional center but has more variety and assortment	800,000+	N/A	Full-line department store; junior department store; mass merchant; fashion apparel

Neighborhood Center: This center is designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. A neighborhood center is typically a straight-line strip with no enclosed walkway or mall area.	**Regional Center:** This center sells a full variety of general merchandise, mostly apparel, in typically enclosed malls with inward facing stores that share a common walkway. Its main attractions are its anchors.
Community Center: A community center offers a wider variety of apparel and other goods than a neighborhood center. Configuration is a straight line, L- or U-shaped.	**Super-Regional Center:** This center is similar to the regional center, but it is larger with more anchors and carries a deeper selection of merchandise. Super-regional centers draw from a larger population base. Typical configuration is enclosed with multilevels.

Specialized-Purpose Centers

Type	Concept	Typical GLA Range (Sq. Ft.)	# of Anchors	Typical Type of Anchors
Lifestyle	Upscale stores with dining & entertainment	150,000 - 500,000	0 - 2	Large format upscale specialty
Power Center	Category-dominant anchors	250,000 - 600,000	3 or more	Category killers; home improvement; discount department store; warehouse club; off-price
Theme/Festival	Leisure, tourist, retail and service-	80,000 -	N/A	Restaurants, entertainment

Center	oriented offerings	250,000		
Outlet Center	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount	50,000 - 400,000	N/A	Manufacturers' and retailers' outlets

Fashion/Specialty Center: This center is composed of upscale national-chain specialty stores with dining & entertainment in an outdoor setting. They may not be anchored, but restaurants or entertainment provide the draw of anchors. A sophisticated design emphasizes the rich decor and landscaping.	**Theme/Festival Center:** The centers appeal to tourists; restaurants and entertainment facilities may anchor. Anticipate seeing them in urban areas adapted from older, possibly historic, buildings and part of mixed-use projects.
Power Center: Several large anchors, including discount department stores, off-price stores, warehouse clubs or "category killers" (stores that offer huge selection in particular merchandise categories at low prices) dominate. The center consists of several freestanding anchors and only a few, small specialty tenants.	**Outlet Center:** Outlet centers consist of manufacturers' and retailers' outlet stores selling their brands at a discount. They are found in rural or tourist locations. Outlet center designs include enclosed malls, a "village" cluster or a strip configuration.

Limited-Purpose Centers				
Type	**Concept**	**Typical GLA Range (Sq. Ft.)**	**# of Anchors**	**Typical Type of Anchors**
Airport Retail	Consolidation of retail stores located within a commercial airport	75,000 - 300,000	N/A	Specialty retail and restaurants with no anchor

FACTORS INVOLVED IN THE LOCATION DECISION.

Factors affecting the plant location

Decisions regarding selecting a location need a balance of several factors. These are divided into primary factors and secondary factors; here both the factors can influence the business in the long run.

- **Primary factors**
- ***Availability of raw materials***

Availability of raw materials is the most important factor in plant location decisions. Usually, manufacturing units where there is the conversion of raw materials into finished goods is the main task then such organizations should be located in a place where the raw materials availability is maximum and cheap.

- ***Nearness to the market***

The nearness of market for the finished goods not only reduces the transportation costs, but it can render quick services to the customers. If the plant is located far away from the markets, then the chances of spoiling and breakage become high during transport. If the industry is nearer to the market then it can grasp the market share by offering quick services.

- ***Availability of labor***

Another most important factor which influences the plant location decisions is the availability of labor. The combination of the adequate number of labor with suitable skills and reasonable labor wages can highly benefit the firm. However, labor-intensive firms should select the plant location which is nearer to the source of manpower.

- ***Transport facilities***

In order to bring the raw materials to the firm or to carrying the finished goods to the market, transport facilities are very important. Depending on the size of the finished goods or raw materials a suitable transportation is necessary such as roads, water, rail, and air. Here the transportation costs highly increase the cost of production, such organizations can not complete with the rival firms. Here the point considered is transportation costs must be kept low.

- ***Availability of fuel and power***

Unavailability of fuel and power is the major drawback in selecting a location for firms. Fuel and power are necessary for all most all the manufacturing units, so locating firms nearer to the coal beds and power industries can highly reduce the wastage of efforts, money and time due to the unavailability of fuel and power.

- ***Availability of water***

Depending on the nature of the plant firms should give importance to the locations where water is available.

- **<u>Secondary factors</u>**
- ***Suitability of climate***

The climate is really an influencing factor for industries such as agriculture, leather, and textile, etc. For such industries extreme humid or dry conditions are not suitable for plant location. Climate can affect the labor efficiency and productivity.

- ***Government policies***

While selecting a location for the plant, it is very important to know the local existed Government policies such as licensing policies, institutional finance, Government subsidies, Government benefits associated with establishing a unit in the urban areas or rural areas, etc.

- ***Availability of finance***

Finance is the most important factor for the smooth running of any business; it should not be far away from the plant location. However, in the case of decisions regarding plant location, it is the secondary important factor because financial needs can be fulfilled easily if the firm is running smoothly. But it should be located nearer to the areas to get the working capital and other financial needs easily.

- ***Competition between states***

In order to attract the investment and large scale industries various states offer subsidies, benefits, and sales tax exemptions to the new units. However, the incentives may not be big but it can help the firms during its startup stages.

- ***Availability of facilities***

Availability of basic facilities such as schools, hospitals, housing and recreation clubs, etc can motivate the workers to stick to the jobs. On the other hand, these facilities must be provided by the organization, but here most of the employees give preference to work in the locations where all these benefits/facilities are available outside also. So while selecting plant location, organizations must give preference to the location where it is suitable for providing other facilities also.

- ***Disposal of waste***

Disposal of waste is a major problem particularly for industries such as chemical, sugar, and leather, etc. So that the selected plant location should have provision for the disposal of waste.

CATCHMENT AREA ANALYSIS.

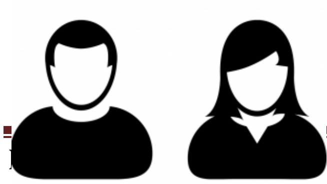
Catchment Analysis is the defined area around a store, site or venue that has a sphere of influence to draw in customers. Your catchment size will be dependent on the nature of the business, the offering provided and availability from competitors in the local area

FACTOR INFLUENCING CATCHMENT AREA SIZE

The size of a business's catchment area can be influenced by the format and size of a store, or the nature of the service. The number of businesses in the location can provide an additional pull for consumers such as shopping retail centres, which due to their size and number of stores can become 'destinations' for consumers.

Consumers will be prepared to travel over an hour away for a shopping centre in comparison to their local high street or grocery store. Similarly, if you are looking to purchase high ticket priced items such as a new kitchen or sofa, you will often be happy to travel further to visit showrooms.

ANALYSIS PERFORMED WITHIN CATCHMENT ANALYSIS



Socio-demographics – analysing consumer by age, life stage, education and income to help identify what customers look like, what they might be interested in, their disposable income and buying power.

Infrastructure – the surrounding transport network of roads, rail and public transport will indicate how accessible a location is. This accessibility will influence how far away your target audience might live and can impact How far they are prepared to travel for your offering.

Competitor analysis – looks at the local businesses within your local area, the quantity, products and services offered and price point. These factors identify the potential level of demand for your products or services and can highlight or inform your own pricing or category ranging strategy.

<u>CATCHMENT ANALYSIS TO ALIGN PRODUCT OFFERING</u>

Once you understand your likely catchment area distance, the nature of the people that may be passing or using your venue, you can then discern the predominant profile or type of consumer you can attract.

For retailers the reason for shopping in your stores can determine category and ranging e.g. Tesco Express often have smaller convenience sized packaging for the impulse buys when in town or travelling home from work compared to a Tesco's on a retail park which caters for the big family shop.

Restaurants in a low-income area may be more suited to good quality family meals rather than a la carte dining.

Hotels and Spa can align products and services in line with their target customer base from premium high end to value for money. through pricing and promotions. High end brands would not align themselves to Wowcher or Groupon, for other venues its a great means of filling quieter slots and raising exposure.

CATCHMENT ANALYSIS FOR NEW STORE ACQUISITION

Catchment analysis is a key part of identifying whether it is viable to open a new retail store or outlet in a particular location. It considers factors such as which target groups you are trying to reach, the footprint of the chosen area plus turnover potential in the existing locations.

It is worth spending time and resources on researching the chosen area to ensure that the new store will be profitable and will attract the required number of customers once open.Shopping centres vary for several different reasons, and consumers will often be prepared to travel outside of their local area to shop at a centre of their choice. Consumers will also be influenced by factors such as:

- Quality and mix of retail provision within the shopping centre
- Accessibility
- Parking
- Number of other retail stores
- Overall shopping environment

The type of customers you have in your local vicinity will impact the nature and pricing of the services and products you offer. It can also help drive more effective communications and promotions using this greater understanding of your audience to drive relevancy.

UNIT IV

MERCHANDISE PLANNING

Meaning

Merchandising is defined as offering right kind of product at right place and in right price. A retailer has to plan to have in his store the product that is desired by the customer. Success of any retail organisation depends on its merchandise planning.

Definition

Merchandise planning is defined as "Planning and control of merchandise inventory of the retail firm, in a manner, which balances between the expectation of target customer and strategy of firm".

COMPONENTS OF MERCHANDISE PLANNING:

(1) Product:

Product or merchandise is the basic component of marketing mix. Retailer has to cater to the products that are expected by his segments. He has to maintain adequate inventory of product category expected by his customer.

(2) Price:

Another important component of marketing mix. Price is an important variable in a country like India, where people are price sensitive. Retailer has to determine his segment and the price range to which they belong. Broadly it can be classified as low, Medium and premium range.

(3) Range:

Range refers to width, breadth and depth of products offered for sale. Customers should have opportunity to make choice or selection depending on the type of retail store i.e.-

Specially store specialises in limited width i.e., particular category (Bata, Raymond's) But it must have depth i.e., different designs, number, color, price-range etc., so that customer can make choice. Departmental store which deals in long category of products must not only have width, but also must have breadth (different brands) and depth.

(4) Assortment:

It refer to combination of products made available to customer at retail outlet. Merchandise is assorted and presented category wise and department wise.

E.g. – Cosmetics, Toiletries, Electronics, Staples, Vegetable, Furniture etc., each category further will have different products or different brands at different size and price level.

(5) Space:

Products should visible to visiting customer. Retailer have limited floor space, he should provide adequate space for display of each product. Available space for display of each product is utilized to showcase and presents goods, through different types of fixtures, hangers, gondolas, mannequins, fridge depending on the nature, size, dimension of goods.'

Process of merchandise planning is as follows:

1. Forecast of Sales:

Merchandise plan or budget is dependent on estimated sales. Forecast of sales for entire organisation, department and product wise is to be made. Further new products to be added, or deletion of product is to be considered. Estimate is made based on past records, present scenario, impact of fashion economic trend etc., Firm also has to determine pricing strategy in the sale of product.

2. Merchandise Budget:

Estimate of merchandise required is made based on expected sales. Estimate is made at head office level that determines merchandise required for each store or department. Merchandise required for each department and likewise for each store and for entire organisation. Along with this firm also makes financial implication of investment in merchandise. Plan ensures that investment on merchandise assures expected gross profit or return. Plan has to assure that each store and departments is given adequate stock support to avoid scarcity. At the same time it has to ensure that there is turn-over of merchandise, if not to adopt strategy like markdown sales to replenish the stock.

3. Merchandise Control:

Retailer has to balance between purchase and sale of merchandise. It is necessary to avoid either over or under stocking of merchandise. Daily and weekly stock reports are taken to monitor the movement of stock. Fresh order of purchase is made before the stock reaches danger level.Firms will have their own policy of maintaining stock levels. Control over inventory can be ensured by monitoring movement of merchandise from the godown to the store and from there to the department. Adequate control can minimise the problem of stock clearance, or discount or mark down sale.

4. Assortment Planning:

Assortment is arrangement of products category wise. It is presentation of entire products range classified under categories, department or section. E.g. – Food section, cosmetics, Garments etc., merchandiser has to ensure that there is proper assortment i.e., each assortment or section must have relevant or related items, every category must have adequate SKU (Stock keeping units) no shelf , rack, should be empty. At the same time it should be ensured no department or product category is overloaded.

STOCK TURNS

Meaning

Stock turnover is a measure of operational efficiency. Specifically, it tells you how many times stock or inventory is being sold and purchased over a given time period. A low turnover rate may point to overstocking, obsolescence, or deficiencies in the product line or marketing effort.

Critical for any business that has products like retailers, stock turnover – or 'turn' – tells you how often your products are being sold over time. It's the same if you manufacture and have raw materials: your business is working harder the faster you buy, sell and replace stock.

Why is it important?

- It's a signal if your business is performing better or worse to allow you time to take action
- If a stock turn is slowing down then:
- There may be large amounts of obsolete stock or raw materials that no-one wants, or you can't use. It probably incurs storage costs and it's cash tied up in products you could better use elsewhere.
- You (or someone) is over-ordering and you're building up a stockpile of unnecessary product.
- Sales have slowed and you're ending up with spare product or raw materials.
- There is an issue with shrinkage (either wastage or theft).
- Actions to reverse this trend would include conducting a stock audit to detect unsold stock and then get rid of it (often by discounting), using stock inventory software (if you don't already) to track what's not selling, tightening up on security on who has access to what.
- If stock is increasing then:
- Sales are increasing faster than buying.
- You're not holding onto inventory that can't be sold.
- It shows that your marketing is working, since you can clearly sell the stock you're buying.
- Actions to encourage this trend would include checking you're not running out of materials, and your capacity and delivery times to customers are still the same.

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CREDIT MANAGEMENT,

Credit management is the process of granting credit, setting the terms it's granted on, recovering this credit when it's due, and ensuring compliance with company credit policy, among other credit related functions. ... Ensuring an adequate Allowance for Doubtful Accounts is kept by the company.

Objectives of Credit Management

The objectives of the Credit Management is to

§ Maintaining strong and effective cash collections.

§ Scrutinizing accounts receivables portfolio and warning signs.

§ Defining the credit levels for various customers.

§ Defining the credit policy.

§ Preventing non-payment and delayed payments.

§ Controlling Finances and limiting of debts.

Why is Credit Management Important?

We have heard that many business start and get closed in a very short span of their operations saying that they have gone bankrupt or having high cash crunches. Have you ever what why did it happened? That it’s because of improper management of credit or poor credit policy. Thus it is important for every business to maintain optimal credit policy to overcome problem related to cash or cash management. Credit Management helps to

§ Determination of the Credit rating of the customer.

§ Assessing the credit risk associated with the customers by studying the credit payments of the customers.

§ Maintaining and building the customer relationship.

§ Detection of late payments in advance.

§ Preventing and avoiding bad debts from arising.

Problems Arising From The Improper Credit Management

Improper Credit Management gives rise to big problems such as

§ Cash Crunches in Business.

§ Increase in Bad debts.

§ Increase in Debts to creditors.

§ Inadequate working capital.

§ Affecting day to day operations.

§ Low cash conversion or cash inflow.

§ Losing Credit Rating.

§ Unable to take benefits of cash discount from suppliers.

Advantages of Credit Management

§ Increase in cash conversion or cash inflow.

§ Low bad debts.

§ Increase in profitability.

§ Increase in liquidity.

§ Helps to increase production level and lower the cost.

§ Builds Credit Rating and brand reputation.

§ Efficient management of working capital.

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RETAIL PRICING

Retail prices are the prices that the customers buying goods at retail outlets pay. Consumers respond to a lower retail price by switching their purchases of the manufacturer's product to the lower-priced retailer. ... Retail prices are the prices that the customers buying goods at retail outlets pay.

Retail Pricing - Different Types of Pricing Models

➢ **Cost Plus Pricing Mechanism**

- Every organization runs to earn profits and so is the retail industry.
- Cost plus pricing works on the following principle:
- Cost Price of the product + Profit (Decided by the retailer) = Final price of the merchandise.
- According to cost plus pricing strategy the retailer adds some extra amount to the actual cost price of the product to earn his share of profits. The final price of the merchandise includes the profit as decided by the retailer.

Cost Plus Pricing

- Cost plus pricing strategy takes into account the profit of the retailer.
- Cost plus pricing is an easy way to calculate the price of the merchandise.
- The increase in the retailer price of the merchandise is directly proportional to the increase in the cost price.
- The customers however do not have a say in cost plus pricing.

Manufacturer Suggested Retail Price (Also called List Price or Recommended retail price)

According to manufacturer suggested retail pricing strategy the retailer sets the final price of the merchandise as suggested by the manufacturer.

- **MSRP**

The retailer sells his merchandise at a price suggested by the manufacturer.

Condition 1

The retailer sells the product at the same price as suggested by the manufacturer.

Condition 2

The retailer sells the merchandise at a price less than what was suggested by the manufacturer - Such a condition arises when the retailer offers "Sale" on his merchandise.

Condition 3

Retailers initially quote an unreasonably high price and then reduce the price on the customer's request to make him realize that a favour has been done to him. A condition of Bargain - where the customer negotiates with the retailer to reduce the price of the merchandise.

- **Competitive Pricing**
- The cut throat competition in the current retail scenario has prompted the retailers to guarantee excellent customer service to the buyers for them to prefer them over their competitors.
- The price of the merchandise is more or less similar to the competitor's but the retailers add on certain attractive benefits for the customers. (Longer payment term, gifts etc.)
- The retailers ensure that the customers leave their store with a smile to have an edge over the competitors.
- He tries his level best to offer better services to the customers for a better business in future.

- **Pricing Below Competition**

According to pricing below competition policy

The price of the merchandise is kept lesser than what is being offered by the competitors.

- **Prestige Pricing (Pricing above competition)**

According to prestige pricing mechanism, the price of the merchandise is set slightly above the competitors.

The retailer can charge higher price than the competitors only under the following circumstances:

- Exclusive Brands at the store.
- Brand image of the store
- Prime location of the retail store
- Excellent customer service
- Merchandise not available at any other store
- Latest Trends

- **Psychological Pricing**

Certain price of a product at which the consumer willingly purchases it is called psychological price.

The consumer perceives such prices to be correct.

A retailer sets a psychological price which he feels would meet the expectations of the buyers and they would easily buy the merchandise.

- **Multiple Pricing**

According to multiple pricing, the retailer sells multiple products (more than one) for a single price.

The retailers combine few products to be sold for a single fixed price.

3 Shirts for $100/- or 3 Perfumes for $20/- and so on.

Discount Pricing

According to discount pricing, the retailer sells his merchandise at a discounted price during off seasons or to clear out his stock.

RETURN ON PER. SQ.FEET OF SPACE

Sales per square foot is a metric commonly used by retail companies to determine the amount of revenue generated per square foot of retail space. Sales per square foot can be used to determine the sales efficiency of retail stores.

How to Increase Sales per Square Foot

1. Improve the layout of the store

A poor sales per square foot number could be due to retail space that is poorly utilized. For example, there may be a retail space that is cluttered by unnecessary equipment. As such, improving store layout by removing unnecessary assets from the retail store could help to increase sales per square foot.

2. Carry the latest products

Poor sales per square foot could be due to products that are unappealing to customers. For example, clothing lines that do not follow the current fashion trend would cause a retail shop to lose sales. Generating reports on the best-selling items and removing items that are poor performers can increase the revenue generated through the retail stores.

3. Invest in employees

Employees are drivers of sales in a retail store – store employees directly impact customer satisfaction and sales. For example, employees with a strong knowledge of company products are in a better position to cross-sell and up-sell the company's products. As such, providing employees with adequate training (product knowledge, up-selling and cross-selling tactics, etc.) goes a long way in improving sales per square foot.

Main Disadvantage of the Sales per Square Foot Metric

The retail landscape is evolving – traditional retail operators such as Toys"R"Us and Sears filed for bankruptcy in 2017 and 2018, respectively. With the emergence of e-commerce, many analysts now neglect using sales per square foot as an efficiency measure for retail companies.

For example, if a company used an online store in addition to a retail space of 15,000 sq. feet to generate $300,000 in sales, the sales per square foot metric would not correctly gauge the efficiency of the company as it utilizes an online store in addition to its retail space. As such, the sales per square foot metric should only be used for companies that strictly operate retail space.

RETAIL PROMOTIONS .

Meaning

Retail promotion: Is broadly defined as any communication by a retailer that informs, persuades, and/or reminds the target market about any aspect of that firm. Advertising, P.R., personal selling and sales promotion are the 4 elements of promotion.

Retail Promotion Mix and It's Components

(a) Sales Promotion:

Sales promotion programs are used by a wide range of organizations in both the consumer and business markets, though the frequency and spending levels are much greater for FMCG goods. Sales promotion describes promotional methods using special short-term techniques to persuade customers of a target market to respond or make purchases. As a reward, retailers offer goods at an affordable price or provide with certain gift items.

(b) Publicity:

Publicity refers to any non-paid communication to promote an organization or its products and services in public media. The publicity differs from advertisement in following senses.

(i) In case of advertisement, sponsor bears all the expenses while in publicity, media is not paid for the presentation.

(ii) In advertisement, how the message will be shown, what text will be used and when and where it will be shown, everything by and large is in the control of the concerned company, whose products are to be shown and who is bearing the broadcasting expenses.

c) Advertising:

Advertising is multidimensional. It is a form of mass communication, a powerful marketing tool, a component of the economic system, a means of financing the mass media, a social institution, and an art form, an instrument of business management, a field of employment and a profession.

(d) Public Relations:

It is essentially an art of persuasion in order to influence people. The process includes human behaviour and manner in which people react to certain situations. It is defined as "the management function which evaluates public attitude, identifies the policies and procedures of an organization for public interest and executes a programme of action (and communication) to earn public understanding and acceptance".

(e) Personal Selling:

Personal Selling involves person-to-person communication with the prospect. It is a process of developing relationships, discovering needs, matching the appropriate products with these needs and communicating benefits through informing, reminding, or persuading. Personal selling is thus, considered as a process that adds value.

Retail Promotions to Attract Customers

1 Make the use of the Digital world to promote your business

Markdown Promotion strategy

Digital retail promotion method is one of the best promotion methods. You can make the use of website advertising, digital listing management, search engine marketing, and optimization, social media advertising campaign, etc. to promote your business online.

2 Collaborate with other local retailers

Not all local retailers are your competitors. You can make a deal with them so that you can exist in the market and make a profit. The one way to do this is by collaborating with them.

You can also reach the customers of the retailers you are collaborating with. You can run sales promotions with the collaboration of other retail brands.

For example, you can give away a discount coupon for XYZ brand if they shop for a certain amount from your store. This type of retail promotion strategy is a win-win scenario for both retailers.

3 Participate in social causes

In the present time, one of the effective methods of retail promotion is by participating in social causes.

For example, Brand Factory give discount coupons to people in exchange for old clothes and shoes. People want to participate in social causes, but they find it difficult and time-restricted to part in social causes.

4 Markdown Promotion strategy

Markdown strategy is a common promotional strategy used by most retailers. Markdown strategy is also used by retailers to get rid of the excessive inventory. The meaning of markdown is to reduce the actual price of the products to boost the sales of the products.

5 Focus on your loyal customers

There are always a few loyal customers that always stand by us no matter how we are doing. Therefore, you can use a retail promotional strategy to give back to them and appreciate them. For example, you can hold an event for your primary customers.

6 Make the use of your storage space to promote your business

Your store is the best space to promote your business. Carrying out a promotional campaign in your store will grab the attention of people passing by your store and help you to increase foot traffic in the store, and foot traffic increases the chances of sales boost. Store retail promotion strategy is effective to promote your business locally.

7 Promote your business by associating with celebrities, influencers, and YouTubers influencers

Promoting your business by associating with celebrities is an old method of promotion, but it is an effective one. However, this method is quite expensive as association with celebrities cost you a lot. But, in the present time, because of the internet, there are two terms which are getting used widely.

Influencers: influencers are the people who have a huge fan following on platforms like Instagram, Facebook, and YouTube, etc. these people charge a minimum fee to promote your brand.

Youtubers: YouTubers are the people who have their own YouTube channel and get a huge number of views on their videos. Youtubers are also called influencers.

8."Reviews" retail promotion strategy

Now, you will think about how can reviews can help to boost your business. I would say yes; a positive review can do wonder for your business. in the old times, people liked to buy those things or from those stores which are recommended by their known ones.

But nowadays, the place of known ones is replaced by "review websites."

On these websites, people can review your services and the quality of your products. People make their purchase decisions on the basis of reviews given about the products and business. There are professionals who charge a minimum fee to write a positive review of your business.

9. Participate in local trade shows

If you have just started your business, then this retail promotion method is for you. People don't know about what your business is about and what do you sell and what is the quality of products that you sell until they see them and interact with you.

The trade show is the best place where you can interact with your potential customers and can give them samples of your products and share your business card with them.

For example, you have opened a store to sell homemade spices and let us assume you don't have a huge budget to run TV commercials and associate with celebrities.

10 Use Promotion techniques such a "Buy One Get One (BOGO), Multi-Buy, and percentage discount, etc.

These retail promotion techniques are maximum used by retailers. You will see these promotion signs in one or another retail store.

The meaning of BOGO is if you buy one product you will get another product for free of cost and the meaning of multi-buy is that you can buy two products at the price of one or you can get another product free if you buy two products.

11 Grab the attention of people using unusual promotion techniques

People like when they get surprised, and they always look for unexpected. So why don’t you use the technique to attract customers to your store? Imagine on a quiet, sunny day you play music in your store and make your employees hand out cookies along with a discount coupon to the people passing by your store.

12 Use personalized print material

In retail stores, it is common for a retailer to provide shopping bags to customers when purchasing something from them. Most retailers miss this promotion opportunity and buy bulk bags and hand out to there customers without realizing that they can use this opportunity to promote their business. you can print the shopping bags that you provide in your store with your brand name and along with the contact details

13 Holiday Promotion.

Commonly, people go for shopping during the festive season. In festive season they are in a happy mood and want to buy gifts for themselves and their loved ones, and they become double happy if they receive discount coupons on the things that they want to buy in the festive season.

TRAFFIC FLOW AND ANALYSIS

Meaning

The aim of traffic flow analysis is to create and implement a model which would enable vehicles to reach their destination in the shortest possible time using the maximum roadway capacity.

POPULATION AND ITS MOBILITY

Meaning

Mobility data refers to the trajectories or locations of people and objects. In the retail industry, the movement of shoppers and prospective customers are of particular interest.

Why is mobility data important?

Calculating footfall in and around your store helps managers make business decisions such as how to optimize marketing strategies, when to launch promotions or where to allocate labor.

With footfall data, managers can identify, at any time of the day, how many purchasing opportunities they have in each store – and how many they are missing.

Knowing your weekly, daily and hourly retail footfall can give you the extra edge you need to boost sales productivity, increase conversions and make instant operational changes in real-time.

Growing your retail business with mobility data

1. Optimize staffing

Retailers face a host of challenges when it comes to staffing. In a fast paced industry, seasonal, monthly or even daily fluctuations in shopper traffic can be a headache for managers in charge of staffing. Too many employees drive up overhead and directly affect profitability, while too few employees limit the ability to provide adequate customer service.

2. Location-based online advertising

Retailers have relied on traditional marketing methods such as print advertisements, billboards and flyers for years to grow their business. While these methods may still work today, innovative companies have used new marketing tactics such as online advertising to complement traditional marketing methods with much success.

3. Location-based offline advertising

Besides increasing conversion rates of online advertising campaigns, mobility data can also help retailers optimize their offline advertising campaigns. Traditionally, retailers have relied on offline advertising methods such as print and outdoor advertising to capture the attention of prospective customers.

EXTERIORS AND LAYOUT

Meaning

The exterior retail store layout includes exterior store design and customer flow, it also includes the following factors: ... Style of architecture of the retail building. Color of paint and choice of exterior building materials. Design of the physical entrance and exterior window displays.

why a store's exterior influences its image

End Caps

That end cap might be a short set of nesting tables (a series of two or three tables that fit under each other) or a cardboard shelving structure provided by a manufacturer, or just a series of shelves to show off products. Often, end caps are used to promote a single brand in a store. Particularly in grocery stores, manufacturers will pay for that space and retailers will highlight their products in an end cap feature.

Window Displays

A window display is usually made up of items carried in a store, and they're displayed at the front of the store, in the window, so they can be viewed by passers-by on the street.

The goal of a window display is pretty simple. There are people outside the store, and the retailer wants them to be inside the store, shopping. So the retailer entices those street people by putting his most attractive items out to be noticed. People look in the windows and see items they want, and they enter to purchase. Or, as is the case in many movies and television shows, they see items they can't afford and stop by regularly to admire them.

Promotional Aisles and In-Aisle Promotions

Stores like Target and Meijer, who are primarily grid format stores, will often dedicate entire aisles to promotional items. The trick of these aisles is that the items in them usually do not feature items normally carried in the store at discounted prices. Usually these aisles carry products that were purchased for the sake of stocking the promotional aisle. They might feature a huge dump bin of flip flop sandals and a shelf of citronella candles at the start of summer, or stuffed snowmen and wrapping paper during the holidays.

Shippers/Manufacturer Displays

While often referred to as point of sale displays, these “shippers,” or manufacturer displays, are often displayed in wide aisles around a store. They’re provided by the manufacturer to draw some extra attention to their product.

Dump Bins

Dump bins are a favorite of the bargain hunting shopper, and indeed, you won’t usually find them in a high-end store. They’re meant to give the shopper the impression that an item has been deeply discounted. Shoppers don’t expect anything fragile or high quality to find its way into a dump bin, because they’re meant to be rummaged through.

Point of Sale/Point of Purchase Displays

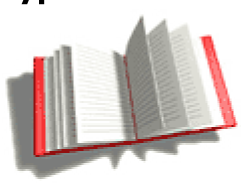
The Point of Sale (or "POS") is the last effort to sell a little something more to your shopper. Point of sale displays have been vilified by mothers everywhere, as candy bars, gums and mints are a common find at checkouts, even in bookstores and pet stores! But point of sale displays aren't just for kids – retailers will try to attract adults with various magazines and tabloids, and even batteries and other small items they may have forgotten while shopping.

CUSTOMER TRAFFIC FLOWS AND PATTERN –

Meaning

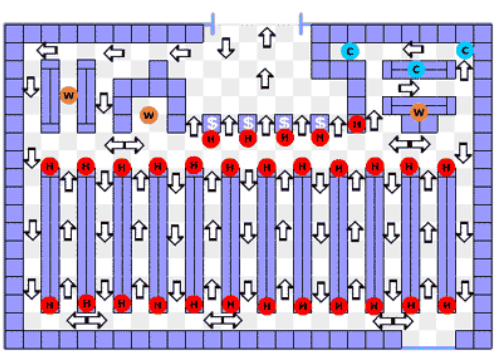
Traffic flow is the movement of customers through the store. It is a critical aspect of store layout due to the impact that it can have on the customer both practically and psychologically. ... This encourages the customers to move consistently through the store in an ordered pattern.

Types of traffic flow



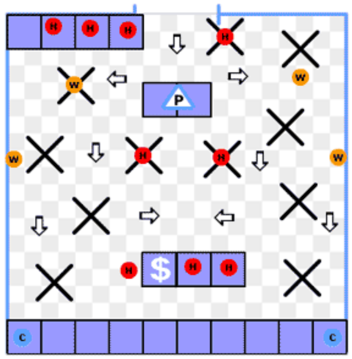
There are two basic traffic-flow alternatives available to the retailer:

- the grid pattern which is characterised by its structured layout design; and
- the free flow pattern which is less formal in its appearance.

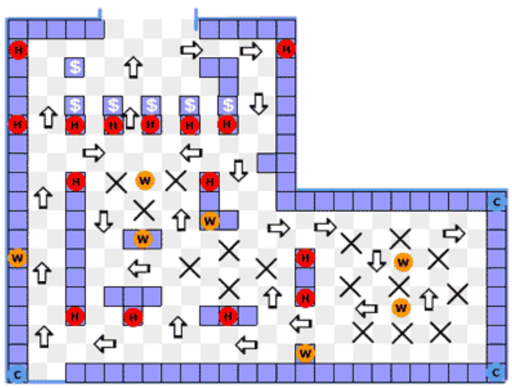


GRID PATTERN

A highly structured format that maximises the available display space. The grid pattern uses the length and width of the traffic area to create clear aisles and facilitate self-serve shopping.



FREE FLOW PATTERN
An informal format that uses a variety of fixtures to create a relaxed, unbalanced floor layout. While the free flow layout often sacrifices selling space to create atmosphere, it does encourage browsing and unplanned purchases.



COMBINATION PATTERN
The combination pattern incorporates both grid and free flow formats to create atmosphere suited to the style of products and shopping behaviour involved.

CREATIVE DISPLAY.

A neat, eye-catching window display is an effective way to stop pedestrian traffic and entice people to enter your store

Creative Displays – Stunning, Cost Effective Sales

- For extra impact, impressive theatre and a highly effective use of space, creative displays are hard to beat.

- From the simplest and most straightforward of displays to the most complex Call of Duty MUstructural designs, the expertise and creativity of Easypack's Design and Innovation Teams is at the centre of delivering on your creative display objectives.
- Without compromising the creativity and design essential to the success of your promotion the Design Team ensure your temporary displays meet your needs and objectives as well your budgets.
- Getting you the benefits of the most effective balance of materials and form is the responsibility of the Structural Design Team. Making certain it entices customers and shows them the value of the products on offer is that of the Graphic Design Team. Both teams working in unison is what makes your displays fit for purpose and outstanding in store.
- The consistent quality of the print is guaranteed by the high definition digital print technology we employ ensuring your displays speak volumes about your products.

Types of creative display

- **Freestanding Displays**

Freestanding displays are similar to dump bins in that they are also standalone displays and can be interacted with from 360 degrees. That being said, they are more organized in appearance than dump bins, and often neatly display slightly larger products on shelves or hooks. Like dump bins, freestanding displays are also commonly made out of cardboard, so they are a great chance to experiment with some attention-grabbing shapes or designs.

- **Entryway Displays**

Displaying your products near entryways can put your brand at the top of shoppers' lists before they even see your competitors. Entryway displays are effective at encouraging impulse buys, as customers at the beginning of their shopping trip are entering the store ready to spend money.

- **Gondola Displays**

Gondolas are two-sided, standalone shelving units that also appear in larger, more open areas of a store. They have adjustable shelves, which makes them customizable to accommodate different sized products. While they typically are made with steel frames and pegboard, there are options for brands to promote their product through graphics and an attractive color scheme.

- **Display Cases**

Retail display cases are a type of standalone display that is closed in on all sides by glass or clear plastic. To access the products, shoppers may have to speak to a store associate to retrieve the item from the case for them. Other times, if the case is serving an ornamental purpose, shoppers can find the product on its home shelf. Because of their security, higher-end products will often find their way into these displays.

- **Banner Stands**

Banner stands are standalone signage that brands can place throughout the store to feature their product or announce a promotion. Banner stands are inexpensive, mobile, and effectively catch shoppers' attention

- **Shelf Talkers**

Shelf talkers, also known as "hang-tags," are the promotional signage you see sticking out perpendicularly to aisle shelves.

SUPPLY CHAIN MANAGEMENT

Supply chain management (SCM) is the process and activity of sourcing the raw materials or components an enterprise needs to create a product or service and deliver that product or service to customers.

6 COMPONENTS OF SCM

Planning—Enterprises need to plan and manage all resources required to meet customer demand for their product or service. They also need to design their supply chain and then determine which metrics to use in order to ensure the supply chain is efficient, effective, delivers value to customers, and meets enterprise goals.

Sourcing—Companies must choose suppliers to provide the goods and services needed to create their product. After suppliers are under contract, supply chain managers use a variety of processes to monitor and manage supplier relationships. Key processes include ordering, receiving, managing inventory, and authorizing supplier payments.

Making—Supply chain managers coordinate the activities required to accept raw materials, manufacture the product, test for quality, package for shipping, and schedule for delivery. Most enterprises measure quality, production output, and worker productivity to ensure the enterprise creates products that meet quality standards.

Delivering—Often called logistics, this involves coordinating customer orders, scheduling delivery, dispatching loads, invoicing customers, and receiving payments. It relies on a fleet of vehicles to ship product to customers. Many organizations outsource large parts of the delivery process to specialist organizations, particularly if the product requires special handling or is to be delivered to a consumer's home.

Returning—The supplier needs a responsive and flexible network to take back defective, excess, or unwanted products. If the produce is defective it needs to be reworked or scrapped. If the product is simply unwanted or excess it needs to be returned to the warehouse for sale.

Enabling—To operate efficiently, the supply chain requires a number of support processes to monitor information throughout the supply chain and assure compliance with all regulations.

Enabling processes include finance, HR, IT, facilities, portfolio management, product design, sales, and quality assurance.

WHY IS SUPPLY CHAIN MANAGEMENT IMPORTANT?

Identifying potential problems before they occur. When a customer orders more product than the manufacturer can deliver, the traditional response has been to short the order. This leaves the buyer feeling unimportant and convinced the manufacturer's service is poor. Manufacturers who anticipate the shortage before the buyer is disappointed may be able to offer a substitute product or other incentive to keep the buyer happy.

Optimizing price dynamically. Seasonal products, particularly fashion products, have a limited shelf life. Any that don't sell by the end of the season are scrapped or sold at deep discounts to empty the warehouse. Airlines, hotels, and other companies with a limited, but perishable product, adjust prices dynamically to meet demand. While this is more difficult with clothing and other products where the supply can vary widely, similar forecasting techniques can improve margins.

Improving the allocation of available to promise inventory. Today's tools dynamically allocate resources and schedule work based on the sales forecast, actual orders, and promised delivery of raw materials. Manufacturers are able to confirm a product delivery date when the order is placed, significantly reducing incorrectly filled orders.

What is the impact of globalization on the supply chain?

Twenty-five years ago, one of the main reasons companies created global supply chains was to take advantage of lower wages in other countries. In general, it was fairly easy to off-set the increased shipping costs resulting from remote manufacturing. However, salary arbitrage advantages are eroding as wages in lower cost countries are rising, improved process and robotics allows plants to be operated with far fewer people, and local firms are becoming strong competitors in virtually every industry.

One of the advantages of the global supply chain has been the ability to scatter patents and manufacturing sites around the globe. This allowed companies to report profits in countries with low corporate taxes. However, many of these arrangements are being challenged. In 2016, the European Commission ordered Apple to pay Ireland €13bn in back taxes, ruling that Apple's tax agreement with Ireland amounted to illegal state aid. The antitrust chief of the European Union, Margrethe Vestager, recently began investigating Amazon's European tax practices. Google and other technology firms are also being investigated by the EU.

SUPPLY CHAIN MANAGEMENT PROCESS

PLAN – Planning is the strategic part of the supply chain management process, to find out the best possible blueprint of how to fulfill the end requirement. SCM managers should identify a list of key components like plant location & size, warehouse designing, delivery models, IT solutions' selection, etc. Not only this, the supply chain management process would be incomplete if key matrices like transportation cost modeling, warehouse efficiency models, etc. are not developed.

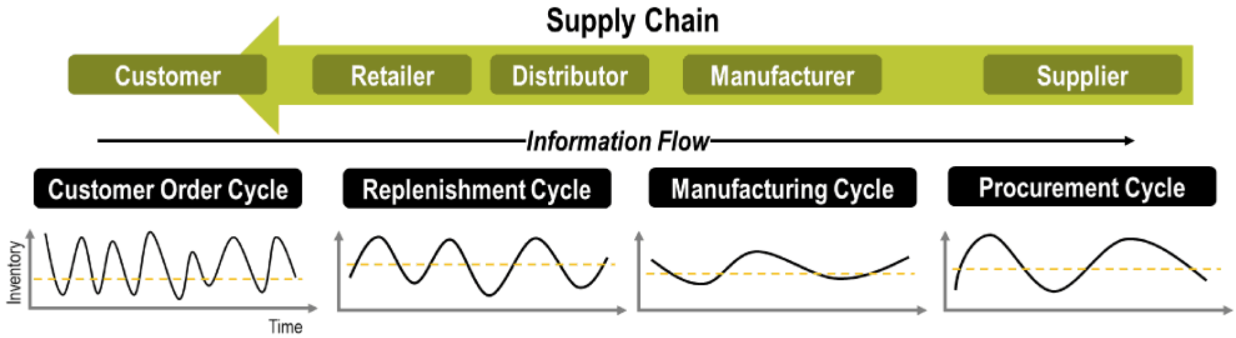
SOURCE – At this stage of supply chain management, the emphasis is on to ascertain the most reliable of suppliers for raw materials so that the production process would never jeopardize. But challenging conditions do arise during operations, supply chain managers must ensure key pain points of supply cycle are always being tracked to keep the engine running. Holisol believes that contractual framework as well as a selection of a capable supplier is one thing, but there should be a tangible system in place for the continuous development of suppliers which would boost their efficiency as well.

EXECUTE – This is the stage where well-designed processes are implemented so that a perceivable shape is given to existing plans in the form of manufactured products which are ready for testing, packaging, and delivery. Not only this, results at this stage are quantified so that maximum possible efficiency is achieved. Holisol's specialists design cost-effective IT solutions which enable customers in building excellence and improving efficiency at the execution stage of the supply chain management process.

DELIVER – Supply chain when reaches this stage, the managers have a task at hand to deliver the product/service in the right quantity, at the right place and right time by employing suitable carriers. Supply chain managers should be fully equipped with modern IT tools to keep a track on warehousing networks, inventory models as well as invoicing and payment receipts.

RETURN – Returns' handling is the last step of the supply chain management process. It not only involves reviewing returned products for quality purposes but also managing their inventory. At the ground level, supply chain managers should deploy their resources supporting them with technology for faster pickups, quicker replacements, etc. Returns management should be a value enhancement measure in the eyes of supply chain managers and they must ensure every desirable measure is taken for maximum possible efficiency.

THE SUPPLY CHAIN AND ITS CYCLES



- **A customer order cycle** takes place when orders are processed, prepared and shipped. For retail, it is often the customer that is picking his order from the store inventory (shelves). In a pull logistics system, customer order cycles are particularly important since they are the driver of further cycles upstream of the supply chain.
- The **replenishment cycle** concerns the steps involved to re-supply outlets from distribution centers and wholesalers.
- The **manufacturing cycle** concerns the scheduling of production in light of the demand from distributors.
- The **procurement cycle** involves the scheduling of the components required in the manufacturing of a good.

WAREHOUSING

Warehousing is the act of storing goods that will be sold or distributed later. While a small, home-based business might be warehousing products in a spare room, basement, or garage, larger businesses typically own or rent space in a building that is specifically designed for storage.

5 Types of Warehouses

1. Private Warehouses:

These are owned and managed by the channel suppliers (manufacturers/traders) and resellers and are used exclusively for their own distribution activities.

Examples:

(a) Warehouses constructed by farmers/producers near their fields/places of work.

2. Public Warehouses:

These warehouses are owned by government and semi government bodies and are made available to private firms to store goods on payment of rent. The public warehouses are usually set up to help small traders who are not in position to have their own warehouses due to financial constraints.

3. Bonded Storage:

These warehouses are owned, managed and controlled by government as well as private agencies. Bonded warehouses are storage facility used to store imported goods for which import duty is still to be paid. The bonded warehouses run by private agencies have to obtain license from the government.

4. Co-operative Warehouses:

As the very name implies, these warehouses are owned, managed and controlled by co-operative societies. These societies provide storage facilities on the most economical rates to their members only. The basic purpose to run such warehouses is not to earn profit but to help their members.

5. Distribution Centres:

This type of storage facility usually has large space, which enables fast movement of large quantities of stores for short period. While, on the other hand, conventional warehouses hold goods for long time, say 2 months or 1 year.

Functions of Warehousing:

1. Storage:

This is the basic function of warehousing. Surplus commodities which are not needed immediately can be stored in warehouses. They can be supplied as and when needed by the customers.

2. Price Stabilization:

Warehouses play an important role in the process of price stabilization. It is achieved by the creation of time utility by warehousing. Fall in the prices of goods when their supply is in abundance and rise in their prices during the slack season are avoided.

3. Risk bearing:

When the goods are stored in warehouses they are exposed to many risks in the form of theft, deterioration, exploration, fire etc. Warehouses are constructed in such a way as to minimise these risks. Contract of bailment operates when the goods are stored in wave-houses.

4. Financing:

Loans can be raised from the warehouse keeper against the goods stored by the owner. Goods act as security for the warehouse keeper. Similarly, banks and other financial institutions also advance loans against warehouse receipts. In this manner, warehousing acts as a source of finance for the businessmen for meeting business operations.

5. Grading and Packing:

Warehouses nowadays provide the facilities of packing, processing and grading of goods. Goods can be packed in convenient sizes as per the instructions of the owner.

Benefits from Warehouses:

1. Regular production:

Raw materials need to be stored to enable mass production to be carried on continuously. Sometimes, goods are stored in anticipation of a rise in prices. Warehouses enable manufacturers to produce goods in anticipation of demand in future.

2. Time utility:

A warehouse creates time utility by bringing the time gap between the production and onsumption of goods. It helps in making available the goods whenever required or demanded by the customers.

3. Store of surplus goods:

Basically, a warehouse acts as a store of surplus goods which are not needed immediately. Goods are often produced in anticipation of demand and need to be preserved properly until they are demanded by the customers. Goods which are not required immediately can be stored in a warehouse to meet the demand in future.

4. Price stabilization:

Warehouses reduce violent fluctuations in prices by storing goods when their supply exceeds demand and by releasing them when the demand is more than immediate productions. Warehouses ensure a regular supply of goods in the market. This matching of supply with demand helps to stabilise prices.

5. Minimisation of risk:

Warehouses provide for the safe custody of goods. Perishable products can be preserved in cold storage. By keeping their goods in warehouses, businessmen can minimise the loss from damage, fire, theft etc. The goods kept in the warehouse are generally insured. In case of loss or damage to the goods, the owner of goods can get full compensation from the insurance company.

6. Packing and grading:

Certain products have to be conditioned or processed to make them fit for human use, e.g., coffee, tobacco, etc. A modern warehouse provides facilities for processing, packing, blending, grading etc., of the goods for the purpose of sale. The prospective buyers can inspect the goods kept in a warehouse.

7. Financing:

Warehouses provide a receipt to the owner of goods for the goods kept in the warehouse. The owner can borrow money against the security of goods by making an endorsement on the warehouse receipt. In some countries, warehouse authorities advance money against the goods deposited in the warehouse. By keeping the imported goods in a bonded warehouse, a businessman can pay customs duty in installments.

ROLE OF IT IN SUPPLY CHAIN MANAGEMENT.

1. Inventory

Within the realm of supply chain and logistics, inventory is the core product that flows from one location to another to meet the needs of supply and demand.

An inventory-focused role could involve many responsibilities, such as managing relationships among parties along the supply chain, inventory planning and promotions, distribution, and data management. At the end of the day, your main concern in this role is the purchase, transfer, or management of product, so inventory is your primary focus.

2. Packaging

Depending on your chosen industry, a role in packaging can involve two different ends of the supply chain and logistics spectrum. On one end, there is the packing and packaging of product and the logistics of running an efficient production line. This will usually involve making sure products are processed to a high-quality standard that prioritizes flow and minimizes time and labour costs. Ultimately, the goods must satisfy consumer expectations.

The other side of packaging is design and research-oriented. After performing market research, you design packaging to attract more buyers. The role of packaging in supply chain management is rather complex and can involve almost everyone along the pipeline.

3. Transportation

Transportation is the literal movement of people and goods from one location to another.

Roles here can vary from pallet jack operators and forklift drivers to pilot positions to transport goods from point A to point B. Logistical planning and transportation co-ordination among various freight and shipping services is also an area that employs many supply chain and logistics professionals.

4. Management

Management within the supply chain and logistics field is one of the most specialized roles. Often requiring previous experience or educational qualifications in management, it is also one of the most ambitious roles within the field.

A career in logistics and supply chain management involves navigating administrative tasks while also exercising negotiating skills. To excel in such a role, you'll have to be familiar with managerial accounting, professional communication, and the finer points of material sourcing, distribution management, and risk assessment. A large amount of responsibility falls on management, so you should make sure you have the skills to improve an organization's operations and profitability.

5. Ordering

While procurement and logistics are closely related, an ordering role is directly responsible for the purchasing or procurement of any product or service. Although they operate in the earlier parts of the supply chain, they would still be considerate of the logistical costs and efficiencies within the supply chain. They are invested all the way from procurement to final distribution of finished goods.

6. Warehousing

Warehousing roles play a critical role in the overall supply chain process. These distribution centres are not only responsible for the storage, sorting, and packaging of products but also the transport and coordination of goods to meet consumer demand. In fact, the term "distribution centre" may be much more appropriate in representing the broad range of activities that now occur in modern warehouses.

7. Movement

Although closely related to warehouse and transportation operations, there is a need for a specialized role that closely analyzes distribution networks and contributes to their optimal design and planning. These professionals ensure all parts of the supply chain operate optimally and that logistical concerns are identified and dealt with.

UNIT V

CONSUMERISM AND ETHICS IN RETAILING,

Consumerism meaning

Consumerism is the idea that increasing consumption of goods and services purchased in the market is always a desirable goal and that a person's wellbeing and happiness depends fundamentally on obtaining consumer goods and material possessions.

Ethics in Retailing meaning

Consumers don't even hesitate to react to unethical business practices. This report discuses about important ethical issues to retail such as Corporate social responsibility, Product safety, Green issue, Product sourcing and how they affect retail industry.

Bautista: "**Ethical consumer practices** aim at the fulfilment of the objectives of socially responsible trade. Thus, in the global context ethical consumerism deals with the ethical and moral aspects of product value chain from production, i.e. sourcing of materials, down to retailing of the products

THE CONCEPT OF ETHICS IN RETAILING

a. Ethical practice towards consumers:

The retailers should charge fair price for the products offered to them. The consumers have the right to get correct and precise knowledge about the products sold to them in respect of warranty, guaranty, price, usage, ingredients etc. Ethics is essential for the long run of the business. Ethical business is essential in today's competitive and dynamic environment.

b. Ethical practice towards investors/shareholders:

The shareholders are the owners of the business. Shareholders must be given fair returns on their investment at regular intervals. The share holders should be disclosed with correct information about the financial status of the business organisation. The business organisation must act in the interest of the shareholders.

c. Ethical practices towards employees:

Ethical practices must also be followed towards the employees. The retail industry employs large volume of retail staff. Therefore proper policies and procedures must be framed for the employees regarding recruitment, selection, training, promotion, welfare etc.

RETAIL AUDITS

Retail audits are studies of selected retail outlets performed by brand representatives or retail store employees for the purpose of collecting data about the health of the brand's products. ... Types of information that brand reps gather include: Sales volume. Stock levels (shelf and backstock).

IMPORTANCE OF AUDIT

There are dual benefits of conducting a retail audit. One, the audit serves as a tool for suppliers to confirm that retailers are adhering with pre-established protocols on product placement, pricing and promotion. Two, the audit allows brands to precisely measure their success in the retail atmosphere.

Audits are of Two Types - Retailer Audit & Distributor Audit

Retail Consumer Questionnaire

Retailer Audit

The objective of retailer audit is to measure the brand's performance. TechSci uses merchandising reports to track:

Inventory levels

- Availability of the products
- Quality of products vis a vis competition
- Shelf life
- Reorder Level
- Maximum retail price
- Discounts and other BTL activities vis a vis competition

Promotional Report

If a brand is holding a sale or other type of special promotion, it's important to track the success of the BTL activity to understand the likeability across target customers and to know how it's performing in the short-term. This helps in improving the features. Also, it's vital to report:

The type of promotion for example tasting, demo, price reduction, etc.

- The duration of the promotion
- The featured product SKUs
- The position of the brand in-house
- The result of the sale

Distributor Audit

Distribution Audits /Competitor Survey

One audit that brands shouldn't overlook is the competitor's survey, which reveals invaluable insight into how their brand is positioned against the competition of that category. TechSci identifies:

- Who are direct and indirect competitors present in the store?
- Pricing strategies
- Is your brand being significantly stacked?
- Location of the competitor's products
- Prime placement at eye-level or near a checkout counter
- Location (high- or low-traffic area)

STEPS IN AUDIT

1. Decide which device to use

Will managers use a smartphone or tablet to complete the survey? Is there WiFi at the store, is the location in a cellular black hole?

2. Create survey questions and decide values

The quality of the data you collect is crucial. Brevity is key, so don’t make the questions too long or complicated. Consider using a mix of “yes” and “no” questions, along with multiple choice questions that have assigned, measurable values. You should make sure that not only your customers enjoy their experience at the store, but that the exterior is inviting enough to get them in the doors. Here’s how you can track critical issues in a retail audit.

3. Take photos and videos as part of the routine

When you ask your managers to conduct an audit, you are asking them to be your eyes and ears in the field. Provide a way for them to easily share photos and videos with you. Photoscan helps you understand everything from marketing promotions to loss prevention oversights.

4. Scan barcodes and QR codes

Gather definitive information about products quickly. If promotional materials aren't correct or stock is running low, you can notify your vendors right away.

5. Be consistent

Inconsistent collection methods can compromise the quality of your data. Make sure employees who conduct the audits understand the industry and retail environment. Provide training so that employees are comfortable navigating the mobile app and using it to collect information.

E-RETAILING

Meaning

Electronic retailing is the sale of goods and services through the Internet. E-tailing can include business-to-business (B2B) and business-to-consumer (B2C) sales of products and services.

Advantages of online retail

Easy access to market - in many ways the access to market for entrepreneurs has never been easier. Online marketplaces such as eBay and Amazon allow anyone to set up a simple online shop and sell products within minutes. See selling through online marketplaces.

Reduced overheads - selling online can remove the need for expensive retail premises and customer-facing staff, allowing you to invest in better marketing and customer experience on your e-commerce site.

Potential for rapid growth - selling on the internet means traditional constraints to retail growth - eg finding and paying for larger - are not major factors. With a good digital marketing strategy and a plan a scale up order fulfilment systems, you can respond and boost growing sales. See planning for e-commerce.

Widen your market / export - one major advantage over premises-based retailers is the ability expand your market beyond local customers very quickly. You may discover a strong demand for your products in other countries which you can respond to by targeted marketing, offering your website in a different language, or perhaps partnering with an overseas company. See basics of exporting.

Customer intelligence - ability to use online marketing tools to target new customers and website analysis tools to gain insight into your customers' needs. For advice on improving your customer's on-site experience see measuring your online marketing.

Disadvantages of online retail

Website costs - planning, designing, creating, hosting, securing and maintaining a professional e-commerce website isn't cheap, especially if you expect large and growing sales volumes. See common e-commerce pitfalls.

Infrastructure costs - even if you aren't paying the cost of customer-facing premises, you'll need to think about the costs of physical space for order fulfilment, warehousing goods, dealing with returns and staffing for these tasks. See fulfilling online orders.

Security and fraud - the growth of online retail market has attracted the attention of sophisticated criminal elements. The reputation of your business could be fatally damaged if you don't invest in the latest security systems to protect your website and transaction processes. See e-commerce pitfalls - security weaknesses.

Legal issues - getting to grips with e-commerce and the law can be a challenge and you'll need to be aware of, and plan to cope with, the additional customer rights which are attached to online sales. See the law and selling online.

Advertising costs - while online marketing can be a very efficient way of getting the right customers to your products, it demands a generous budget. This is especially true if you are competing in a crowded sector or for popular keywords. See pay-per-click and paid search advertising.

Customer trust - it can be difficult to establish a trusted brand name, especially without a physical business with a track record and face-to-face interaction between customers and sales staff. You need to consider the costs or setting up a good customer service system as part of your online offering. See manage your customer service.

Application of IT to Retailing,

To collect and analyze customer data while enhancing differentiation. ... All the retailers uses IT to carry out basic functions including selling items, capturing the sales data by item, stock control, buying, management reports, customer information, and managing the finances of the business.

The retail industry faces many specific challenges related to IT management, including:

Customer data : Many retailers struggle with information overload because they're required to collect and sift through mass amounts of data, then convert it into useful information in a customer-centric industry.

Transparency and tracking : Retailers must increase transparency between systems, as well as obtain better tracking to integrate systems from manufacturer through to the consumer while obtaining customer and sales information.

Global data synchronization : Due to radio frequency identification/electronic product coding, the entire supply chain has become more intelligent. Retailers must enable the use of real-time data to watch inventory levels. In addition, radio frequency identification tagging positions the company to be able to safeguard its shipments by allowing products to be tracked from manufacturer through the entire supply chain.

PCI Security Compliance : PCI Security Compliance addresses the retailer's internal security setup and practices, in order to mitigate payment security risks. Every business engaged in credit card payment processing is required to comply with PCI Security Standards. If a retailer collects or stores credit card information that becomes compromised, the retailer may lose the ability to accept credit card payments. Other possible consequences include lawsuits, insurance claims, cancelled accounts, and government fines.

RETAIL EQUITY

Meaning

Retailer Equity. The concept of retailer equity refers to assets and values owned by retailers, similar to customer-based brand equity, which is an asset of the retail store associated by the consumer with the receiver's name and symbol [6,14]. Retailer equity studies view a retail store as a brand

These steps build from a base to form a brand equity pyramid.

Step 1 – Identity: Build Awareness. ...

Step 2 – Meaning: Communicate What Your Brand Means and What It Stands for. ...

Step 3 – Response: Reshape How Customers Think and Feel about Your Brand. ...

Step 4 – Relationships: Build a Deeper Bond With Customers.

TECHNOLOGY IN RETAILING

According to Jim Dion, a Chicago-based retail technology consultant, high tech innovations help retailers stay competitive in four key categories: convenience, price, size and speed.

In stores and on the sales floor, high tech tools help balance inventory assortments, manage ordering and track pricing. Customer tracking tools increase customer satisfaction and promote loyalty by enhancing shoppers' in-store experience.

Inventory Tracking

- Electronic Data Interchange (EDI): Direct computer-to-computer transactions from the store to the vendors' databases and ordering systems.

- Wireless hand-held inventory units: Take inventory and download the data to a database at headquarters.
- Universal Product Code (UPC): Product identification system using bar code and unique numbering.
- Automatic replenishment: Manages restocking of what's been sold.
- Virtual shelves: Intranets between retailers and vendors that expedite communication and on-time replenishment.

Customer Service

- Customer Relationship Management (CRM) software: Allows retailers to track customers.
- CD-ROMs at the register: Let sales associates make special orders on the spot. Also deliver sales training to sales associates on the floor.
- In-store interactive kiosks: Provide customers with product details.
- Smart registers/point-of-sale (POS) terminals: Print coupons and reports, calculate frequent shopper discounts, capture customer profile information, schedule work hours and serve as store-to-headquarters email terminals.
- Signature-capture technology: Used at the POS terminal for credit card transactions. Receipts are retained electronically.
- E-commerce technology: Helps retailers and shoppers interact any time, anywhere.

Data Warehousing

Executive Information Systems (EIS): Produce graphs of complex data that help retail executives make business decisions.

Become Tech Savvy

If you're in school, take courses to develop your computer literacy. Learn to use spreadsheets, databases and word-processing software. If you're already working in retail, much technology training happens on the job. Don't avoid training opportunities; jump at them. Stay abreast of events by reading trade magazines and business periodicals and attending retail trade shows.

Outlook

Using technology does not guarantee a retailer's success; it is just one piece of the puzzle. As RIS News, a retail technology publication, points out, a retailer may use technology to manage merchandise flow, but if it stocks merchandise customers don't want, its business suffers. So learn to combine tech know-how with common sense, interpersonal skills, problem-solving savvy and enthusiasm

RETAILING THROUGH THE INTERNET.

ELECTRONIC RETAILING

Definition: The Electronic Retailing also called as e-tailing or internet retailing, is the process of selling the goods and services through electronic media, particularly the internet. Simply, the sale of retail goods and services online is called as electronic retailing.

It follows the B2C business model wherein the business interacts directly with the customers without the involvement of any intermediaries.

TYPES OF ELECTRONIC RETAILING

The e-retailers can be of two types:

- ***Pure Play e-retailers*** such as Amazon, that emerged as the online bookseller. It is present only online and do not have any physical outlet for the customers.
- ***Brick and click e-retailers*** such as Dell, that sells computers through the internet as well as has the physical store front for the customers.

Advantages of Electronic Retailing

- ✓ Through electronic retailing, customers can save both the efforts and time.
- ✓ The wide range of products is available online, so the comparison can be made easily before the purchase.
- ✓ The customer can shop anytime and from anywhere, the facility is available 24*7
- ✓ The huge discounts can be availed while shopping online.
- ✓ The detailed information about the product is available online; that helps the customer to make the purchase decision.
- ✓ The electronic retailing offers the easy payment terms such as payment on delivery that instigate the customer to shop online.

Disadvantages of Electronic Retailing

- ✓ The customers may not be sure of the quality of the products offered online.
- ✓ It is the tendency of every individual to bargain before making the final purchase, but this quotient is missing in electronic retailing.
- ✓ Also, the customers may not trust on the payment gateways and fear the misuse of credit cards or any other mode of payment.
- ✓ Every customer wants to see and feel the product that he purchases, but it is not possible in case of electronic retailing where the customer makes the decision just by looking at the image.
- ✓ The product is not readily available; the customer has to wait for some time to get the product in his hands.

- ✓ The customer misses the emotional attachment with the seller that leads to less faith on the offerings.

THE INTERNET'S INFLUENCE ON RETAIL

Background

Consumers increasingly are more comfortable shopping on the Internet. According to the U.S. Census Bureau, about $165 billion worth of transactions took place on the Internet in 2010, which was a 15 percent increase over 2009. By comparison, total retail sales increased 7 percent in the same period. In addition, total year-over-year retail sales increased by about 3 percent annually between 2001 and 2010. By comparison, e-commerce sales had an average year-over-year growth rate of 20 percent during the same time period, according to a March 2011 article by "National Real Estate Investor."

Shopping Habits

The Internet has changed the way shoppers interact with retailers and brands. In January 2010, IBM released a study showing the results of interviews with 32,000 consumers in the U.S., India, China, Brazil, Canada and the U.K. Most consumers surveyed used at least two technologies to shop, with the Web and mobile devices being the most popular technologies. Seventy-nine percent of respondents said they wanted to access and print coupons on the Web, while 75 percent said they wanted to use their Internet-enabled mobile devices to find out where the nearest store is located. Another 66 percent of consumers said they wanted to check what items a store has in stock before going to the store. In addition, 78 percent of respondents said they wanted to offer feedback on product design and selection.

In-Store Experience

For those companies selling products in a physical retail store, the ability of consumers to shop online has made it imperative for them to offer a unique shopping experience to shoppers who visit their stores, according to the NREI article. As an example, the article cited the successes of Apple stores in exhibiting Apple’s products as a physical showroom where shoppers can get a hands-on experience which they can’t get shopping online.

Cross Channel Sales

The growth of e-commerce has allowed innovative retailers to gain an edge on their competitors by using cross-channel technologies to offer a seamless experience between different sales channels, according to a May 2008 article by "E-Commerce Times." These types of technologies allow retailers to launch marketing promotions for consumers to use both online and in a store, allow consumers to purchase items online and pick them up in a store, and to allow retailers to better target shoppers with more personalized product offers based on their shopping history, according to the article.