RETAIL MANAGEMENT

Module_I

Growth of retailing, Retail Theories, Types of retailers, Retail Formats, Retail Consumer Behaviour, Retail Marketing Mix., Retail Market Strategy.

Q: What is retailing?

- The word retail is derived from the French word '***retaillier'*** which means to cut off a piece or to break bulk.
- A retailer may be defined as a "dealer or trader who sells goods in small quantities or one who repeats or relates.
- According to Phillip Kotler "Retailing includes all the activities involved in selling goods or services to the final consumer".
- First point of customer contact.

Q: What are the functions of a retailer?

Role of a retailer is to provide real added value or utility to the customer from four aspects form, time, place and ownership.

1. **Form:** Retailers provide finished goods and services in the acceptable form to the customer.
2. **Time**: Keep the store open as per the customer's preference of shopping.
3. **Place**: Convenient Location.
4. **Ownership**: When the product is sold it's totally customer's ownership.

Apart from these functions retailer also performs like:

5. **Arranging Assortment**: manufacturers usually make one or a variety of products and would like to sell their entire inventory to few buyers to reduce costs. Final consumers, in contrast prefer a large variety of goods and services to choose from and usually buy them in small units. Retailers are able to balance the demands of both sides, by collecting an assortment of goods from different sources, buying them in sufficiently large quantities and selling them to consumers in small units.
6. **Breaking Bulk**: to reduce transportation costs, manufacturer and wholesalers typically ship large cartons of the products, which are then tailored by the retailers into smaller quantities to meet individual consumption needs

7. **Holding stock**: Retailers maintain an inventory that allows for instant availability of the product to the consumers. It helps to keep prices stable and enables the manufacture to regulate production.
8. **Promotional support**: small manufacturers can use retailers to provide assistance with transport, storage, advertising, and pre- payment of merchandise

Q: What is evolution of retailing? Describe the evolution of retailing in India.

- Retail in India has evolved to support the unique needs of our country, given its size and complexity *Haats, Mandis* and *Melas* have always been a part of the Indian landscape. They still continue to be present in most parts of the country and form an essential part of life and trade in various areas.
- The PDS (Public Distribution System) would easily as the single largest retail chain existing in the country. The evolution of the PDS of Grains in India has its origin in the ***"rationing system"*** introduced by the British during World War II
- The system was started in 1939 in Bombay and subsequently extended to other cities and towns. The system was abolished post war but however attaining independence India was forced to reintroduce it in 1950.
- There was rapid increase in the ration shops (being increasingly called the Fair Price Shop or FPSs)
- The Canteen Stores Department and the Post Offices in India are also among the largest network of outlets in the country reaching population across the country.

❖ The Khadi & Village industries (KVIC) were also set up post-independence. The cooperative movement was again championed by the government.

❖ In the past decade, the Indian marketplace has transformed dramatically. However from the 1950,s to the 80,s, investment in various industries was limited due to low purchasing power in the hands of the consumer and the government's policies favoring the small scale sector.

❖ The first attempts at organized retailing were noticed in the textiles sector. One of the pioneers in this field was Raymond's which set up stores to retail fabric.

- ❖ Raymond’s distribution network today comprises 20,000 retailers and over 256 exclusive showrooms in over 120 cities of the country
- ❖ Other textile manufacturing who set up their own retail chains were Reliance- which set up Vimal showrooms and Garden Silk Mills, which set up Garden Vareli showrooms.

Traditional Formats	**Established Formats**	**Emerging Formats**
Haats Melas Mandis	Kirana shops Convenience/ Department stores PDS/ fair price shops Pan/ Beedi shops	Exclusive retail outlets Hypermarket Internal retail Malls / Specialty Malls Multiplexes Fast food outlets Service galleries

Q: Delineate the different retail theories you have studied and analyse them throughly.

Theories of retail change have been developed by studying past and current patterns of retail development, at format, organisation and industry levels. There are three main categories:

- **Cyclical theories**
- **Environmental theories**
  - **a) Evolution Theory**
  - **b) Institutional Theory**
- **Conflict theory**
- **A combined theory has also been presented which links the three theory categories.**

The cyclical theories include the wheel of retailing, retail life cycle and retail accordion, all based on the thinking that there is a cyclical pattern in the evolution of retail institutions from which future business scenarios can be built.

Two main environmental theories have been outlined – evolution theory and institutional theory – both based on the effects of the external, uncontrollable environment on the retail industry and the organisations operating within it. Where evolution theory suggests that successful organisations adapt to survive and succeed in the changing environment, both the ultra Darwinists and the institutionalists propose that organisations go beyond tactical adaptation to absorb into their fabric, design and organisational culture the 'technologies' and socio-cultural influences of the external environment.

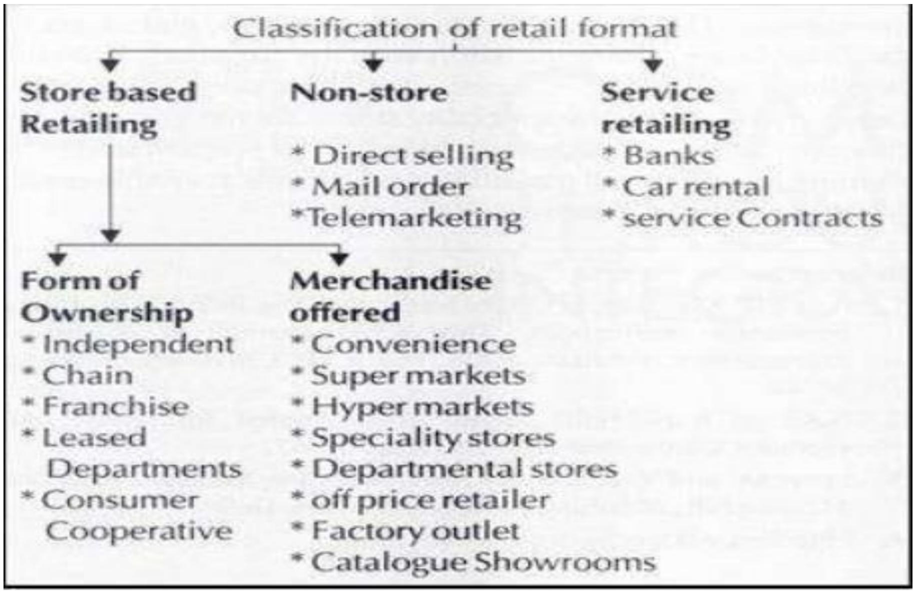
Conflict theory is explained as a series of phases which existing retail organisations pass through when challenged by a retail innovation. After the initial shock, organisations engage in defensive retreat, which may involve an industry initiative to prevent the success of the innovator, then they pass through a phase of acknowledgement that the innovation is going to succeed, during which they engage various adaptation strategies. Meanwhile, the innovator is also adapting to survive and grow until a degree of synthesis exists.

Finally, a combined theory has been described, which integrates the various branches of retail theory. The main utility of theory is to predict outcomes, and research has indicated contradictory results for all the various theories presented. However, they remain useful tools for retailers to build.

A better known theory of retailing "*wheel of retailing"* proposed by Maclcomb McNair says,

1. New retailers often enter the market place with low prices, margins, and status. The low prices are usually the result of some innovative cost-cutting procedures and soon attract competitors.
2. With the passage of time, these businesses strive to broaden their customer base and increase sales. Their operations and facilities increase and become more expensive.
3. They may move to better up market locations, start carrying higher quality products or add services and ultimately emerge as a high cost price service retailer.
4. By this time newer competitors as low price, low margin, low status emerge and these competitors to follow the same evolutionary process.
5. The wheel keeps on turning and department stores, supermarkets, and mass merchandise went through this cycles.

Q: What is organized retailing? How do you see the future of organized retailing in India?



- **Independent Retailer/Mom-and-Pop** – Represent the small, individually owned and operated retail outlet. In many cases these are family-run businesses catering to the local community often with a high level of service but relatively small product selection.
- **Chain Store**: A chain store is a retail company with more than one branch. It doesn't matter if the chain consists of just two retail shops or hundreds. A chain store can exist in only one town or across the globe. There are a variety of chain stores from big-box retailers to specialty shops to supermarkets to restaurant chains.
- **Franchise:** It is a form of contractual channel in which one party, the franchisor, controls the business activities of another party, the franchisee. Under these arrangements, an eligible franchisee agrees to pay for the right to use the franchisor's business methods and other important business aspects, such as the franchise name. For instance, McDonalds is a well-known franchisor that allows individuals to use the McDonalds name and methods to deliver food to consumers. Payment is usually in the form of a one-time, upfront franchise fee and also on-going percentage of revenue.
- **Leased Department:** A leased department is a department in a retail store--usually a department, discount, or specialty store--that is rented to an outside party. The

leased department proprietor is responsible for all aspects of its business (including fixtures) and normally pays a percentage of sales as rent. The store sets operating restrictions for the leased department to ensure overall consistency and coordination. Leased departments are used by store-based retailers to broaden their offerings into product categories that often are on the fringe of the stores major product lines. They are most common for in-store beauty salons, banks, photographic studios, and shoe, jewelry, cosmetics, watch repair, and shoe repair departments. Leased departments are also popular in shopping center food courts.

- **Consumer cooperative:** A consumer cooperative stores are organizations which are owned, handled and managed by consumers themselves. The objective of consumer cooperative stores is to lessen the number of middlemen who increase the cost of production, and hence present service to the members.
- **Off price retailers**: Off-price retailers are retailers who provide high quality goods at cheap prices. They usually sell second-hand goods, off-the-season items etc. These retailers offer inconsistent assortment of brand name and fashion-oriented soft goods at low prices. They buy manufacturer irregulars, seconds, closeouts, canceled orders, overruns, goods returned by other retailers and end-of-season closeout merchandise.
- **Factory Outlet**: A retail store that sells discounted price items that are irregular, outdated or have been produced in excess quantities. A factory outlet store specializing in selling goods from a particular business might be located in physical proximity to its manufacturing facilities or in association with other factory outlet stores.
- **Specialty stores:** These are retail businesses that focus on specific product categories, such as office supplies, men's or women's clothing, or carpet. It isn't the product they sell that determines if a company is a specialty store, but rather the breadth of their product offering. 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.

- **Mass Discounters** - These retailers can be either general or specialty merchandisers but either way their main focus is on offering discount pricing. Compared to department stores, mass discounters offer fewer services and lower quality products.
- **Warehouse Stores** – This is a form of mass discounter that often provides even lower prices than traditional mass discounters. In addition, they often require buyers to make purchases in quantities that are greater than what can be purchased at mass discount stores. These retail outlets provide few services and product selection can be limited. Furthermore, the retail design and layout is as the name suggests, warehouse style, with consumers often selecting products off the ground from the shipping package. Some forms of warehouse stores, called warehouse clubs, require customers purchase memberships in order to gain access to the outlet.
- **Category Killers** – Many major retail chains have taken what were previously narrowly focused, small specialty store concepts and have expanded them to create large specialty stores. These so-called “category killers” have been found in such specialty areas as electronic (e.g., Best Buy), office supplies (e.g., Staples) and sporting goods (e.g., Sport Authority).
- **Boutique** – This retail format is best represented by a small store carrying very specialized and often high-end merchandise. In many cases a boutique is a full-service retailer following a full-pricing strategy.
- **Catalogue Showrooms:** These are retailers whose showrooms are adjacent to the warehouse. These retailers usually specialize in hard goods such as house ware, jewellery, and consumer electronics. In such outlets, the customer places an order for merchandise using the number on the display item or in a catalogue, which is then fetched from the warehouse and sold to the customer. These showrooms have low prices, as they minimize the cost of displaying merchandise, focus on a narrow range of goods and are located in low cost areas.

- **Convenience Store**: As the name implies these general merchandise retailers cater to offering customers an easy purchase experience. Convenience is offered in many ways including through easily accessible store locations, small store size that allows for quick shopping, and fast checkout. The product selection offered by these retailers is very limited and pricing can be high.
- **Vending:** Within this category are automated methods for allowing consumers to make purchases and quickly acquire products. While most consumers are well aware of vending machines allowing customers to purchase smaller items, such as beverages and snack food, newer devices are entering the market containing more expensive and bulkier products. These systems require the vending machine have either Internet or telecommunications access to permit purchase using credit cards.
- **Department Store**: A department store is a retail establishment offering a wide range of consumer goods in different product categories known as "departments". In modern major cities, the department store made a dramatic appearance in the middle of the 19th century, and permanently reshaped shopping habits, and the definition of service and luxury. Department stores today have sections that sell the following: clothing, furniture, home appliances, toys, cosmetics, gardening, toiletries, sporting goods, ‘do it yourself’, paint, and hardware and additionally select other lines of products such as food, books, jewelry, electronics, stationery, photographic equipment, baby products, and products for pets. Customers check out near the front of the store or, alternatively, at sales counters within each department.
- **Supermarket:** A supermarket, a large form of the traditional grocery store, is a self-service shop offering a wide variety of food and household products, organized into aisles. It is larger and has a wider selection than a traditional grocery store, but is smaller and more limited in the range of merchandise than a hypermarket or big-box market. The supermarket typically comprises meat, fresh produce, dairy, and baked goods aisles, along with shelf space reserved for canned and packaged goods as well as for various non-food items such as kitchenware, household cleaners, pharmacy products and pet supplies. Some supermarkets also sell a variety of other household

products that are consumed regularly, such as condoms (where permitted), medicine, and clothes, and some stores sell a much wider range of non-food products: DVDs, sporting equipment, board games, and seasonal items

- **Hypermarket:** A hypermarket is a superstore combining a supermarket and a department store. The result is an expansive retail facility carrying a wide range of products under one roof, including full groceries lines and general merchandise. In theory, hypermarkets allow customers to satisfy all their routine shopping needs in one trip. Hypermarkets, like other big-box stores, typically have business models focusing on high-volume, low-margin sales. A typical Walmart Supercenter covers anywhere from 150,000 sq ft (14,000 m2) to 235,000 sq ft (21,800 m2) and a typical Carrefour covers 20,000 sq ft (1,900 m2). They generally have more than 200,000 different brands of merchandise available at any one time. Because of their large footprints, many hypermarkets choose suburban or out-of-town locations that are easily accessible by automobile.

- **E-tailers**: Possibly the most publicized retail model to evolve in the last 50 years is the retailer that principally sells via the Internet. There are thousands of online-only retail sellers of which Amazon.com is the most famous. These retailers offer shopping convenience including being open for business all day, every day. Electronic retailers or e-tailers also have the ability to offer a wide selection of product since all they really need in order to attract orders is a picture and description of the product.

Q: Discuss the role of retail mix to promote the product.

The role of marketing in a retail organisation is twofold. The first role that marketing can play for a retail organisation is that of informing the consumer about the availability of a particular product. The second role that marketing plays for the retailer is enabling it to get closer to the end consumer. Retail marketing is one of the few mass advertising media that can be used to convey the strategic message in various languages to various audiences.

- The basic function of retail is to provide the right goods to the consumer, at the right place and time. Thus, the marketing tools that a retail organisation uses to pursue its marketing objectives are termed as the "Retail Marketing Mix".
- The various components of the retail marketing mix are illustrated as listed below

Store Location:

For a very long time the location of the retail store was considered to be the most important element of the retail marketing mix. However, with the advances in technology and the advent of television shopping and the Internet many retailers are now going in for a click and mortar approach. Explain your location strategy. Do you propose locating in a free-standing building, a downtown business setting, or a planned shopping environment and why? What specific site have you selected and what is its "fit" relative to the trading area you intend to serve? Follow this up with a trading area analysis showing the number of target customers residing within the "draw" of your facility.

Store Operations:

The decisions related to stores expected hours of operations and the number of employees anticipate needing to serve the customers adequately. An outline of your proposed organizational structure and a general description of the duties and responsibilities of employees will be helpful. Be sure to include a typical weekly work schedule. Planned credit policies and amenities or service dimensions should likewise be discussed in this subsection.

Merchandise and Merchandise Assortment:

Products are also termed as merchandise. The different products that the store offers is termed as the merchandise mix. A merchandise line consists of a group of product that is closely related because they are intended for the same end use, are sold to the same customer group or fall within the same price range. For example, if we consider the menswear section at a department store, the merchandise line would comprise of formal wear, casual wear accessories etc.

The variety of the merchandise mix refers to the number of different lines that the retailer stocks in the store. Thus, the merchandise lines in a department store would be menswear ladies wear, children's wear, home fashion, jewelry etc. The same in case of a grocery retailer would comprise of cereals , pulses, personal acre products , ready to serve foods packaged foods like biscuits , snacks etc.

The breadth also called assortment refers to the number of merchandise brands in the merchandise line. If the merchandise line is menswear, an example of breadth of the formal wear shirts would be the number of brands of shirts that the store stocks. The depth of the merchandise refers to the average number of Stock keeping units within each brand of the merchandise line. Stock keeping units, or SKUs they as they are commonly referred to, are the individual products that the store carries, defined by brand, size, color, price, style and pattern. Let us understand this with the help of an example. Let us assume that the merchandise line under consideration is men's formal shirts. The department store under consideration stocks three different brands of shirts – Arrow, Louis Philippe and Van Heusen. The store then needs to stock them in different sizes, colors, styles and price points.

The manner in which the merchandise is presented at the store level is very important. This aspect not only deals with the store layout and ambience created, but also with visual merchandising Visual Merchandising is the orderly systematic and intelligent way of putting stock on display in the retail store. Many large retail organizations employ visual merchandisers to aid the store in this function.

Merchandise assortment planning software enables retailers to place the right products in the most effective locations in order to maximize sales and margins, while avoiding potential stock outs or over stock situations. Decisions related to the goods and/or services that the retailers propose to offer, the general level of quality of the goods to carry, the depth and breadth of your offering (number of SKUs) as well as the stock levels, expected inventory turnover, re-order policy, and anticipated vendor relationships.

Pricing:

What basic pricing strategy do you propose to implement? Based on your investigation, what is your anticipated cost-of-goods sold, on average? Explain your markup strategy and its impact on retail price. Here, be sure to calculate your markup percentage based on retail price rather that costs to be consistent with the data provided in your upcoming pro forma statements.

Store Design:

Retail design is a creative and commercial discipline that combines several different areas of expertise together in the design and construction of retail space. Retail design is primarily a specialized practice of architecture and interior design, however it also incorporates elements of interior decoration, industrial design, graphic design, ergonomics, and advertising. Retail design is a very specialized discipline due to the heavy demands placed on retail space. Because the primary purpose of retail space is to stock and sell product to consumers, the spaces must be designed in a way that promotes an enjoyable and hassle-free shopping experience for the consumer.

Store Image:

Develop a schematic of your proposed store layout and describe, generally, the atmospherics you plan to employ. Also, remember that the name and graphics associated with the store help set the tone for the image you intend to convey.

Retail Promotion:

In developing your promotional strategy, be sure to consider what "role" you expect each of the promotional tools you employ to play in the consumer buying process. Plan to include examples of the tools (advertising, personal selling, publicity, and/or sales promotional devices) you expect to utilize and their scheduling. A promotional budget with time schedule should be developed reflecting the allocation of dollars across the various elements. The advertising budget the sales promotions publicity and public relations play a very important role in competitive world of retailing. Retailers need to develop a communication strategy in line with target market and the products that they stock in store.

Communication mix:

A communication program can be designed to achieve a variety of objectives for the retailer, such as building a brand image of the retailer in the customer's mind, increasing sales and store traffic, providing information about the retailer's location and offering, and announcing special activities.

Retailers communicate with customers both online and offline and interactively and passively. Direct marketing has received the greatest increase in attention by retailers and can occur using telemarketing (offline/ interactive), mobile marketing (online/interactive), direct mail and catalogs (offline/passive), and e-mail (online/passive). These elements in the communication mix must be coordinated so that customers have a clear, distinct image of the retailer and are not confused by conflicting information.

Retailers go through four steps to develop and implement their communication program: Establish objectives, determine a budget, allocate the budget, and implement and evaluate the program. Marginal analysis is the most appropriate method for determining how much should be spent to accomplish the retailer's objectives because it maximizes the profits that could be generated by the communication mix. Since marginal analysis is difficult to implement, however, many retailers use rule-of-thumb methods to determine the size of the promotion budget.

Customer Service:

Customer service is the provision of service to customers before, during and after a purchase. The perception of success of such interactions is dependent on employees "who can adjust themselves to the personality of the guest". Customer service is also often referred to when describing the culture of the organization. Customers are more and more likely to reject bad service when a competitor can offer the same products and price without the hassle. Retailers can no longer view customer service as an option and providing a positive retail customer experience is vital. A coherent and successful retail service model is the differentiating factor between a successful and unsuccessful business.

People:

Retailers operate in a unique environment. The retail industry is characterized by a large number of inexperienced workers, who need to put in long hours of work. Most of the time, these employees are in direct contact with the customer and may face irate or unreasonable customers. The people who work at the front end of a retail organization are very important, as they are the face the organization for the customers. Their attitude behavior manners and product knowledge play a very important role in building long term relations with the customers.

Q: What is the role of consumer behavior in retailing? How does the decision process approach work in the purchase of product from a retailer? Explain with example.

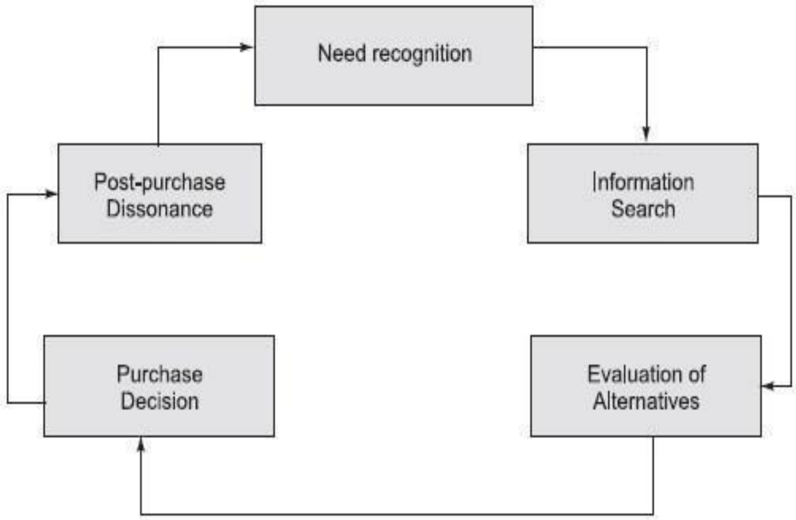
Consumer behaviour is the study of how consumers make decisions to use their respective resources such as time, money, and effort for buying, using, and disposing goods and services.

- ‘Understanding the pulse of the consumer’: demography, psychology, environment, and life style of the customer need to be studied.
- Involves identifying the various stages in the consumer decision-making process and keeping track of the major influences at each stage.

Ex. Choice of a hair shampoo

- Consumer need could be (normal to dry, normal to oily, anti-dandruff)
- Reason to buy (silky texture, free from dandruff, wavy touch)
- Brand preference (local, international)
- Place of purchase (supermarket, pharmacy, kirana store) - Frequency of purchase (weekly, fortnightly, monthly)

Stages of consumer decision-making:



Q: What do you understand by retail branding strategy? How can retail brands may manage?

A retail branding strategy can be defined as "a clear and definite plan that the retailer outlines to tap the market and build a long-term relationship with the consumers"

Retail strategy identifies: – Target Market

- Format of stores
- Unique Differentiator for sustaining competitive advantage

Target Market is a group of consumers with similar needs and buying behavior. These could be serviced by retail outlets of similar formats

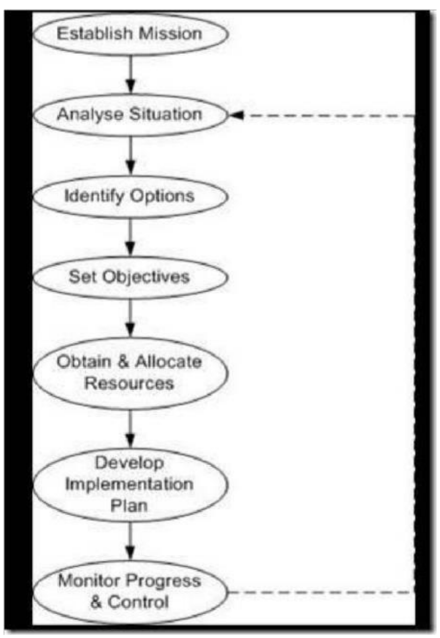
- Map your customers needs and create a niche based on demand.
- Have a Target Group which you think will respond to your USP.
- Every communication every time should talk about the same positioning.

Retail Strategy can be applied in the areas of:

- Store Location
- Merchandising
- Pricing
- Marketing

Steps involved in developing a retail strategy:

A retail strategy is defined as a "clear and definite plan that the retailer outlines to tap the market and build a long term relationship with the consumers". These strategies of retailing help the organization to define its purpose and how the retailer will face various challenges in the environment and the marketplace. Thus, the definition of the retailing strategy enables other areas within the organization to determine the various strategies such as store location, merchandizing, pricing and marketing. The process of strategy formulation in retail starts with defining the mission or the objectives for the organization. Once the mission of the organization is defined, an analysis of the strengths and weaknesses that are internal to the organization are defined. Then the various options that can be used for reaching the goals of the organization are examined and then the objectives are set. The management then identifies the major strategic alternatives it can pursue. Thus, the markets in which the retail organization chooses to compete are then determined. On determining this, the objectives to be achieved are then determined and the resources are obtained and allocated that helps to achieve the defined objectives.



Step 1: Define the mission or the purpose of the organization: The mission statement is defined as the statement of the long term purpose of the organization. Thus, it describes what the retailer wishes to accomplish in the markets in which it chooses to compete. However, there are various elements that have to be considered while setting objectives for the retailer. They are as listed below:

- The products and services that will be offered. o The customers that will be served. o The various geographic areas that the organization chooses to operate in.
- The manner in which the firm intends to compete in its chosen markets.

Step 2: Conduct a Situation Analysis: Once the mission has been defined, it is important to look inwards and understand the strengths and weaknesses and also analyses the opportunities and threats that may arise in the environment.

Step 3: Identifying Options/Strategic Alternatives: Once the strengths and weaknesses of the organization are determined, the retailer then needs to consider the various alternatives that are available for a particular market. The various alternatives that are available to the retailer include **market penetration, market development, retail format development and diversification**.

Market Penetration: It is defined as a strategy that is adopted by the firm when it seeks to achieve growth with the existing products in the various market segments that it operates in. Thus, a retailer who targets an existing market in the existing retail formats is expected to follow a strategy of the market penetration. However, the strategy focuses on the factors such as increasing the number of customers and increasing the quantity purchased by the customers. Increasing the number of customers is achieved by adding various new stores and by modifying the product mix to bring in various new customers. The strategy of market penetration however have certain limits since once the market approaches saturation there will not be much scope to expand the same; another strategy must be pursued if the firm is to continue to grow in the market.

Market expansion: It is also termed as market development. It is vital for a retailer to follow a strategy of market development that involves tapping new geographical markets and introducing various products to the existing range that appeal to a wider audience.

Retail Format Development: It refers to introducing a new retail format to the customers. For example: Fast food retailers such as McDonalds and Subway who offer limited menus in smaller locations. However, this strategy is suitable if the retailer’s strengths are related to only specific customers rather than to specific products.

Diversification: It is important for the retailer to grow by diversifying into new business by developing various new products for new markets. For example: Diversification in India is that of tobacco giant ITC, who has entered the business of apparel retail through its wills lifestyle stores and now plans to enter the greeting card business.

Step 4: Set Objectives: Objectives are defined as a translation of the mission statement into the operational terms. They indicate the various results that have to be achieved. The main purpose of setting objectives is to give direction and set various standards for the measurement of the performance. However, management normally sets both long term as well as short term objectives. Long term objectives are less specific than short term targets and thus reflect the strategic dimensions of the firm. However, the objectives are set by considering the various factors such as the sales volume targets, retail expansion targets, profitability to be achieved, liquidity, and returns on investment.

Step 5: Obtain and Allocate the Resources Needed to Compete: The two important resources that a retailer needs are financial resources and human resources. Financial resources deal with the monetary aspects of the business such as the shop rent, salaries, and payments for the merchandise. Human resources management involves a variety of issues such as recruiting, selecting, training, compensating and motivating personnel as well organizing. It is essential that these activities are managed effectively and efficiently.

Step 6: Develop the Strategic Plan: In this phase, the retailer determines the various strategies by which the objectives that are set are achieved. The target market is first defined and the retail mix that serves the audience is then finalized. Then, the target market is defined as that segment of the consumer market that the retail organization decides to serve. However, there is no definite or appropriate way for deciding upon and selecting the target market to compete. However, when developing the strategic plan for retailing, the retailer must ensure that the segment is measurable, identifiable and economically viable. On choosing the target market, the retail mix needs are to be determined. This involves determining the merchandise mix, the pricing policy and the various types of location that the retail store will be located at and the services that will be offered at the store.

Step 7: Implement the Strategy, Evaluate and Control: In order to implement a firm's desired positioning effectively, it is necessary that every aspect of the store must be focused on the target market. Once a strategy is implemented, managers take feedback on the performance of the new strategy. Thus, the effectiveness of the long term competitive strategy of the firm is then evaluated periodically.

Module-2

Retail Location Decisions, Merchandise Planning, Managing Assortments, Store Management, Layout, Design, Space Management, Visual Merchandising, Retail Aesthetics, Customer Service, Retail Atmospherics, Retail Equity, Retail Purchase Planning.

Q: What is retail location? Describe the importance of different types of store location.

Location becomes a critical decision for a retailer for several reasons. As like; Location is generally one of the most important factors customers consider while choosing a store. A bad location may cause a retailer to fail even if its strategic mix is excellent. On the other hand, a good location may help a retailer succeed even if its strategic mix is mediocre. Store location is least flexible element of retailer's strategic mix due to its fixed nature, the amount of investment, and the length of lease agreements. Various options are available to the retailer for choosing the location of his store. The choice of the location of the store depends upon the target audience and the kind of merchandise to be sold. Ex. The location of a convenience store would not be suitable for that of an expensive store like fashion boutique.

Types of Store Location:

1. **Freestanding Store Location:**

   This type of retail location is basically any stand-alone building. It can be tucked away in a neighborhood location or right off a busy highway. Depending on the landlord, there are generally no restrictions on how a retailer should operate his business. It will probably have ample parking and the cost per square foot will be reasonable. The price for all that freedom may be traffic. Unlike the attached retail locations where customers may wander in because they were shopping nearby, the retailer of a free standing location has to work at marketing to get the customer inside.

- Neighborhood Stores; colony shops serves small locality.
- Highway Stores

2. **Part of a business district:**

   A business district is a place of commerce in the city which developed historically as the center of trade and commerce in the city or town and would have no preset format or structure. Ex. Cannaught place in Delhi, Colaba in Mumbai, Commercial Street and in Bangalore.

3. **Part of a Shopping Centre:**

   A shopping center has been defined as “a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property”. The basic configuration of a shopping centre is a “*Mall” or Strip centre.*

   A mall is typically enclosed and climate controlled. A walkway is provided in front of the stores. A strip center is a row of stores with parking provided in the front of the stores.

- In India we can planned shopping centre can categorize in two category:

  Regional shopping centers or Mall: Regional shopping centers or mall are the largest planned shopping centers.

- Often they are anchored by two or more major department stores have enclosed mall serve a large trading area and have high rents. (Ansal plaza, spencers plaza crossroads, DLF city in Gurgaon).
- Neighborhood/community/shopping centers: Neighborhood /community centers usually have a balanced mix of stores including a few grocery stores, a chemist, a verity store and a few other stores selling convenience goods to the residents of the neighborhood.

Q: What is merchandise mix? Describe the role of merchandise planning to attract the customer.

Merchandising Mix:

- Full range of product categories which a retailer offers to its target customer. Merchandising Mix consists of
- Variety (Product Lines)

- Assortment (Product Range in each Product Line)
- Support (Planning & Control)

Merchandising management is the process in which retailers attempt to offer the right quantity of the right product at the right place and time while meeting the retail firm's financial goals. Retail merchandising is the process used in order to conduct retail sales. As part of the process, the merchandiser pays close attention to the types of products offered for sale, how to best present those products to consumers, and determining what a reasonable retail price is for each unit sold. While retailers have traditionally engaged in the task of retail merchandising in a physical location, the Internet has now made it possible to apply these same basic principles in a virtual setting.

Objective of merchandise planning:

- Create a business workflow encapsulating retail best practices.
- Reconcile plans top-down, bottom-up and middle-out to help retailers plan, execute and ensure that financial and merchandise plans work hand-in-hand.
- Deliver the optimal set of store clusters to retailers for assortment planning and category management.
- Create optimized local assortments.
- Predict customer demand with statistical forecasting for retail.

The Concept and Implications of Merchandise planning:

Merchandise planning is a strategic process that has an impact on the entire enterprise. The challenge is making sure the right product, quantity and price are present at the moment of the purchasing decision. Issues for retailers include how to integrate the merchandising process, create localized assortments and get them into stores. It's all about planning of Planning and control of the merchandise inventory while balancing the customer's expectation and retailer's strategy.

- In the form of Right assortment of goods
- Substantial depth -availability
- Choice available to customer increases
- Required goods always available

Implications of Merchandise planning:

- o Finance– Purchase order and profitability
- o Marketing– Advertising
- o Warehousing & Logistics
- o Store Operations :Space Planning

The process of Merchandise Planning:

- o Developing a sales forecast
- o Determining the Merchandise requirements
- o Merchandise Control
- o Assortment Planning

Developing a sales forecast:

- o Reviewing past sales
- o Economic conditions
- o Sales potential
- o Marketing strategies and Competition
- o Creating the sales forecast

Determining the Merchandise Requirements Merchandise Budget

- o Sales plan
- o Stock support plan
- o Planned reductions
- o Planned procurement
- o Gross margin
- o Assortment Planning
- o Product range and models

Q: What is category management? Describe the category management process.

Category management is a retailing concept in which the range of products sold by a retailer is broken down into discrete groups of similar or related products; these groups are known as product categories (examples of grocery categories might be: tinned fish, washing detergent, toothpastes).

Category management process:

The industry standard model for category management is the 8-step process, or 8-step cycle developed by the Partnering Group. The eight steps are shown in the diagram on the right; they are:

1. Define the category (i.e. what products are included/excluded).
2. Define the role of the category within the retailer.
3. Assess the current performance.
4. Set objectives and targets for the category.
5. Devise an overall Strategy.
6. Devise specific tactics.
7. Implementation.
8. The eighth step is one of review which takes us back to step 1.

Q: What is store designing?

Objectives of a good store design:

o Clear merchandise visibility.

o Sufficient space for store traffic. o

Minimization of transitional cost. o

Optimizing operational efficiency.

- Optimizing employee's convenience and satisfaction. o
Proper space utilization.
- Beautification of the store. o
Overall feel good factor

Q: What do you mean by store layout? What are the different types of store layout?

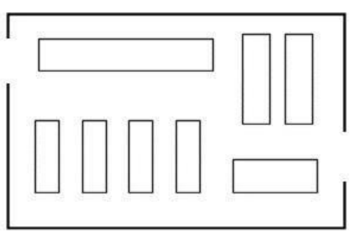
The interior retail store arrangement of departments or groupings of merchandise.

BASIC RETAIL FLOOR PLANS:

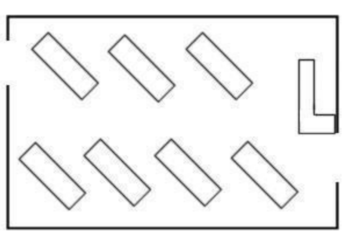
A well-planned retail store layout allows a retailer to maximize the sales for each square foot of the allocated selling space within the store. Store layouts generally show the size and location of each department, any permanent structures, fixture locations and customer traffic patterns. Each floor plan and store layout will depend on the type of products sold, the building location and how much the business can afford to put into the overall store design.

Below are a few basic store layouts.

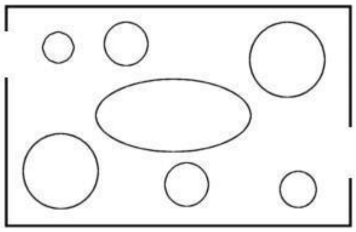
- The **straight floor plan** is an excellent store layout for most any type of retail store. It makes use of the walls and fixtures to create small spaces within the retail store. The straight floor plan is one of the most economical store designs.



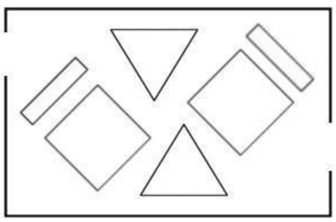
- The **diagonal floor plan** is a good store layout for self-service types of retail stores. It offers excellent visibility for cashiers and customers. The diagonal floor plan invites movement and traffic flow to the retail store.



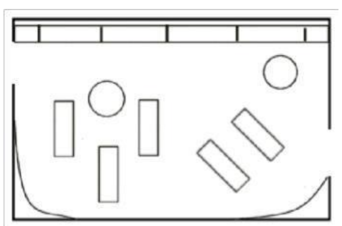
- The **angular floor plan** is best used for high-end specialty stores. The curves and angles of fixtures and walls makes for a more expensive store design. However, the soft angles create better traffic flow throughout the retail store.



- The **geometric floor plan** is a suitable store design for clothing and apparel shops. It uses racks and fixtures to create an interesting and out-of-the-ordinary type of store design without a high cost.



- The **mixed floor plan** incorporates the straight, diagonal and angular floor plans to create the most functional store design. The layout moves traffic towards the walls and back of the store.



Q: What is space management in Retailing? Describe the space planning.

Retailers roll their dice to gain market spotlight for their merchandise. A well planned and managed space in a retail store is the touchstone for a retailer's success in business.

Apparel retailing is a mature and extremely competitive arena which has to deal with demanding, diverse and well-informed consumers. The changing retail landscape is now adding more pressure on the retailers to retain their slice of the pie in the global, as well as the domestic market. Apparel retailers require a proper understanding of the consumers psychology, and play their cards right. Attracting shoppers and converting potential clientele into long term and loyal customers depends upon how the retailer is able to portray his merchandise, and the quality of his customer service. Therefore, it is more important for a retailer to make optimum utilization of the space available in his store so as to create an appealing in store arrangement.

Space planning had been in the retail structure since the time of inception of the retail business, but its applications, benefits, and dimensions keep evolving, reaching new heights with the passage of time. A well-arranged store display attracts the shoppers, making them to check out the apparel merchandise, and influencing them to buy the clothing. Using the available space in a right manner will enable the retailer to accentuate his merchandise and arrange them in an optimum position.

Space allocation tools:

Space allocation tools are available that enables retailers to determine the optimum space for fixtures, and merchandise based on the analysis of product placement, usage and performance. Space allotment is done hierarchically with both top and bottom views of performance. A detailed planning for space allocation can be done through any of the following ways:

Exact floor plans can be obtained through CAD drawing with precise measurements.

- Appropriate square footage can be assigned for each merchandise category.
- Detailed planograms can be prepared striking a happy balance of available space, and merchandise.
- A detailed plan can be prepared, considering detailed fixture, and component dimensions.

Benefits of Space Planning:

Adequate space planning techniques enable the retailer to have end-to-end control of merchandise. This display will attract more customers, minimizes stock outs and operating costs, enables inventory productivity, and increases the financial performance and ultimately more profits for the retail outlet. Retailers can drive top line sales, and achieve good overall returns on their invested amount of capital. The traditional space planning process is altered meeting with the localized needs of customers. Retailers should move away from developing prototype store layouts, as no two stores look alike. They should maintain store specific plans by gaining more knowledge about their stores. Effective planning of the retail space and managing it in a right way is the key factor in the lifecycle of merchandise planning and execution. More retailers are adopting the fact that space management is an integral part of any retail business.

Q: How significant is visual merchandising in retailing? Justify your answer with examples.

Visual merchandise is the presentation of a store and its merchandise in such a manner that will attract the attention of potential customers. It is an attempt to inspire customers to purchase through the use of design techniques that enhances the overall buying. Visual merchandising is of utmost importance — if done effectively, you are able to maximize sales. It helps you develop a unique business identity and brand, differentiating yourself from your competition. When designing and implementing a visual merchandising plan, it is important to consider a variety of things. “Who is my target customer?” and “What is my target customer looking for?” are two questions you should be asking yourself. By defining your target customer and identifying their likes, you can tailor your merchandising to fit their tastes. There are a variety of other facets to visual merchandising, like the color, design, ambience, and themes of the displays. While these are factors to take into consideration, here are three “hard techniques” that are proven to work:

Merchandise presentation techniques:

- Merchandise Presentation refers to most basic ways of presenting merchandise in an orderly, understandable, ’easy to shop’ and ‘find the product’ format. With merchandise presentation techniques, a store does not just look good, it actually increases sale.
- In a chain of stores, all outlets need to have the same look. To maintain a similar look in all the stores it is essential for a brand to have a Visual Merchandising Manual. This would have all details of Display areas, Signage, Checklists, Mannequin Maintenance, Fixtures, merchandise presentations, Hanger details, VM calendar (with budget details), etc. All aspects of VM are covered in the most simplified (pictorial) way so as to be understood by just anyone implementing the same.
- The placement of merchandise that is arriving to the store can be planned out on paper by using a Plano gram before the products actually arrive at the store. Planogramming is

an inventory control and merchandise display method that allows a retailer to maintain shelf inventory in an orderly way to improve efficiency and customer service.

1. Rule of Three:

Three is the magic number when creating displays. Not only does it catch the customer's attention, it helps cement the product display in the customer's mind. This is why many visual merchandising experts follow and preach the "Rule of Three." So when the retailers are arranging products to have sets of three. For example, having three products side by side rather than just one, if grouping by height, have short, medium, and tall. If by width, fat, fatter, and fattest and if the retailers truly want to capture the attention of price-conscious customers, arrange items in order from good, better, and best value to the customer. This allows them to spot the items that have the best value to them quickly and thus make a quick purchase.

This is because it creates asymmetry in the display, drawing the customer's attention. This is because when people look at symmetrical and balanced objects their gaze moves away quickly because it seems to be normal; asymmetrical or unbalanced displays are thus "abnormal" and are more interesting to the eye. Another aspect of this asymmetry is that three is an odd rather than an even number. The off-balance of the odd number forces the customer to gaze at the different aspects of the display focusing on each on separately rather than have their eye take in the whole display at once. People also tend to remember things that are grouped in threes. This is why many number strings, such as phone numbers and Social Security numbers, are broken down into groups of three (though in this case, followed by a group of four).

2. The Pyramid Principle:

The "Pyramid Principle" applies to a triangular merchandise display. You want to place the largest item at the center and have the smallest products on the outside. Thus the other items "step down" from the focal point, like a pyramid. Many department stores use this technique, as it's proven effective time after time. This principle also ensures that there's a variety in surface, which means that the display won't ever be "flat" or "boring." This type of display draws the customer in because the products seem to cascade or "tumble" down to the customer.

3. Price Points:

Key products should be highlighted with clear price points on larger signs, which will draw the customer's attention. If you have a value-oriented customer, you'll want to advertise the items with the best value or deal so that the customer will walk towards the display; all other products should have small price cards next to them or be priced individually with price stickers.

Merchandising can be known as an "art and a science," because many factors come into play for "perfect" merchandising. It is important to keep in mind that in order to truly have success in visual merchandising, you must constantly adapt. See what works and what doesn't, and change your displays based on that. If you keep a record of your displays and the correlating sales, you may find a pattern begin to emerge. With your target customer, a certain type of display may work better than others. Use this one more often. You'll find by tracking this data you can truly optimize your visual merchandising plan.

Q: What are retail atmospherics and retail aesthetics? Retail atmospheric:

The attempt to create an overall positive atmosphere in a retail outlet is known as atmospheric. Retail Atmospherics is a term used to describe the manipulation of elements such as color, light levels, sound, scents and design within your store to influence the buying habits of your customers. Atmospheric changes to a stores environment will influence the customers mood or feeling for that retailer. The retail store atmospherics is an array of tangible and intangible dispositions interwoven into a web of meanings that touches the social, psychological, economic, cultural, and religious life style of consumers, due to concordance with current fad, fashion, and trends. Retail atmospheric cues may generate setsand-subsets of associations related to attributes, benefits, emotions of pleasure-displeasure, attraction distraction, high-low confidence, self-actualization, and basic human desires.

The retail atmospherics consisting of environmental elements such as bright or dim lighting, classical or familiar music, attractive window dressing and layouts, magnificent architectural design, freshness and fragrance, appropriate temperature to make it cozy and comfortable, soothing and trendy color, attractive logo, and gentle crowding are ideal conditions that can affect the current and future behavior of consumers (Smith and Burns, 1996). The entire retail environment that includes brand design consistently throws brand messages that the consumer experiences throughout the shopping endeavor. The retail environment is pleasantly designed in order to communicate brand personality and image of the store. In order to add depth to the perceptions encapsulated in the atmospherics and communicate the retailer's brand value, each element of the retail environment is transformed so that it is differentiated from the competitors, standardized, and stimulates consumers' purchasing activity

Retail Aesthetics:

It takes into consideration factors like the actual size of the store, colours, textures etc. used within the store to create a particular look and feel for the store. It consisting of

- **Fixtures:** Awnings, bookcases, lighting, plumbing, etc., that are attached to a real property in a manner that (in view of law) it becomes a part of that property. Fixtures are sold and transferred with the real property, even if they are not mentioned in the deed. However, if the life of the article (such as a water pump or heater) is assumed to be less than the life of the building, it is classified as an equipment and not a fixture.
- **Flooring:** A level surface or area used for a merchandise and customer.
- **Ceiling:** The overhead interior surface of a room utilized for light to illuminate the merchandise and advertising.
- **Lighting:** Incorporate three-dimensional elements into the design, which you can achieve through architectural features and feature lighting, both direct and ambient.
- **Graphic:**
  - **Theme Graphic:** Relates to a particular theme being followed throughout the retail store.
  - **Campaign Graphic:** Relates to the current advertising campaign.
  - **Promotional Graphics:** Pertains to the promotional campaign being carried out in the store.
- **Signages:**
  - **Merchandise Related:** Informs about the location, type, prices Features etc.
  - **Directional Signs:** Cash counters, gift wrapping areas, customer service areas, washrooms, lift, caution etc.

- **Instructional Signs:** Instruction about Lift is out of order etc.
- **Courtesy Signs:** “Thank You”, Visit Again”
- **Store Directory:** It informs about the location of the various sections in the store. Ex. Lifts and staircase.

Module ̵III

Retail Communication Mix, Retail Pricing: Price Setting, Pricing Strategies, Managing Retail Brands, Retail Supply Chain, CRM, HRM Practices in Retail, Technology in Retailing, Future of Retailing.

Q: What do you mean by retail communication? Describe the retail communication mix.

Communication is an integral part of the retailer’s marketing strategy. Primarily, communication is used to inform the customers about the retailer, the merchandise and the services. It also serves as a tool for building the store image. Retail communication has moved on from the time when the retailer alone communicated with the consumers. Today, consumers can communicate or reach the organizations. Examples of this include toll free numbers, which retailers provide for customer complaints and queries. Another example is the section called Contact Us on the websites of many companies.

It is believed that every brand contact delivers an impression that can strengthen or weaken the customer view of the company. The retailer can use various platforms / channels for communication. The most common tools are:

1. Advertising
2. Sales Promotion
3. Public Relations
4. Direct Marketing

Communications Mix:

Communication Mix is the range of approaches and expressions of a marketing idea developed with the hope that it be effective in conveying the ideas to the diverse population of people who receive it. It is designed to achieve a variety of objectives for the retailer, such as building a brand image of the retailer in the customer's mind, increasing sales and store traffic, providing information about the retailer's location and offering, and announcing special activities. Retailers communicate with customers through various means. These elements in the communication mix must be coordinated so customers have a clear, distinct image of the retailer and not be confused by conflicting information. Many retailers use rules of thumb to determine the size of the promotion budget. Marginal analysis, the most appropriate method for determining how much must be spent to accomplish the retailer's objectives, should be used to determine whether the level of spending maximizes the profits that could be generated by the communication mix.

The main elements that make up the promotions/communications mix are:

Advertising:

It is an Effective medium for creating awareness and interest which is low control over response. Advertising media vehicles are mostly: Television, Cinema, Radio, Directories, Packaging, Hoardings/Posters, Magazines, Catalogues, Brochures, Internet etc.

Sales Promotion

Sales promotion is the process of persuading a potential customer to buy the product. Sales promotion is designed to be used as a short-term tactic to boost sales – it is rarely suitable as a method of building long-term customer loyalty. Some sales promotions are aimed at consumers. Sales promotion tools are mostly: Money-off coupons, Free gift Samples:

Store Atmosphere:

The combination of the store’s physical characteristics (architecture, layout, signs and displays, colors, lighting, temperature, sounds, smells) creates an image in the customers’ mind.

Personal selling:

In this salespeople satisfy needs through face to face exchange of information. It is an effective medium for influencing all stages of decision making process of a consumer. It is mostly effective for good for small businesses with local markets complex products and services.

Direct Marketing:

Direct marketing is a form of advertising which allows businesses and nonprofit organizations to communicate directly to customers through a variety of media including cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and targeted. These tools are mostly: Mailshots, E-mail, CD-ROMS etc.

Public relation:

Public relation (PR) is the practice of managing the spread of information between an individual or an organization (such as a business, government agency, or a nonprofit organization) and the public. It is an effective medium for creating awareness, interest and credibility. Publicity can be highly credible if it is well thought - out and it is extremely cheap. A feature in a paper, magazine sometimes seem more credible to readers than ads But it is restricted by editorial decisions by the media source used.

UNPAID PERSONAL COMMUNICATION:

Word of Mouth:

Effective medium for creating interest and desire for your product or service and it is extremely cheap. It gives excellent service and produce good quality pay attention to packaging give customers something to pass onto friends such as business cards give customers incentive to bring new customers e.g. special discounts become part of local community activities team up with other local businesses and pass customers between you.

Q: What is retail pricing? Describe the different retail pricing strategies.

Now that we understand what our products actually cost, we should look at how our competition is pricing their products. Retailers will also need to examine their channels of distribution and research what the market is willing to pay. Many pricing strategies exist and each is used based on particular a set of circumstances. Here are a few of the more popular pricing strategies to consider:

Mark-up Pricing:

Markup on cost can be calculated by adding a pre-set (often industry standard) profit margin, or percentage, to the cost of the merchandise. Markup on retail is determined by dividing the dollar markup by retail. Be sure to keep the initial mark-up high enough to cover price reductions, discounts, shrinkage and other anticipated expenses, and still achieve a satisfactory profit. Retailers with a varied product selection can use different mark-ups on each product line.

Vendor Pricing:

Manufacturer suggested retail price (MSRP) is a common strategy used by the smaller retail shops to avoid price wars and still maintain a decent profit. Some suppliers have minimum advertised prices but also suggest the retail pricing. By pricing products with the suggested retail prices supplied by the vendor, the retailer is out of the decision-making process. Another issue with using pre-set prices is that it doesn't allow a retailer to have an advantage over the competition.

Competitive Pricing:

Consumers have many choices and are generally willing to shop around to receive the best price. Retailers considering a competitive pricing strategy will need to provide outstanding customer service to stand above the competition. Pricing below competition simply means pricing products lower than the competitor's price. This strategy works well if the retailer negotiates the best prices, reduces costs and develops a marketing strategy to focus on price specials.

Prestige Pricing:

Prestige pricing, or pricing above competition, may be considered when location, exclusivity or unique customer service can justify higher prices. Retailers that stock high-quality merchandise that isn't available at any other location may be quite successful in pricing their products above competitors.

Psychological Pricing:

Psychological pricing is used when prices are set to a certain level where the consumer perceives the price to be fair. The most common method is odd-pricing using figures that end in 5, 7 or 9. It is believed that consumers tend to round down a price of Rs.9.95 to Rs.9, rather than Rs.10.

Other Pricing Strategies:

Keystone Pricing:

Keystone pricing is not used as often as it once was. Doubling the cost paid for merchandise was once the rule of pricing products, but very few products these days allow a retailer to keystone the product price.

Multiple Pricing:

Multiple pricing is a method which involves selling more than one product for one price, such as three items for $1.00. Not only is this strategy great for markdowns or sales events, but retailers have noticed consumers tend to purchase in larger amounts where the multiple pricing strategy is used.

Discount Pricing:

Discount pricing and price reductions are a natural part of retailing. Discounting can include coupons, rebates, seasonal prices and other promotional markdowns.

Copycat pricing:

Here the retailer simply prices his brand lower than the other existing brands

Parallel pricing:

Here the retailer prices his brand equal to the other competing brands

Premium pricing:

Here the retailer prices his brand higher than the other competing brands since he wants the brand to have a snob value attached to it

Loss Leader Pricing:

Merchandise priced below cost is referred to as loss leaders. Although retailers make no profit on these discounted items, the hope is consumers will purchase other products at higher margins during their visit to the store.

As you develop the best pricing model for your retail business, understand the ideal pricing strategy will depend on more than costs. It also depends on good pricing practices. It is difficult to say which component of pricing is more important than another. Just keep in mind, the right product price is the price the consumer is willing to pay, while providing a profit to the retailer.

Q: What are the methods for managing retail brands?

Brand is a product that provides functional benefits that some consumers value enough to pay a premium price. It is a mark that represents a unique set of both tangible and intangible benefits in the mind of the consumer. It is a name that identifies a particular product and differentiates it from its competitors. In case of branding, companies build the brand name on the basis of what they want to communicate about what the brand stands for. In case of retail branding the store has to match the branding with performance. Thus retail branding has to deliver both tangible and intangible benefits all in one and all at once.

The development of the "whole branding view" entails creating the store as brand and enforcing this "retail brand" at every point of contact between the prospect and the store. The very essence of this concept is that branding is not merely a synonym for marketing a product, but it is rather the whole host of activities that define and deliver a purchasing experience.

Brand architecture:

It refers to the internal structuring of the retailer's brands and revolves around how many and what kinds of offers are provided under a certain brand. Within the brand hierarchy, a retailer's brands can be divided into different levels. Retailers have brand names at the level of the retail company as a whole ("corporate brand"), the retail stores, the merchandise (e.g. the store brands), and specific retail services (i.e. banking services or loyalty programmes). Besides the individual branding decision at each level, the interconnection between the levels has to be considered. As in industrial multiproduct companies, retailers with more than one store have to decide whether the stores should carry the same or different brands.

Three general branding strategies can be distinguished at the level of the retail brand:

Umbrella brand strategy:

Here all the stores of the company carry the same brand, in most cases differentiated by a sub-brand.

Family brand strategy:

Here groups of stores of the retail company (usually different retail formats) carry different brands, i.e. the brands are strictly separated.

Mixed strategy:

It applies on umbrella brand for some store formats and separates others by using different brand names. The main decision in this context is brand image transfer vs. brand image separation. Using an umbrella brand strategy, the common brand name leads to a substantial image transfer. Consumers transfer the associations they carry for Tesco Superstores at least partly to Tesco Express stores.

All stores are part of one large brand and have to convey the same message to the consumer, if the brand image is to remain strong. A family brand strategy, on the other hand, is usually the result of market segmentation and an unambiguous brand focus with different brand attributes for each store format. Carrefour hypermarkets, for example, target a different market segment than Carrefour's discount chain Dia. An image transfer would, therefore, probably not benefit either of the stores. Strategic brand management starts with a clear understanding of what the brand is to represent and how it should be positioned relative to competitors.

Brand Positioning:

It is the deliberate and proactive process of defining and influencing consumer perceptions of a marketable object, with a strong focus on the competitive position. A product is thus positioned in the minds of the consumers. Positioning usually applies certain fixed dimensions along which the retail brand defines its position relative to its competitors. Market segmentation is often considered necessary for successful brand positioning. Market segmentation refers to the process of dividing a total market by certain attributes into (more homogeneous) partial markets. Segmentation criteria can be demographic, socioeconomic, lifestyle, geographic location and many others. Segmentation therefore includes the selection of one or several market segments and targeting the marketing towards the purchasing behaviour, motives, or expectations of these groups. However, segmentation is often considered difficult for retailers with given catchment areas and the need for high customer traffic in their stores which require appealing to broad customer groups. Successful positioning can be based on any retail activities and a unique profile along the various dimensions yields a clear position that is the prerequisite of a strong brand. At the same time, the advertising spending of retailers has increased strongly over the last few decades and – as an indicator of the increasing relevance of retail branding – in many countries, retail stores are among the most heavily advertised "products" in terms of media spending.

Retail brand position:

It is based on a set of fixed dimensions along which a retailer is perceived to be located. However, the retail brand is broader than the actual positioning. The total brand knowledge which a consumer associates with a brand is relevant to the brand strength. Any type of information connected to the brand is stored in the memory network, including verbal, visual, abstract, and acoustic information.

Retail brand image:

It can be defined as perceptions about a retailer as reflected by the brand associations stored in consumer memory. The strength of the brand can be evaluated by analyzing the various relevant associations. Their uniqueness, favourability, strength, and the certainty with which consumers link the information with the brand, are the dimensions to consider. The retail brand image is complex and it is connected to an array of other images, both at a higher level as well as in the form of sub-images. The retail store format image (i.e. category "killer image"), shopping centre image, location image, price image, merchandise image and other components of the store or its context are all connected to the retail brand image and are part of the memory network of the consumer.

Branding Strategies in Retail Branding in India

1. Integrated Branding:

In integrated branding the retailer is in direct link with the manufacturer. He is required to possess complete knowledge about the possible developments in the product in the future. In this regard he practices experience based marketing and leverages the benefit of being in direct contact with the customers. The retailer is involved in process beginning from idea generation to branding the product. Here the retailer makes the decision regarding what kind of product he wants. These ideas are then formulated into specifications, which are then communicated to his agent. This agent is a turnkey agent and arranges all that is required, starting from locating the manufacturers and arranges all the other inputs required. His job is to crystallize the ideas generated by the retailer into a product and supply it to the retailer.

2. Contract Branding:

In contract branding the retailer outsources from an existing supplier of the product and does not play any part in product development. The participation of the retailer is limited to the specifications regarding quantity, price and brand. Here the supplier is responsible for product development in the future and is required to have complete knowledge about the product and has an established link with the manufacturer. The retailer benefits from the experience and network of the supplier.

3. Independent Branding:

Here, the retailer simply procures from the supplier at the lowest possible cost and the entire branding investment is his own. The retailer is like the owner of the brand and holds complete responsibility for it's performance. Such brands are known as 'Private Labels'. Examples of such brands are STOP, which belongs to Shopper's Stop, SRC which belongs to Westside etc. Such brands are treated differently to other brands.

Successful Retail Branding Strategies:

All retail marketing instruments affect the retail brand, as illustrated by the notion of the comprehensive retail brand image, which is made up of a universe of interconnected associations.

To develop a strong and successful brand, three basic principles are mentioned in literature:

- **differentiation from competitors**
- **long term marketing continuity**
- **coherence of different marketing components.**

Achieving differentiation (in consumers' minds) is a central characteristic of a brand. Higher levels of differentiation from the competitor are expected to lead to higher profitability. Only brands that are well distinguished from their competitors can build up long term customer loyalty and avoid store switching by the consumers. Establishing a clear brand image is a long term process. Brands are established through consumer learning processes. Consumers store associations in their memory. Brand associations become stronger over time and must be reinforced by repeated exposure to the same brand messages, because they might otherwise fade away. The past investment in the brand building is at least partly lost if the brand marketing is changed. Thus, continuity is important. Also, risk reduction is one of a brand's main functions. Consumers trust a brand, because it entails a standardized and uniform offer under a certain brand name. Some of the world's most successful brands demonstrate that retaining the same brand message and communication (with slight variations) for years and even decades is one of the key prerequisites of successful branding. The retail marketing mix includes all marketing instruments that a retailer can deploy. The term mix indicates that the instruments are not used in isolation, but that they jointly influence the consumer. In order to be successful, all marketing measures must be coordinated to ensure a close fit with one another and that all measures convey the same brand message. Because inconsistency makes a brand image fragile and consumers strive for internal harmony or congruity in their knowledge and information (“theory of cognitive dissonance”), creating coherence between all the different facets of the retail brand is crucial for success. Considering the complexity of the retail environment, ensuring a fit among the marketing instruments and all brand contact points is challenging.

Q: Explain Supply Chain management in the context of retailing. Justify your answer with examples.

Supply chain management (SCM) is the management of a network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers. Supply chain management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption (supply chain). SCM is also as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally." Supply Chain Management (SCM) is an end-to-end process in merchandise planning and movement, from planning the inventory to the point of reaching the merchandise to the customers. SCM is an integrated process where every activity is interlinked with the system for information throughout the cycle time of each step of the process so that timely action can be taken.

Evolution of SCM:

Six major movements can be observed in the evolution of supply chain management studies: Creation, Integration, and Globalization, Specialization Phases One and Two, and SCM 2.0.

1. Creation era:

The term supply chain management was first coined by a U.S. industry consultant in the early 1980s. However, the concept of a supply chain in management was of great importance long before, in the early 20th century, especially with the creation of the assembly line. The characteristics of this era of supply chain management include the need for large-scale changes, re-engineering, downsizing driven by cost reduction programs, and widespread attention to the Japanese practice of management.

2. Integration era:

This era of supply chain management studies was highlighted with the development of Electronic Data Interchange (EDI) systems in the 1960s and developed through the 1990s by the introduction of Enterprise Resource Planning (ERP) systems. This era has continued to develop into the 21st century with the expansion of internet-based collaborative systems. This era of supply chain evolution is characterized by both increasing value-adding and cost reductions through integration.

3. Globalization era:

The third movement of supply chain management development, the globalization era, can be characterized by the attention given to global systems of supplier relationships and the expansion of supply chains over national boundaries and into other continents. Although the use of global sources in the supply chain of organizations can be traced back several decades (e.g., in the oil industry), it was not until the late 1980s that a considerable number of organizations started to integrate global sources into their core business. This era is characterized by the globalization of supply chain management in organizations with the goal of increasing their competitive advantage, value-adding, and reducing costs through global sourcing.

4. Specialization era—Phase I: outsourced manufacturing and distribution:

In the 1990s, industries began to focus on "core competencies" and adopted a specialization model. Companies abandoned vertical integration, sold off non-core operations, and outsourced those functions to other companies. This changed management requirements by extending the supply chain well beyond company walls and distributing management across specialized supply chain partnerships.

This transition also re-focused the fundamental perspectives of each respective organization. OEMs became brand owners that needed deep visibility into their supply base. They had to control the entire supply chain from above instead of from within. Contract manufacturers had to manage bills of material with different part numbering schemes from multiple OEMs and support customer requests for work -in-process visibility and vendor-managed inventory (VMI).

The specialization model creates manufacturing and distribution networks composed of multiple, individual supply chains specific to products, suppliers, and customers, who work together to design, manufacture, distribute, market, sell, and service a product. The set of partners may change according to a given market, region, or channel, resulting in a proliferation of trading partner environments, each with its own unique characteristics and demands.

5. Specialization era—Phase II: supply chain management as a service:

Specialization within the supply chain began in the 1980s with the inception of transportation brokerages, warehouse management, and non-asset-based carriers and has matured beyond transportation and logistics into aspects of supply planning, collaboration, execution and performance management.

At any given moment, market forces could demand changes from suppliers, logistics providers, locations and customers, and from any number of these specialized participants as components of supply chain networks. This variability has significant effects on the supply chain infrastructure, from the foundation layers of establishing and managing the electronic communication between the trading partners to more complex requirements including the configuration of the processes and work flows that are essential to the management of the network itself.

Supply chain specialization enables companies to improve their overall competencies in the same way that outsourced manufacturing and distribution has done; it allows them to focus on their core competencies and assemble networks of specific, best-in-class partners to contribute to the overall value chain itself, thereby increasing overall performance and efficiency. The ability to quickly obtain and deploy this domain-specific supply chain expertise without developing and maintaining an entirely unique and complex competency in house is the leading reason why supply chain specialization is gaining popularity.

Outsourced technology hosting for supply chain solutions debuted in the late 1990s and has taken root primarily in transportation and collaboration categories. This has progressed from the Application Service Provider (ASP) model from approximately 1998 through 2003 to the OnDemand model from approximately 2003-2006 to the Software as a Service (SaaS) model currently in focus today.

6. Supply chain management 2.0 (SCM 2.0):

Building on globalization and specialization, the term SCM 2.0 has been coined to describe both the changes within the supply chain itself as well as the evolution of the processes, methods and tools that manage it in this new "era".

Web 2.0 is defined as a trend in the use of the World Wide Web that is meant to increase creativity, information sharing, and collaboration among users. At its core, the common attribute that Web 2.0 brings is to help navigate the vast amount of information available on the Web in order to find what is being sought. It is the notion of a usable pathway. SCM 2.0 follows this notion into supply chain operations. It is the pathway to SCM results, a combination of the processes, methodologies, tools and delivery options to guide companies to their results quickly as the complexity and speed of the supply chain increase due to the effects of global competition, rapid price fluctuations, surging oil prices, short product life cycles, expanded specialization, near-/far- and off-shoring, and talent scarcity.

Q: Explain the significance of CRM in retailing?

Customer relationship management (CRM) consists of the processes a company uses to track and organize its contacts with its current and prospective customers. CRM software is used to support these processes; the software system can be accessed, and information about customers and customer interactions can be entered, stored and accessed by employees in different company departments. Typical CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing. While the term CRM generally refers to a software-based approach to handling customer relationships, most CRM software vendors stress that a successful CRM effort requires a holistic approach. CRM initiatives often fail because implementation was limited to software installation, without providing the context, support and understanding for employees to learn, and take full advantage of the information systems.

From the outside, customers interacting with a company perceive the business as a single entity, despite often interacting with a number of employees in different roles and departments. CRM is a combination of policies, processes, and strategies implemented by an organization to unify its customer interactions and provide a means to track customer information.

CRM is all about:

- Acquiring customers.
- Keeping customers.
- Growing customers.
- Gaining customer insight.
- Interacting with the customers across all touch points.
- Building lasting relationship with the customers.
- Delivering value to the customer.
- Acquiring a sustainable competitive advantage.
- Growing the business

- **Front office operations** — Direct interaction with customers, e.g. face to face meetings, phone calls, e-mail, online services etc.
- **Back office operations** — Operations that ultimately affect the activities of the front office (e.g., billing, maintenance, planning, marketing, advertising, finance, manufacturing, etc.)
- **Business relationships**— Interaction with other companies and partners, such as suppliers/vendors and retail outlets/distributors, industry networks (lobbying groups, trade associations). This external network supports front and back office activities.

- **Analysis** — Key CRM data can be analyzed in order to plan target-marketing campaigns, conceive business strategies, and judge the success of CRM activities (e.g., market share, number and types of customers, revenue, profitability).

Q: Describe the HRM Practices in Retail.

Human Resource Management is a vital function in organizations. It is becoming more important than ever. Line managers are getting involved in HRM, and human resource managers are becoming members of the management team. Also, everyone in the organization can make a contribution to the management of people and the success of the organization at the same time. Human resource management includes a variety of activities, such as the following:

- What staffing needs to have and whether to use independent contractors or hire employees to fill these needs Recruiting and training the best employees, ensuring they are high performers.
- Dealing with performance issues and ensuring its personnel and management practices conform to various regulations.

The Special Human Resource Environment of Retailing:

Staffs are a major resource in any business. This is particularly true in retail industry, which has a very large amount of employees and which provides a range of services to its customers. The retail human resource environment has its special features: a large number of inexperienced workers, long hours, highly visible employees, many part-time workers, and variations in customer demand. Those features also create difficulties to retailers.

First of all, a large number of inexperienced workers and part-time staffs in a retail business may lead high employee turnover, poor performance, lateness and absenteeism. This is due to several seasons. One is that inexperienced workers can apply retail positions, such as checkout clerks, wrappers, stock clerks and some types of sales personnel, which doesn't require high education, training and skill. The other one is that employees who work in retailing companies likely live near the retailing stores. In addition, part-time staffs are very easy to quit their jobs. Secondly, long working hours may result that retailers need to two shifts of employees. As the trend of longer store hours (evening and weekend), retailers need to consider employ staff for evening and weekend use.

Thirdly, high visible employees mean that retailers have to monitor employees very closely. As consumers nowadays play a very important role in retail industry and employees are highly visible to the consumers, retailers must select and train employees carefully, especially care about their manners and appearance.

Q: Who is a Retail Store Manager?

The retail store manager is an individual who oversees the daily operations of a retail establishment. That individual is responsible for overseeing the daily work of subordinate employees, ensuring that customers have a pleasant shopping experience and completing many other duties necessary to run the store in an effective and efficient manner.

Q: What are the Duties and Responsibilities of a Retail Store Manager?

There are many duties this individual is responsible for completing and each duty in and of itself is vital to the smooth operation of the store. The first main duty of a retail store manager is overseeing the hiring, firing and maintaining of personnel. These individuals are ones who make the store a success and it takes a strong manager to ensure that the perfect individuals are hired to fill sales associate positions, clerical positions and other important job titles. In addition to these tasks, the retail store manager must see to it that each individual is adequately trained to fill their job title and supervise the work that they do throughout their employment at the store.

Another important duty and/or responsibility of the retail store manager deals with the money that comes into the store and goes back out as well. The retail store manager is responsible for handling the turning in of cash at the end of each sales associate’s day and is required to ensure that all the money is accounted for in the end. In addition, a retail store manager is usually responsible for paying the employees and ensuring that the paychecks match the hours worked by each individual. Meticulous records are needed to be kept by the retail store manager to ensure that all money which has come into the store is accounted for and sales associates and other store employees are paid as they should be.

Inventory is another responsibility of a retail store manager. Since there needs to be goods in stock to sell, it is imperative that the retail store manager check the inventory on a frequent basis and make sure that orders are in when they are supposed to be. In addition to checking retail store stock and ordering goods, the retail store manager also

needs to be responsible for paying for the goods which are ordered as well as keeping track of how much is spent on procuring the goods.

One very important duty of the retail store manager relates to customer service responsibilities. From time to time, shoppers within the retail store will ask to speak with a manager whether it be to issue a complaint regarding their shopping experience or provide a compliment to an employee or the store itself. The retail store manager is the higher up individual in the retail ranks who provides an ear to customers who wish to express either their pleasure or displeasure regarding an aspect of the store. Therefore, the retail store manager must be extremely well versed in matters of customer service. The retail store manager is also the pertinent individual at a retail store who confers with the higher up individuals on the corporate level. Since the retail store manager is on the premises on a daily basis, they are the best individuals to let the corporate office know how that particular store is doing. This relates not only to sales but to employer-employee relations as well. This individual is also the one who handles occupational safety and employee relations within the store and relates any issues back to the head office. Lastly, the retail store manager is the person at a particular retail store who may handle advertising and promotional displays. The retail store manager is one who must make their individual store shine when it comes to presenting various promotions in a favorable and enticing manner. Although they may not be responsible for drafting the advertising materials, they should be knowledgeable in how to display the information so that it has the maximum amount of potential possible.

Q: Explain the role of Technology in Retailing.

Technology plays a crucial role in the retail industry. The IT innovation revolution in retail is steadily taking shape in India. The process is such that it has the potential to change the way in which we purchase even the basic necessities such as groceries and vegetables. Innovation is happening not just at the backend, but also at the customer facing end. It’s taking place all over, right from where the customer enters a store to the point where he leaves. This essentially covers the whole process of buying of products, right from selecting to decision making and paying at the checkout counter.

"Innovations in the retail industry are multi-pronged and are aimed at enhancing the end user experience, optimizing resources and logistics, creating a technology platform to keep pace with the dynamics of the industry and manage the unprecedented growth given the geographic spread and diversity," said Dr. Anurag Srivastava, Vice President, Consulting Division, Wipro.

Some of the key innovations include:

- ***Customer identification using RFID***: This involves identifying customers by issuing them smart cards embedded with smart chips. These cards would be RFID enabled and would give information regarding the customer like his preferences, shopping behavior etc.
- ***E-Catalog based selling***: Here a limited range of merchandise is available in-store, while the range of a hyper format is made available through self-browse kiosks.
- ***Mobile Point of Sale (POS)***: This would enable the purchase of goods while putting them in a shopping cart. The customer would be spared the hassle of standing in long queues.
- ***Digital Signage***: Static signboards have not proved beneficial in terms of helping a customer track a product. Digital signboards integrated with an automated tracking system can make this easier.
- ***Intelligent database***: A detailed database of the customer is made available online and helps the retailer understand a particular customer's buying characteristics.

In addition, retailers are even deploying applications such as CRM for loyalty programs and personalized service and ERP, inventory management, supply chain management and security solutions, POS, master data repository, data management etc. to get the basic infrastructure in place. Large scale IT adoption is not equal across categories in the retail industry. There are eight key segments in the retail sector, food/ grocery/ vegetables, garments, electronics/electrical, cosmetics/medicines, home furnishing and furniture, lifestyle products (jewelery, shoes, watches), office products and multi product outlets. "Lifestyle and apparels are more open towards IT. Even grocers are thinking of deploying basic IT solutions. On a whole every retailer is looking at a tailor made solution which meets his needs.

Advantages of IT:

- Operational efficiency through better management of supply chain, inventory and store Improved productivity through automation, e.g. use of POS
- Enhanced customer experience through use of kiosks, mobile POS, digital signage
- Consistency in business process
- Transparency in business process
- Increased ROI
- Easy tracking of inventory and leakage
- Enables cross selling other products
- Allows performance management across locations, categories, etc. Extends geographical reach

Q: Discuss how e-tailing is different from retailing.

E-retailing:

It is most commonly known as e-tailing is nothing but shopping through the Internet and other media forms. There are many things that are common between direct retail stores and online retail stores. Both have the process of billing of the customers and have to maintain a relationship with the suppliers. There are divergent views on the future of e-retailing in India. Some experts are of the opinion that the giant, big brand retailers would dominate the small ones due to their wider investment capacities. It would be next to impossible for the small retailers and the kiranas to prove their existence in the battlefield of online retailing. Another viewpoint is that there would be an exponential growth in the online retailing business in India.

Online Retail Stores:

Online shopping has finally become a trend in India. If you too like shopping online then this article will give the insight on where to shop from. There are various online shopping stores in India, which are competing to offer their customers value for money as well as time. Each of them claims to offer branded products at the cheapest price.

Q: Describe the future growth of retail in India.

Indian retail sector is highly fragmented as compared to the developed as well as the other developing countries. This shows a great potential for the organized retail industry to prosper in India, as the market for the final consumption in India is very large. Retail trade is largely in the hands of private independent owners and distributor's structure for fast moving consumer goods consisting of multiple layers such as carrying and forwarding agents, distributors, stockiest, wholesalers and retailers. Thus, the growth potential for the organized retailer is enormous. In the next 2-3 years, India will finally see operations of a number of very serious international players- net withstanding the current restrictions on FDI in retail. The Indian retail sector is ready to take on challenges from global retail players such as Wal-mart and Carrefour because unlike them, they have a better understanding of the Indian consumer's psyche. Ultimately, a successful retailer is one who understands his customer. The Indian customer is looking for an emotional connection, a sense of belonging. Hence, to be successful any retail outlet has to be localized. The customer should feel that it is a part of his culture, his perceived values, and does not try to impose alien values or concepts on him. Indian customer is not keen to buy something just because it is sold by an international company.

PRESENT SCENARIO

Retailing in India is witness to the boom in terms of modern retailing formats, shopping malls etc. the future of retailing for any product across the country will definitely be in malls where the consumer can get variety, quality and ambience.

However, in spite of this continuous debate to be or not to be, recently Government has allowed up to 51 percent FDI in single brand retailing by foreign companies like Reebok and Louis Vuiton. As of now, single brand retailers operate through the franchisee route and there is a strong view that FDI in this segment would not displace jobs or impact the local industry but help create employment.

Even today the government is undecided about the level FDI in retail, but a number of foreign players, including the Wal-mart stores, Inc., have announced their intention to enter India in a big way. At present Wal-mart is operating through its subsidiary in Bangalore, which was functioning as a liaison office till last year. Now it is in the process of setting up offices in New Delhi and Mumbai.

RETAILING IN THE 21ST CENTURY

Retailing in the new millennium stands as an exciting, complex and critical sector of business in most developed as well as emerging economies. Today, the retailing industry is being buffeted by a number of forces simultaneously, e.g., increasing competition within and across retailing formats, the growth of online retailing, the advent of "Radio Frequency Identification (RFID) technology, the explosion in customer-level data availability, the global expansion of major retail chains like WAL-MART and METRO Group and so on. Making sense of it all is not easy but of vital importance to retailing practitioners, analysis and policymakers.

RETAIL IN INDIA - THE FUTURE

According to a study the size of the Indian Retail market is currently estimated at Rs.704 crores, which accounts for a meager 3% of the total retail market. As the market becomes more and more organized the Indian retail industry will gain greater worth. The Retail sector in the small towns and cities will increase by 50% to 60% pertaining to easy and inexpensive availability of land and demand among consumers.

Growth in India Real estate sector is also complementing the Retail sector and thus it becomes a strong feature for the future trend. Over a period of next 4 years there will be a retail space demand of 40 million sq. ft. However with growing real estate sector space constraint will not be there to meet this demand. The growth in the retail sector is also caused by the development of retail specific properties like malls and multiplexes.

According to a report, from the year 2003 to 2008 the retail sales are growing at a rate of 8.3% per annum. With this the organized retail which currently has only 3% of the total market share will acquire 15%-20% of the market share by the year 2010.

Factors that are playing a role in fueling the bright future of the Indian Retail are as follows:

- The income of an average Indian is increasing and thus there is a proportional increase in the purchasing power.
- The infrastructure is improving greatly in all regions is benefiting the market.
- Indian economy and its policies are also becoming more and more liberal making way for a wide range of companies to enter Indian market.

- Indian population has learnt to become a good consumer and all national and international brands are benefiting with this new awareness.
- Another great factor is the internet revolution, which is allowing foreign brands to understand Indian consumers and influence them before entering the market. Due to

  the reach of media in the remotest of the markets, consumers are now aware of the global products and it helps brands to build themselves faster in a new region

However despite these factors contributing to the growth of Indian retail Industry, there are a few challenges that the industry faces which need to be dealt with in order to realize the complete scope of growth in Indian market.

Foreign direct investment is not allowed in retail sector, which can be a concern for many brands. But Franchise agreements circumvent this problem. Along with this regulation, local laws, and real estate purchase restrictions bring up challenges. Other than this lack of integrated supply chain, management, and lack of trained workforce and flux of the market in terms of price and product choice also need to be eliminated.

The Indian Retail Street is set to glow brighter with India recapturing its position as the most attractive destination for global retailers, despite the global slump. According to the Global Retail Development Index (GRDI) released by US-based global management consulting firm, A T Kearney, India has emerged as best country amongst 30 emerging markets. This reinforces the fact that trade with India is a golden opportunity to be capitalized upon. Interestingly, Russia clinched the second position, while China settled for the third spot. The report also stated that India has become the most attractive destination for retail investment for the fourth time in five years.

Currently India has one of the largest numbers of retail outlets in the world. According to a report by images Retail estimates the number of operational malls will grow more than two-fold, i.e., it will cross 412, with 205 million square feet getting covered by 2010. Nearly 715 malls will be added by 2015, with major retail developments in tier-II and tier-III cities fuelling further growth.

Sample Short Notes

By

1. Anchor Store: A major retail store used to drive business to smaller retailers that physically surround it. These larger department stores or grocery stores are generally part of a retail chain and are the prominent business in a shopping mall.
2. ANSI: American National Standard Institute, ANSI serves as administrator and coordinator of the United States private sector voluntary standard and conformity assessment system.
3. Average Inventory Cost: Average inventory cost is found by adding the beginning cost of inventory for each month plus the ending cost inventory of the last month in the period.
4. Average Inventory Turnover: The inventory turnover is a measure of the number of times inventory is sold or used in a time period such as a year. The equation for inventory turnover equals the cost of goods sold or net sales divided by the average inventory.
5. Big Box Store: The name pretty much says it all. ! A big box store is a huge square or rectangular shaped establishment, usually part of a major retail chain. ! Examples of such stores include Target, Home Depot, and Best Buy.
6. Big Data: This refers to sets of data so massive, it takes sophisticated programs and data scientists to make sense of it all. Big Data allows businesses to personalize each customer's experience and it even lets them predict consumer behavior (i.e. when a customer is in the mood to buy, when they're about to lapse, etc.).
7. Bill of Lading: A bill of lading is a document used as evidence that a transport company or carrier received goods from a shipper.
8. Brick and Click: This term refers to retailers that integrate their brick and mortar store with their ecommerce site. These retailers bring the best of both worlds into their business. Most brick and click companies even offer seamless web-to-store services such as in-store pickups and returns.
9. Brick and Mortar: Brick-and-mortar store are retail shops with permanent physical locations.
10. Case Pack: Merchandise shipped in full cases. Cartons cannot be broken into smaller cases.

11. Cash wrap: This is the main checkout area of a retail store. In other words, this is where shoppers head to when they're ready to pay for their items. It's where merchants set up their POS system and ring up sales. ! Most cash wraps even have shelves containing merchandise that shoppers can pick up on their way out.
12. Category Killer: A large retail chain store that is dominant in its product category. This type of store generally offers an extensive selection of merchandise at prices so low that smaller stores cannot compete.
13. Chain Store: One of a number of retail stores under the same ownership and dealing in the same merchandise.
14. Click and Collect: This is a service wherein retailers enable shoppers to purchase items online and pick them up in their physical stores. They can make a purchase from the comfort of their own home, and just pick up the item whenever it's convenient for them, instead of paying for shipping or waiting for the mail to arrive.
15. Contribution Margin: Contribution margin is the difference between total sales revenue and total variable costs. The term is applied to a product line and is generally expressed as a percentage.
16. CO-OP: An advertising allowance offered by a vendor, payable upon proof of an ad having been run.
17. Cost of Goods Sold: The price paid for the product, plus any additional costs necessary to get the merchandise into inventory and ready for sale, including shipping and handling.
18. Coupon: A promotional tool in the form of a document that can be redeemed for a discount when purchasing goods or services. Coupons feature specific savings amount or other special offer to persuade consumers to purchase specific goods or services or to purchase from specific retailers.
19. Cross Merchandising: This refers to the practice of displaying or putting together products from different categories to drive add-on sales. Picture this: You're at the grocery store browsing the liquor section when you see a pack of lemons tacked to the tequila shelf. This is cross merchandising in action.

20. Dead Stock: Sometimes called dead inventory, this is one thing no retailer wants to have. Dead stock pertains to merchandise that has never been sold or has been in inventory for a while. Sometimes this is because a particular item is seasonal, but other times it's because the product simply isn't in demand.

21. Department Stores: Retailers that carry a broad variety and deep assortment, offer considerably good customer service, and are organized into separate departments for displaying merchandise.

22. Destination Store: It is a retail operation that consumers are willing to make a special trip to solely for shopping at that location.

23. Digital Signage: Digital signage refers to a variety of technologies used to replace traditional retail signs. Instead of static print signs and billboards, digital signage is composed of electronic signs dispersing content and messages in the most targeted, interactive way.

24. Discount Stores: Retailers that offer low prices and low customer service.

25. Drop Shipping: This refers to an arrangement between a retailer and a manufacturer/distributor in which the former transfers customer orders to the latter, who then ships the merchandise directly to the consumer. ! In other words, the retailer doesn't keep products in stock. Instead, it sends orders and shipment information to the manufacturer/distributor and they will be the ones who will ship to the consumer.

26. Electronic Data Interchange (EDI): Electronic Data Interchange is the application-to-application transfer of business documents like purchase orders, invoices, shipping notes, etc. between computers.

27. E-tailing: Short for "Electronic Retailing", this is the practice of selling goods over the Internet. E-tailers come in all shapes and sizes, from big name giants such as Amazon and Zappos, to neighborhood mom & pop stores selling items on their website, to stay-at-home moms selling their crafts online.

28. Facing: The numbers of identical products (or same SKU) are facing out toward the customer. Facings are used in plan-o-grams and when zoning a retail store.

29. Flash Sales: Closely related to daily deals, this term refers to sale events that take place for a limited time. Flash sales can last anywhere from several hours to a couple of days and entice consumers with huge bargains (usually 50% and up).

30. Free Standing store: Retail outlet on a street, as opposed to the one in a mall or shopping center.

31. Gondola: Primary merchandising fixture consisting of a base, free-standing vertical wall, and a number of four of sections of shelving.

32. Green Retailing: This refers to the environmental-friendly practices that retailers adopt. !

    Common examples include switching a product's packaging to a recyclable one or giving customers reusable shopping bags instead of plastic.

33. Gross Margin Percent: The Gross Margin Percent is calculated as follows: Sales - Cost / Sales = Gross Margin Percent.

34. Keystone Pricing: Keystone pricing is a method of marking merchandise for resale to a price that is double the wholesale price. Retailers use the keystone pricing formula because it's simple and it usually covers costs while providing a sound profit margin.

35. Kiosk: The term kiosk, as related to retailing, refers to a small stand-alone structure used as a point of purchase. This can be either a computer or display screen used to disseminate information to customers; or a free standing, full-service retail location. Kiosks are often found in malls and other high-traffic locations.

36. Layaway: Layaway is the act of taking a deposit on store merchandise for a customer to purchase at a later date.

37. Leased Department: It is a floor space within a store that is leased and generally run as a separate business from the company that owns or manages the store.

38. Letter Of Credit: The method of payment for import purchase orders.

39. Loss Leader: Merchandise sold below cost by a retailer in an effort to attract new customers or stimulate other profitable sales. Once they're inside, the retailer counts on the customer to buy other things together with the loss leader, thus generating profits for the business.

40. Loss Prevention: Loss prevention is the act of reducing the amount of theft and shrinkage within a business.

41. Markdown: A planned reduction in the selling price of an item, usually to take effect either within a certain number of days after seasonal merchandise is received or on a specific date.

42. Markup: A percentage added to the cost to get the retail selling price.

43. Marquee: A sign placed over the entrance to a hotel or theatre or a sign that displays messages such as those used in front of churches and schools.

44. Mass Customization: Mass customization refers to the practice of offering products that can be tailored to each person's preferences, but can still be produced with mass-production efficiency. The business must work with each customer, creating a design experience through a design tool that helps customers figure out what they want.

45. Merchandise Mix: A merchandise mix is the breadth and depth of the products carried by retailers.

46. Niche Retailing: Niche retailers can afford to be more nimble with their strategies, compared to broader businesses because they cater to specific audiences. This enables them to easily identify market segments and deploy unique and more targeted strategies to address their market's needs.

47. Odd-even pricing: A form of psychological pricing that suggests buyers are more sensitive to certain ending digits.

48. Off the mall Stores: Retailers that offer the same selection of merchandise as a department store but are not connected to a mall.

49. Open-to-buy: Merchandise budgeted for purchase during a certain time period that has not yet been ordered.

50. Planogram: Visual description, diagram or drawing of a store's layout that includes placement of particular products and product categories. This is a visual representation of merchandise that arranged on store shelves in order to drive more sales. It can also guide and assist in store mapping and enable retailers to use space more effectively.

51. Point of Sale (POS): Point of sale (POS) refers to the area of a store where customers can pay for their purchases. The term is normally used to describe systems that record financial transactions such as electric cash registers or an integrated computer system that records the data that comprises a business transaction for the sale of goods or services.

52. Point-of-purchase Display: Point-of-purchase displays, or POP displays, are marketing materials or advertising placed next to the merchandise it is promoting. These items are generally located at the checkout area or other location where the purchase decision is made. For example, the checkout counters of many convenience stores are cluttered with cigarette and candy POP displays.

53. Pop-Up Stores: Pop-Up-Stores (sometimes referred to as Pop-Up Retail) are short-term shops or sales spaces that come and go within a given period of time. These stores can be set up in empty retail spaces, mall booths, or even in the middle of a park. Pop-up stores usually emerge unannounced, quickly attract crowds, and then either disappear or morph into a different store the next time around.

54. Predatory pricing: It is the act of setting prices low in an attempt to eliminate the competition. Predatory pricing is illegal under anti-trust laws, as it makes markets more vulnerable to a monopoly.

55. Prestige Pricing: Usually implemented by high-end retailers and lifestyle brands, prestige pricing is a strategy in which an item is priced at a high level in order to denote exclusivity, high quality, or luxury. It is meant to attract status-conscious individuals and consumers who want premium products. Louis Vuitton is a prime example of a retailer with a prestige pricing strategy. The French fashion house implements premium pricing on all its products; it doesn’t conduct sales, nor does it have any outlet stores.

56. Private Label: Products that are generally manufactured or provided by one company under another company's brand.

57. Relationship Retailing: This is a strategy that businesses implement to build loyalty and forge long-term relationships with customers. ! Relationship Retailing can come in the form of loyalty programs, personalized experiences, or superb customer service.

58. Retail equity: It is the value a retail outlet is able to add to the brand or to the products sold by it. Point of purchase happens at the retail outlet, and hence, the equity added at this point enhances the image of the outlet.

59. Merchandising strategy: The plan to position the merchandise such a way to attract more number of customers. This will result in making better assortment, allocation, pricing and promotion decisions throughout the calendar year and produce recognizable bottom line margin and inventory performance improvements.

60. Up-selling: Upselling is a sales technique whereby a seller induces the customer to purchase more expensive items, upgrades or other add-ons in an attempt to make a more profitable sale.

61. Open merchandising: Liberated retail area! Customer is able to pick up, touch, play, experience the product

62. Closed merchandising: everything locked behind glass cabinets - customer has to ask permission to buy while you loiter over their shoulder. Self defeating security policy - talk and enagage, still the most effective security system there is.

63. Price blocking: Merchandising products together with the same price point

64. Colour blocking: Merchandising products together of similar colours and shades - layout following the colour spectrum.

65. Impulse buys: These are unplanned purchases. Generally positioned by the till point or near to high price merchandise.

66. RFID: An acronym for Radio Frequency Identification, RFID is a chip embedded in an item’s label or packaging. It stores information about the product and is primarily used for tracking purposes. Retailers are now looking into using RFID to get additional customer insights that would allow them to implement more effective marketing strategies and provide better customer experiences.

67. Shrinkage: Retail shrinkage is a reduction or loss in inventory due to shoplifting, employee theft, paperwork errors and supplier fraud.

68. SKU: The stock keeping unit (SKU) is a number assigned to a product by a retailer to identify the price, product options and manufacturer.

69. Specialty Stores: Retailers that concentrate on a limited number of complementary merchandise categories and provide a high level of customer service in an area typically less than 8000 square feet.

70. Store Image: The customer's impression of a retail store or a department, i.e., products carried, advertising, promotion, decor etc.

71. Store Layout: Store layout is the design of a store's floor space and the placement of items within that store. Store layout influence a customer's behavior, which means when done right, it's a key strategy to a store's prosperity.

72. Vertical retail Concept: Traditional store and Shop in shop concepts. Example Sale of non-food items like newspapers and magazines with snacks and beverages.