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MARKETING ELECTIVE CBCS

RETAIL MANAGEMENT

STUDY MATERIALS 2023

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RETAIL MANAGEMENT - SYLLABUS

Unit1: OVERVIEW OF RETAILING ENVIRONMENT   10 Hrs.
 Definition – functions of retailing - types of retailing – forms of retailing based on ownership. Retail theories–Wheel of Retailing–Retail lifecycle. Retailing in India–Influencing factors–present Indian retail scenario-Retailing from the International perspective

Unit2:CONSUMERBEHAVIOURINTHERETAILCONTEXT12Hrs.
 Buying decision process and its implication to retailing – influence of group and individual factors.CustomershoppingbehaviourCustomerservicesatisfactionRetail planningprocess– Factors to consider – Preparing a complete business plan – implementation – risk analysis.

Unit3:RETAILOPERATIONS   12 Hrs.
Choice of Store location – Influencing - Factors Market area analysis – Trade area analysis – RatingPlanmethod-Siteevaluation.RetailOperations:StoreLayoutandvisualmerchandising – Store designing – space planning-Retail Operations: Inventory management – Merchandise Management – Category Management.

Unit4:RETAILMARKETINGMIX   14 Hrs.
Retail marketing mix – an Introduction- Retail marketing mix: Product – Decisions related to selection of goods (Merchandise Management revisited) – Decisions related to delivery of service. Retail marketing mix: Pricing – Influencing factors – approaches to pricing – price sensitivity-Valuepricing–Markdownpricing. Retailmarketing mix:Place–Supply channel– SCM principles – Retail logistics – computerized replenishment system – corporate replenishment policies. Retail marketing mix: Promotion – Setting objective-communication effects - promotional mix. Human Resource Management in Retailing – Manpower planning – recruitment and training – compensation – performance appraisal.

Unit5: IMPACTOFITINRETAILING   08 Hrs.
Nonstoreretailing The impact of Information Technology in retailing-Integratedsystemsand networking – EDI – Bar coding – Electronic article surveillance – Electronic shelf labels – customer database management system. Legal aspects in retailing Social issues in retailing-Ethical issues in retailing

BUSINESSLABACTIVITIES:
1. Identifyany10retailbusinessstoresatyourconveniences
2. Visitanyestablishedretailmallanddraw achartofproductsegmentation
3. Makealistoffactors influenceonchoiceofretailstores
4. Conductasurveyaftersaleserviceofanyretailoutlet
5. DevelopE-contentonITusefulnessinretiling

MODULE–1

INTRODUCTIONTO RETAILING

MeaningofRetailing:

Retailing encompasses those business activities involved with the sale of goods and services to the final consumer for personal, family, or household use.

Retailingisthefinalstageinachannelofdistribution.Retailingfunctionsareperformedbyany firm selling merchandise or providing services to the finalconsumer.

Accordingto**PhilipKotler:**

"Retailingincludesalltheactivitiesinvolvedinsellinggoodsorservicestothefinal customersfor personal, non – business use."

FunctionsofRetailing-:

1. UnderstandingtheNeedsofConsumers–

Knowing and understanding customer needs is at the centre of every successful business. Therefore,aretailershouldclearlyunderstandneedsofhistargetcustomers.Everyretailershouldknow the reason for their customers to buy from them and notfrom their competitors. This is called **U**nique **S**elling **P**roposition {USP}. USP can change as the business or market changes. A retailer can have different USPs for different types of customer.

2. BuyingandAssembling –

A retailer deals indifferent varietyofgoods whichhepurchases from differentwholesalers for selling totheconsumers.He triestolocate bestand economicalsourceofthe supplyofgoods.

3. BreakingtheBulk–

Manufacturers normally send their products in bulk (whole cases or cartons) to retailers to minimizetransportation cost. Astheretailers sell goods in smaller quantities, they should break large quantitiesinto convenient smallerquantities. Thisprocess is called breaking the bulk.

4. WarehousingorStoring–

Afterassemblyofgoodsfromdifferentsuppliers,theretailerspreservetheminstoreandsupply thesegoodstotheconsumersasandwhenrequiredbythem.Thegoodsarekeptasreservestocksinorder to ensure uninterrupted supply to the consumers.

5. Selling–

Theendobjectiveoftheretaileristosellthegoodstoconsumers.Heundertakesvariousmethods to sell goods to the ultimate consumers.

6. CreditFacilities–

Hecaterstotheneedsofthecustomersevenbysupplyingthemgoodsoncredit.Hebearstherisk of bad debts on account ofnon – payment of amount by the customers.

7. Risk Bearing–

A retailer has to bear different type of risks in relation to goods. While in stores, goods are exposed to various risks likedeterioration in quality, spoilageand perishability etc.

The products are confronted to natural risks viz., fire, flood, earthquake and other natural calamities.Othertypeofriskslikechangein customerstastesalso adversely affectsthesales.

8. GradingandPacking–

Theretailergradesthegoodswhichareleftungradedbythemanufacturersandthewholesalers. Hepacksthegoodsinsmallpackagesandcontainersfortheconvenienceofthecustomers.

9. CollectionandSupplyofMarketInformation–

The retailers are in direct touch with the consumers. They gather invaluable information with regardto likesdislikestastesanddemandsoftheconsumers andpasson thisinformation tothewholesales and the producers which are very helpful to them.

10.   HelpsinIntroducingNewProducts–

Withouttheservicesofretailers,newproductscannotbeintroducedproperlyinthemarket.This is so because a retailer has a direct link with consumer. He can explain nicely about the utility andthe characteristics of a new product to the customer.

11.   Window Displayand Advertising –

The retailer displays the products in show windows in order to attract the customers. This leads to immense publicity for the product.

TypesofRetailing-:

I.   StoreBasedRetailing
II.   Non–Store basedRetailing

I.   StoreBasedRetailing

1.   Formofownership
2.   MerchandiseOffered

1.   Form ofownership–

i.   Independent(Mom-and-popstores)Stores–

There are generally family – owned businesses catering to small sections of society. They are small, individually run andhandledretailoutlets. The "shop" couldbeany typeofbusiness, suchasan autorepairgarage,bookstoreorrestaurant.Thesestoresoperateinthelocallocality.Therefore,thereare in the near vicinity of a particular locality.

2.   MerchandiseOffered-:

i}   ConvenienceStores-

Conveniencestoreisasmallstorethatstocksarangeofeverydateitemssuchasgroceries,snack foods, candy, milk, eggs, toiletries, soft drinks, tobacco productsand newspapers.

They arecomparatively smallerstores locatednearresidentialareas. They areopened forlong hoursfortheconvenienceofcustomers,and havealimitedvarietyofstockandconvenienceproducts.

Pricesareslightlyhigherdueto the conveniencegiven tothecustomers.These shopsareopen seven days a week and offer a limited line of convenience products.

ii}   SuperMarket–

Thesupermarketisalarge–scaleretailinstitutionspecializinginnecessariesandconvenience goods. They have huge premisesand generally deal in food and non – foodarticles.

Supermarketsarelarge,lowcost,low   margin,highvolume,selfserviceoperationsdesignedto meettheneedsforfoodgroceriesandothernonfooditemslikehealthandbeautycareproducts.

Thus,thesupermarketsarealso known asself – servicestoressincethecustomersareto do allthe purchasing by themselves without the aid of salesmen or selling assistants.

Advantages–

- Largeturnoverbecauseofthelargevarietyofmerchandisewhichisofferedtothecustomers.
- Lowpricesandhighprofitsbecauseofquickturnover.
- Situatedatconvenientplacesandwithinreachofbuyers.
- Thebuyer isperfectlyfreeasto whatheshouldbuy.

iii}   Hypermarket–

Hypermarket is very large store that carries products found in a supermarket as well as merchandise commonly found in departmental stores.

Hypermarketisasuperstorecombiningasupermarketandadepartmentstore.Theresultisan expensiveretailfacilitycarryingawiderangeofproductsunderoneroof,includingfullgrocerieslinesand generalmerchandise.Intheory,hypermarketsallowcustomerstosatisfyalltheirroutineshoppingneeds   in one trip.

Advantages–

- Customerscangeteverythingatoneplace.Hencesavingtime,energyandmoneyinsearching.
- Costreductionsfrombulkbuyinginhypermarketaretransferredtocustomers.

iv} **Speciality Stores–**

Specialty store is a small retail outlet that focuses on selling a particular product range and associateditems.Mostspecialtystorebusinessoperatorswillmaintainconsiderabledepthinthetypeof productthattheyspecializeinselling,usuallyatpremiumprices,inadditiontoprovidinghigherservice quality and expert guidance to shoppers.

Thespecialty stores specialize in a particularcategory or sub– category ofgoodssuch asfootwear, sarees, dress material and jewellery. These are smaller size compared to bigger formats and focus on quality and variety of the chose category.

v} **CategoryKillers–**

A category killer is a product, service, brand, or company that has such a distinct sustainable competitive advantage that competing firms find it almost impossible to operate profitably in that industry (or in the same local area).

The existence of a category killer eliminates almost all market entities. Example, as one of the most famous search engine, Google does not have real competitors.

vi} **DepartmentalStores–**

Adepartmentalstoreisalargeretailtradingorganization.Ithasseveraldepartments,whichare classifiedandorganizedaccordingly.Departmentsaremadeasperdifferenttypesofgoodstobesold.

For example, individual departments are established for selling packed food goods, groceries, garments,stationery,cutlery,cosmetics,medicines,computers,sports,furnitureetc.,sothatconsumers can purchase all basic household requirements under one roof. It provides them maximum shopping convenience and therefore, also called as **"Universal Providers"** or **"One Spot Shopping"**.

Characteristics –

- Departmentalstoresarelarge–scaleretailestablishments.
- Theyhaveanumberofdepartmentsorganizedunderoneroof.
- Eachdepartmentspecializesinaparticularkindoftrade.
- Theyarelocatedintheimportantcentralplacesofthebigcities.
- Ahugeamountofcapitalisrequiredtoestablishadepartmentalstore.
- Theircontrolandmanagementarecentralized.

vii} **OffPriceRetailer–**

Off–priceretailersareretailerswhoprovidehighqualitygoodsatcheapprices.Theyusuallysell second–handgoods,off–the–seasonitemsetc.,theseretailersofferinconsistentassortmentofbrand 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.

viii} **FactoryOutlet–**

A factory outlet isamanufacturer – ownedstoresellingthat firm'sstockdirectly to thepublic. Thestockcaneitherbefirst–qualitymerchandiseordiscontinued,irregulars,canceledordersatavery low price.

ix} **CatalogueShowrooms–**

Catalogueretailersusuallyspecializeinhardgoodssuchashouseware,jewellery,andconsumer electronics.TherearEretailerswhoseshowroomsareadjacenttothewarehouse.Theseshowroomshavea lowprice,astheyminimizethecostofdisplayingmerchandise,focusonanarrowrangeofgoodsandare located in low cost areas.

x} **FullLineDiscountStores–**

Adiscountstoreisaretailstorewhichsellsproductsatpriceslowerthanthetypicalmarketvalue. A"full–linediscountstore"or"massmerchandiser"mayofferawideassortmentofgoodswithafocus onpriceratherthanservice,display,orwidechoice.Discountstoremayspecializeinspecificmerchandise such as jewelry, electronic equipment, or electrical appliances, relying on bulk purchase and efficient distribution to keep down cost.

xi} **WarehouseStore–**

It is a mass retailing of merchandise such as groceries, hardware, home furnishing, over the counterdrugs,toiletries,etc.,throughasuperstorethatoffersverylowpricesandlittleornotcustomer service.

xii}   VarietyStore–

A variety store is a retail store that sells a wide range of inexpensive household goods. Variety stores often have product lines including food and drink, personal hygiene products, small home and garden tools, office supplies,decorations,electronics, garden plants,toys,pet supplies, remainderedbooks, recorded media and motor and bike consumables.

xiii}   MembershipClub–

This format is also known as cash and carry and is open to members only and not the general public. Thecurrent definitionofawarehouseclubisthat it isano frill, no – thrill, large– format store selling only to its members at wholesale rate.

II.   Non– StorebasedRetailing i}

Direct Selling –

Directsellingisthemarketing&sellingofproductsdirectlytoconsumersawayfromafixedretail location. Peddling is the oldest form of direct selling.

Moderndirectsellingincludessalesmadethroughthepartyplan,one-on-onedemonstrations,and other personal contract arrangements as well internet sales. Directing selling is a dynamic, vibrant, rapidly expandingchannelofdistributionforthemarketingofproductsandservicesdirectlytoconsumers.

ii}   MailOrder–

Mailorderisthebuyingofgoodsorservicesby   maildelivery.Thebuyerplacesanorderforthe desiredproductswiththemerchantthroughsomeremotemethodsuchastelephonecallorwebsite.

Then,theproductsaredeliveredtothecustomers.ThegoodsaresuppliedonthesystemofP.O.D   (i.e., payment on delivery) or V.P.P. (i.e., value payable through the post).

iii}   Telemarketing

Telemarketing isa form ofdirect marketing. Here, marketer goes direct to the customer using telecom / IT facilities.

Howdoes Telemarketingwork?

Telemarketingisusuallydonethroughspecificcampaigns.Contractisestablishedwithhundreds ofprospectsin acampaign thatnormallyrunsthroughafewdays.Severaltele-callersarehired for thetele- call operation.

AdvantagesofTelemarketing–

- Telemarketingfacilitatespersonalizedcontactthoughnotfact-to-facecontactwithprospective customers.
- Comparedtomassmarketingprogrammes,itgivesthemarkerabetterchangetoinfluencethe prospects.
- Itenhancesmarketingproductivitybyprovidingascreeningandselectionfacilitythrough preparatory conversations with prospects.
- Telemarketingislessexpensivecomparedtomostotherformsofselling.
- Itcanbeusedinrespectofdifferenttypesofproducts.Itissuitableforbothindustrialgoodsand consumer durables.

iv}   TheCallCentre–

Thecallcentre istherealoperation theatrein telemarketing. Thecallcentre usually hasa manager in overall charge, a few supervisors and the required number of tele-callers.

Thetele-calleropensthecallbygreetingtheprospectappropriately.Thenshepolitelyseeksthe customer'spermissiontohavebriefconversation.Shegeneratesadequateinterestintheproductonthe   part of the consumer and tries to clinch an order.

v}   AutomatedVending–

A vending machine is a machine that dispenses productwhen a customer deposits a sufficient amountof money into amoney slot.The moneyis accepted by a current validator.Itis amachine that provides various snacks, drinks and other products to customers. The idea of having vending machine is to vend product without a cashier.

vi}   **WorldWideWeb–**

Internetmarketing,oronlinemarketing,referstoadvertisingandmarketingeffortsthatusethe Weband e-mailto drivedirect sales via electroniccommerce,in addition to sales leads fromweb sitesor e-mails.

FormsofRetailBusinessOwnership

Onthebasisofownershippattern,retailformatcanbeclassifiedas–

1.   **SoleProprietaryConcern–**

A sole proprietorship, also known as the sole trader or simply a proprietorship, is a type of businessentitythatisownedandrunbyoneindividualoronelegalpersonandinwhichthereisnolegal distinction between theowner and thebusiness. Theownerisin direct controlof all elementsand is legally accountable for thefinancesof suchbusiness andthis mayincludedebts, loans, loss etc.

Theysellonlylimitedvarietyofgoods.Soletraderswillbeunabletotakeadvantageofeconomies   of scale in the same way as limited companies and larger corporations, who can afford to buy in bulk. Thismight mean that they haveto chargehigherpricesfortheirproductsorservicesin ordertocoverthe costs.

Atthesametime,alldecisionmustbemadebythesoletrader.Therefore,thesuccessorfailureof   the business rests on one person.

2.   **PartnershipFirm–**

Partnershipis acombinationoftwo or morepersons,somehaving capital,otherhaving skill and experience to conduct any lawful business, forming a business firm and sharing the profits of such a business. Hence the persons who form the partnership are called 'partners' individually and a "Firm" collectively.

Thesetypesofretailorganizationscanlittlemorevarietiescomparedtosoleproprietaryformatof retailorganizations.Thisismainlybecauseoftheavailabilityofdecentamountofcapitalandimproved managerial abilities.

3.   **LimitedCompany–**

A   limitedcompanyisacompany   inwhichtheliabilityofmembersorsubscribersofthecompany islimitedtowhattheyhaveinvestedorguaranteedtothecompany.Limitedcompaniesmaybelimitedby   shares orguarantee. Examples for limited company format ofretailing are AdityaBirla Retail Limited, Pantaloon Retail India Ltd., Future Group etc.,

These form retail organizations can offer vide range of quality products to large group of consumers at an affordable price. They can afford to operate in large buildings, keeping in mind the consumer convenience.

TheoriesofRetailing-:

The theories developed to explain the process of retail development. It revolves around the importance of competitive pressures. It is the investmentsin organizational capabilities.

I.   **EnvironmentalTheory–**

Accordingtoenvironmentaltheorythereisachangeinretail.Itisattributedtothechangeinthe environment inwhich theretailersoperate.Theenvironmentaltheory explainshow retailbusinessevolved fromthe specializedstoresintodepartment, discount,chain, mailorderandonlinestores.

Retailenvironmentismadeupofcustomers,competitorsandchangingtechnology.Thechanges intheexternalenvironmentcanaltertheprofitabilityofretailorganizations.Ifanorganizationisnotable to cope with its external environment, it will soon vanish from the market. Thus, the birth, success or declineofdifferentformsofretailenterprisesmanyatimesisattributedtothebusinessenvironment.

Therefore,Darwin'sstatement of"SurvivalistheFittest"isvery wellapplicableinthiscontext. Forthisreason,itisimportantforretailerstobeawareofandadjusttochangingenvironments.

II.   **CyclicalTheory–**

Cyclical theory basically explains the different phases in a company. According to this theory, changefollowsapattern   andallphaseshaveidentifiableattributesassociatedwiththem.Therearethree primarycomponentsassociatedwiththetheory:Wheelofretailing,retailcycleand retailaccordion.

- Wheelofretailingreferstoacompanyenteringthemarketwithlowpricesandaffordableservice   in order to challenge competitors.

- Retaillifecycleaddressesthefourstagesthatacompanygoesthroughwhenenteringthebuyer's market.
- Theretailaccordionaspectofcyclicaltheorysuggeststhatsomebusinessesgofromoutletsthat offeranarrayofproductstoestablishmentsprovidinganarrowselectionofgoodsandservices.

III. ConflictTheory–

Accordingtothistheorythecompetitionorconflictbetweentwooppositetypesofretailers,leads toanew formatbeingdeveloped.It saysthatretailerschangein responseto competition.It explainshow somedepartmentstorestransitionedintodiscountstores.Theconflictalwaysexistsconflictalwaysexists between operators of similar formats or within broad retail categories.

This theory proposes that new forms of retail institutions emerge due to "inter – institutional conflict." When an innovative retailer (antithesis), challenges an established retailer (thesis), a new form of retailer(synthesis)results.Thesynthesislaterbecomesathesis,triggeringanewturnforanewturnfor assimilation.

For example, when a thesisand antithesis are taken as department stores and discount stores respectively, the synthesis may emerge as discount department stores.

- **Thesis–**Individualretailsascornershops allacrossthecountry.
- **Antithesis –** Itisa position opposed to the thesis develops over a periodof time. These are the department stores. The antithesis is a "challenge" to the thesis.
- **Synthesis–**Thereisablendingofthethesisandantithesis.Theresultispositionbetweenthe "thesis"and"antithesis".This"synthesis"becomesthe"thesis" forthenextroundofevolution.
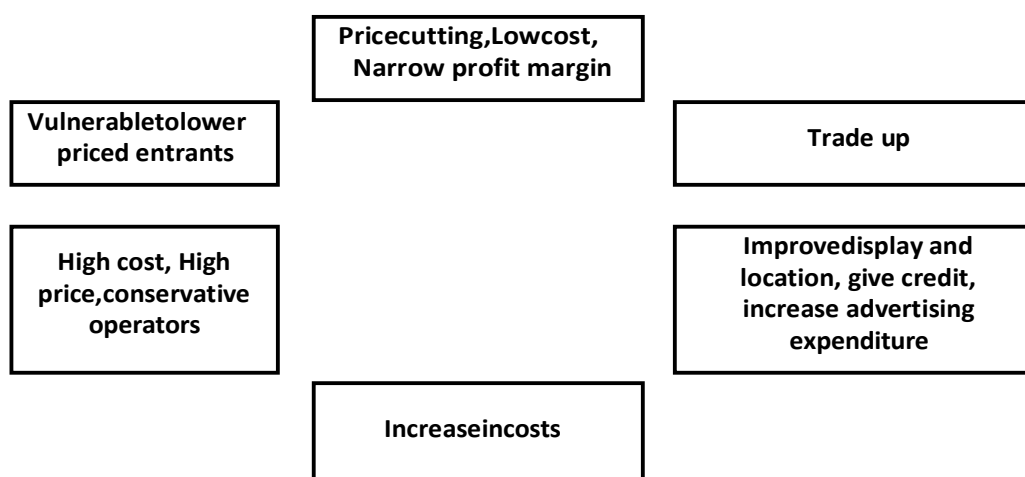
WheelofRetailing-:

The Wheel of Retailing is a theory to explain the institutional changes that takeplace wheninnovators, including large business houses, enter the retail arena.

TheWheelofRetailingisahypothesis thatdescribeshowretailersapproachtocapturemarket shareandcreatebrandvalue.Itexplainshowretailersusuallybeginatthebottomofthewheelwithlow prices, profitsand prestigeand then gradually work their way up to increased prices, profitsandprestige.

- Thistheory statesthatinaretailinstitution changestakes placeincyclicalmanner.Asitcycles through the wheel of retailing, a discount retail business might develop into a higher end department store,leavingitsformer nicheto befilled by newer discount businesses.

- Thetheorysuggeststhatnewformsofretailingappearaspricecutting,lowcostandnarrowprofit margin operations.Eventually theretailertradesup by improvingdisplaysand location,providing credit, delivery and by raising advertising expenditure.

- Thus, retailers mature as high cost, high price, conservative operators, making themselves vulnerable to new, lower priced entrants.

- Alowpriceretailershouldavoidincurringextracostsontheexistingformatandinsteadshould open another store with better service levels and premium brands catering to the upmarket segment.Thesetwostoresshouldbedistinctintheirbrandname,offeringsandoperations.

Fig:WheelofRetailing

Wheelof Retailinganexample–

Mostoftheretailbusinessesstartonlowcost,lowpriceandlowmarginsbutastheirsalesstart increasing, they quickly shift to a high cost, high revenue model.

Example–

Arestaurantstartedinatemporarylocationwouldbeofferingalimitednumberofitemsatlow price. It looks to develop its client base but as soon as the construction is completed or final, it starts providingalotmorevarietyandintroducesanumberofnewservices(freehomedelivery,boarding,and lodging)italso startsincreasingitspricesonitsearlieritems.Thisis donetorecoveritsfixedcostquickly and have an early breakeven so that it can start generating some profit since it is operating in a virgin market it will look to increase its market share.

Howeverwithpassageoftimewhenanewrestaurantcomesupinitsvicinityandstartsoffering thesameitemsatalowerpriceinordertoretainitscustomersitwillbringdownitspricesbacktowhere its earlier ones.

Thecyclecanbebroadlyclassifiedintothreephases–

   I. **EntryPhase**
   II. **TradingupPhase**
   III. **VulnerabilityPhase**

I. EntryPhase –

- Thenew,innovativeretailerenterthemarketwithalowstatusandlowpricestoreformat.
- Startswithasmallstorethatoffersgoodsatlow pricesorgoodsofhighdemand.
- Thiswouldattractthecustomersfrommoreestablishedcompetitors.
- Triesto keepthecosts at minimumbyofferingonly minimalservicetocustomers,maintaining a modesshoppingatmosphere,locatingthestoreinalowrentareaandofferingalimitedproduct mix.
- Success and market acceptance of the new retailerwillforce the established to imitate the changes in retailing made by the new entrant.
- Thiswouldforcethenewentranttodifferentiateitsproductsthroughtheprocessoftradingup.

II. TradingUpPhase–

- New retailer tries to make elaborate changes in the external structure of the store through up gradation.
- Retailer willnowrepositionitselfbyofferingmaximumcustomerservice,aposh shopping atmosphere, andrelocatingtohighcostarea(aspertheconvenienceofthecustomers)
- Thusinthisprocessthenew entrantwillmatureto ahigherstatusand higherpriceoperation. This will increase the cost of the retailer.
- The innovative institution will metamorphose into a traditional retail institution. This will leadto vulnerability phase.

III. VulnerabilityPhase–

- Theinnovativestorewillhavetodeal withhigh costs,conservatismand afall onROI.
- Thus,theinnovativestorematuresintoanestablishedfirmandbecomesvulnerabletothenew innovator who enters the market.
- Entry of the new innovator marks the end of the cycle and beginning of the new cycle into the industry.
- Example of this theory – kirana stores were replaced by the chain stores like Apna Bazar and FoodWorld (new entrant) which in turn faced severe competition from supermarkets and hypermarkets like Big Bazar and Giant.
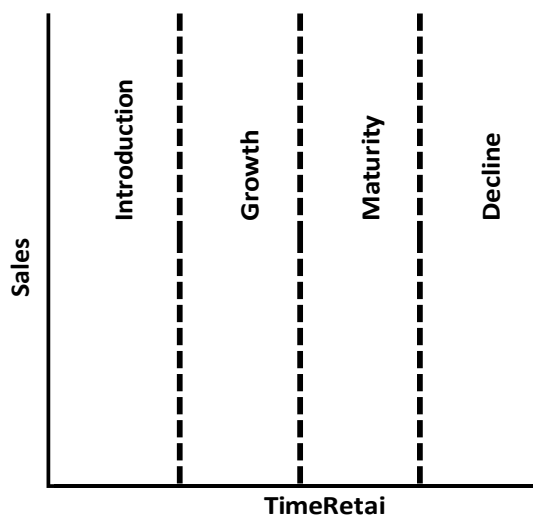
RetailLifeCycle–

Meaning–

The retail life cycle is the process of growth and decline that retail outlets, like products, experience,whichconsistsoftheearlygrowth,accelerateddevelopment,maturity,anddeclinestages.

Theconceptofproductlifecycleisalso applicableto retail organizations.Thisisbecauseretail organizationspassthroughidentifiablestagesofinnovation,development,maturityanddecline.Thisis what is commonly termed as the retail life cycle.

-:Fig:RetailLifeCycle:-

l Life Cycle is classified into Four Main Phases –

Phase–1:Introduction/Innovation–

Aneworganizationisborn;itimprovestheconvenienceorcreatesotheradvantagestothefinal customersthatdiffersharplyfromthoseofferedbyotherretailers.Thisisstageofinnovation,wherethe organization has a few competitors. Since it is anew concept, the rate of growth is fairly rapid andthe managementfinetunesitsstrategythroughexperimentation.Inthisstagethelevelsofprofitabilityare moderate.Entrepreneursinthisphaseofdevelopmenteitherintroduceanewretailstoremodel.

Thefeaturesofthisphase–

- Lackofavailabilityofretailspaceatreasonablecost.
- Highdegreeofcompetitionfromunorganizedplayers.
- Investmentstagewithhighincrementalinvestment.
- Highbargainingpowerofvendors.
- Lowermarketsharepermarket.

Phase–2:Growth–

Theretailorganizationfacesrapid   increasesinsales.Astheorganizationmovesto   stagetwoof growth,whichisthestageofdevelopment,afewcompetitorsemerge.Sincethecompanyhasbeeninthe marketforawhile,itisnowinapositiontopre-emptthemarket byestablishingapositionofleadership.

Sincegrowthisimperative,theinvestmentlevelisalsohigh,astheprofitability.Investmentis largelyinsystemsandprocesses.Thisstagecanlastfromfivetoeightyears.However,towardstheendof   this phase, cost pressures tend to appear.

Thefeaturesofthisphase–

- Rapidexpansionphase.
- Highcostoffinancing.
- Consumersstartacceptingnewformats.
- Availabilityofretailspaceatreasonablecosts.
- Privateequity,Venturecapital,debtandequitymarketfinancingaccessible.

Phase–3:Maturity–

In thisstage, lot of competition and store defines theindustry instead offeelingnew and different. Competition increasesthepointwhereindustry overexpands.Itisleadingto declineprofitsandreduced customer loyalty. Thus, the growth rate tends to decrease.

Gradually as markets become more competitive and direct competition increases, the rate of growthslowsdownandprofitsalsostartdeclining.Thisisthetimewhentheretailorganizationneedsto rethinkitsstrategyandrepositionitselfinthemarket.Achangemayoccurnotonlyintheformatbutalso in   the merchandise mix offered.

Thefeaturesofthisphase–

- Marketsharestagnate.
- Newstoreexpansiontaper.
- Oversupplyof retailspace.
- Costoffinancingdeclines.
- Customeracquisitioncostincreases.
- Enhancedspecializationinformats.
- National&Internationalpresence.

Phase–4:Decline–

The retail organization looses its competitive edge and there is a decline. In this stage, the organization needs to decide if it is still going to continue in the market or not. The rate of growth is negative, profitability declines further and overheads are high.

TheretailbusinessinIndiahasonlyrecentlyseentheemergenceoforganizedcorporateactivity. Traditionally,mostoftheretailbusinessinIndiahasbeensmallownermanagedbusiness.Itisdifficultto putdownaretailorganization,whichhaspassed throughallthefourstagesoftheretaillifecycle.

FactorsAffecting/InfluencingIndianRetailIndustry-:

1.   IncreaseinpercapitaIncome–

PerCapitaIncomemeanshowmuchanindividualearns,oftheyearlyincomethatisgeneratedin thecountrythroughproductiveactivities.Indiahasmarkedgrowthinpercapitaincomeby10.5%which shows tremendous increase in GNP (Gross National Product) of the country.

IncreaseinpercapitaincomereflectshikeinincomeofHouseholdswhichinturnwillconsume more,thusleadingtogrowthofretailsector.HouseholdprefertoshopfrombiggiantsascomparetotheirKirana Store.

2.   DemographicalChanges–

Indiais having huge young age working populationwhich is generating huge income andhigh savings. For any developing country young age group, income, savings are key factors for its growth. Presence of these key factors hashelped in attracting big retailgiantsto India.

3.   HighStandardofLiving–

StandardoflivinginIndiahasimproved.EarlierShoppinginIndiaalwayshadanemotionaltag attachedtoit,alongwiththatpeopleusetohavemyththatshoppingfrom shoppingcomplexesorMallsis costlier and it suits only to rich class. But now things have changed people have changed their misconceptionandhaveadoptedMallculture.This showsthat standardof living hasincreased.

4.   ChangeinConsumptionPattern–

Consumptionpatternsamongvariousclasseshavechanged   overtheyears.Earliercustomerswere brand loyal due to which they were allowing new brands to enter the market. But now customers are showinggoodresponseto newproduct enteringthe marketbecausetheyhave realizedthat they arepaying forquality.Thisdrasticchangeincustomer'sperceptionhasopenedwaysformanynewentrants.

5.   AvailabilityofLow–CostConsumerCredit–

Itisrightlysaidthatsalesgeneratedoncreditaremoreascomparetocashsales.Withthechange   in creditpolicies, many new customers have entered the market. Purchasing on credit basis with good creditworthinessgivesbothsellerandbuyerflexibilitytotransact.Earlierduetolackofcashmanybuyers   useto postponetheirpurchases, but nowwithmodernizationtheyarecarryingit oncredit basisasit is cheaper to repay.

6.   ImprovementsinInfrastructure–

Withmanyinfrastructuralchangestakingplacerightfrommetrorailstoroad   connectivityinthe country, retail is also expanding its wings. With huge infrastructure spending which has entered the country in form of FDI (Foreign Direct Investment), more retail giants have proposed to enter Indian Market.

7.   Corporate SectorEntry–

LargebusinesstycoonsuchasTata's,Birla's,&Relianceetc.,haveenteredtheretailsector.They are in a position to provide quality products and entertainment.

8.   EntrytovarioussourcesofFinancing–

An economygetsfinancefromtwo routeseitherin formofFDI orasFII (Foreign Institutional Investment). Now both the ways are opened up for retail sector. Now both the ways are opened up for retailsector.PreviouslysoastoprotectsmallkiranastoresrouteforFDIinretailwasdifficultbutlateron whenitwasfoundthatretailingisgeneratingemployment   ofaround8%ineconomyFDIroutewasalso simplified.

PresentIndianRetailScenario-:

01.   RapidGrowth–

TheretailmovementinIndiahasacquiredthecriticalmassthatisrequiredforrapidacceleration   in terms ofindustry growthaswell as geographical spread. TheIndian retail industry can no longer be called nascent.The spreadof super stores tothe northern cities such as Delhi, Chandigarh, Jaipur and KolkataisevidenceofthefactthatorganizedretailinginIndiahasemergedfromitssouthernbastion.

The retailing boom is being driven by increased expectations as well as changing shopping behavioroftheurbanIndianconsumer.Withtheincreasingnumberofnuclearfamilies,workingwomen, greaterworkpressureandincreasedcommutingtime,consumersarelookingforconvenience.

02.   EmergenceofRegion–SpecificFormats–

For the first time in 10 years, the industry is witnessing the development of region – specific formats.Withorganizedretailpenetratingin Bclasstowns, retailers havestarteddifferentiating in the sizes and formats of stores.

For example, in departmental store format, while most **A class cities** and metros have larger storesof50,000plussq.ft.sizes,storesin**Bclasstown**havestabilizedinthe25,000–35,000sq.ft.range.   Most players have started operating these two formats across various cities, which has helped them to standardize the merchandise offering across the chain.

03.   Emergenceof DiscountFormats–

Larger discount formats, popularly known as hypermarkets, are now emerging as major competitorsto bothunorganizedandorganizedretailers.Penetrationoforganized retailinto thelower strataofincomegroupsandconsumerdemandforincreasedvalue–for–moneyhasimprovedtheprospects oftheseformats.Theseformatsspanacrosstheentirerangeofmerchandisecategoriesforexample –Big Bazaar.

04.   UnorganizedRetail–

Indian retail is dominated by a larger number of small retailers consisting of the local kirana shops,owner–mannedgeneralstores,chemists,footwearshops,apparelshops,paanandbeedishops, hand–carthawkers,pavementvendors,etc.,whichtogethermakeupthesocalledunorganizedretailor traditionalretail.Thelast4 – 5yearshavewitnessedtheentryofa numberoforganizedretailersopening storesinvariousmodernformatsinmetrosandotherimportantcities.Still,theoverallshareoforganized retailing in total retail business has remained low.

ThemajorfactorsresponsibleforthegrowthoforganizedretailinginIndiaareasfollows–

1.   EnhancedWorkingWomen–

Today the urban women are literate and qualified. They have to maintain a balance between homeandwork.Thepurchasinghabitoftheworkingwomenisdifferentfromthehomemaker.Theydo   not have sufficient time for leisure and they expect everything under one roof. They prefer one – stop shopping. Modern retail outlets therefore offer one store retailing.

2.   ValueforMoney–

Organizedretaildealsinhighvolumeandareabletoenjoyeconomiesoflargescaleproduction   and distribution. They eliminate intermediaries in distribution channel. Organised retailers offer quality productsatreasonableprices.Example:bigbazaarandSubhiksha.Opportunityforprofitattractsmore   and more new business groups for entering into this sector.

3.   RuralMarket–

TodaytheruralmarketinIndiaisfacingstiffcompetitioninretailsectoralso.Theruralmarketin   India is fast emerging as the rural consumers are becoming quality conscious. Huge potential in rural retailing organized retailers are developing new products and strategies to satisfy and serve rural customers.In India,Retailindustry is provingthecountry's largestsourceofemploymentafter agriculture, which has the deepest penetration into rural India.

4. **EnhancedMiddleClassConsumers–**

In Indiathenumberofmiddle class consumerisgrowing rapidly. Withrising consumerdemand andgreaterdisposableincomehasgivenopportunityofretailindustrytogrowandprosper.Theyexpect qualityproductsatdecentprices.Modernretailersofferawiderangeofproductsandvalueaddedservices to the customers.

5. **GrowthofConsumerism–**

With theemergenceof consumerism, the retailer faces a more knowledgeable and demanding consumer.As the businessexistto satisfyconsumerneeds, the growing consumerexpectationhasforced the retail organizations to change their format of retail trade.

6. **TechnologicalImpact–**

Technology is one of the dynamic factors responsible for the growth of organized retailing. Introductionofcomputerization,electronicmediaandmarketing informationsystemhavechangedthe faceofretailing.OrganizedretailinginIndiahasahugescopebecauseofthevastmarketandthegrowing consciousness of the consumer about product quality and services.

One of the major technologicalinnovations in organized retailing has been the introduction of Bar Codes.Withtheincreasinguse of technology and innovationretailers are sellingtheir productsonline with the help of Internet.

7. **EnhancedIncome–**

Increase in the literacy level has resulted into growth of income among the population. Such growthhastakenplacenotonlyinthecitiesbutalsointownsandremoteareas.Asaresulttheincreasein income has led to increase in demand for better quality consumer goods. Rising income levels and education have contributed to the evolution of new retail structure.

Todaypeople are willing to try new things andlook different, which hasincreased spending habits among consumer.

8. **MediaExplosion–**

Therehasbeenanexplosioninmediaduetosatellitetelevisionandinternet.Indianconsumers areexposedtothelifestyleofcountries. Theirexpectationsforqualityproductshave risenandtheyare demanding more choice and money value services and conveniences.

CONSUMERBEHAVIOURIN RETAILBUSINESS

IntroductiontoConsumerBehaviour :

Customersarethemostimportantpeopleforanyorganization.Thesuccessofanyorganizationis dependenton itssatisfiedcustomers.Consumerscan be madehappy only iftheirneedsare met.Therefore, one of the primary goals of any marketing strategy should be to identify and meet the needs of the consumers.Whenconsumersdisappear,theorganizationshouldalsodisappearfromthemarket.Hence, everyorganization shouldtreatconsumerwithrespectand dignity. In thisdirection,the organizations should treat customer service as an investment and not a cost.

Theexpectationsofmodern consumers are changingdramatically.Consumers arebecoming more informed. Social networks and information technology have made them acquire information more quickly than before.Theycan getthefeedbackofvariousproductsthroughsocialnetworks.Consumersdo not buy productsorservices, they buy benefits.Itmeans,consumerspurchase productsto solveproblemsor to increase the opportunities.

Modernconsumersdemandtotalbenefitsfromaproduct.Totalbenefitincludestangibleaswell asintangiblebenefits.Tangiblebenefitsaremeasurablewhereasintangiblebenefitsareassociatedwith feelingsthataconsumerexperienceswhenowningandusingproductoraservice.Forexample,awatch keepsaccuratetime(tangible) itsbrandnamespeaksaboutthereputationofthemanufacturer(intangible).

Therefore, every marketer iscompetingto servecustomers in abetter way to establishlong– term relationship with them.

MeaningofConsumerBehaviour–:

The consumer behaviour is a decision – making process. It includes the behaviour that the consumers display in searching, collecting the information, evaluating, purchasing, using, post purchase evaluationanddisposingofproductsandservices.They put theireffortsinordertosatisfytheirneeds, wants and desire.

Infocuseson howindividualsmakedecisionsto spend theiravailableresources(time, money, effort)onconsumption–relateditemsthatincludeswhattheybuy,whytheybuy,whentheybuyit,where theybuyit,howoftentheybuyit,howoftentheyuseit,howtheyevaluateitafter thepurchase, andthe impact of such evaluationson future purchases, and howdo they dispose it.

DefinitionsofConsumerBehaviour–:

Accordingto**Kotler–**

"Consumer behaviour is the study of how people buy, what they buy, when they buy and why they buy."

Accordingto**Solomon–**

Consumer behaviouristhestudy"ofthe processesinvolved whenindividualsorgroupsselect, purchase,use,ordisposeofproducts,services,ideas,orexperiencestosatisfyneedsanddesires."

Accordingto**Schiffman–**

"The behaviour thatconsumers displayinsearching for,purchasing,using,evaluating, and disposing of products and services that they expect will satisfy their needs."

Accordingto**Engel–**

Consumerbehaviourinvolves"Thoseactsofindividualsdirectlyinvolvedinobtaining,using,and disposingofeconomicgoodsandservices,includingthedecisionprocessesthatprecedeanddetermine these acts."

BuyingDecisionProcess-:

Meaning–

Thedecisionmakingprocessundertakenbyconsumersinregardtoapotentialmarkettransaction before,duringandafterthepurchaseofaproductor serviceiscalled buyerdecision processes.

Stages ofBuyingDecisionProcess–

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┌─────────────────────────┐
│   Need Recognition &    │
│    Problem Awareness    │
└─────────────────────────┘
            ⇩
┌─────────────────────────┐
│   Information Search    │
└─────────────────────────┘
            ⇩
┌─────────────────────────┐
│     Evaluationof        │
│     Alternatives        │
└─────────────────────────┘
            ⇩
┌─────────────────────────┐
│       Purchase          │
└─────────────────────────┘
            ⇩
┌─────────────────────────┐
│     Post–Purchase       │
│      Evaluation         │
└─────────────────────────┘
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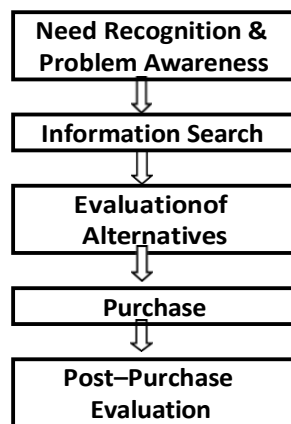
Step–01:ProblemRecognition

Itisalsocalledneedrecognition.Itisthefirstandmostimportantstepinthebuyingprocess.If there is no need, there is no purchase. It happens when there is a lag between the consumer's actual situation and the ideal and desired one. However, not all the needs end up buying behaviour. The recognition ofa need by a consumer can becaused in different ways. Itincludes :

- **InternalStimuli–**Itisphysiologicalneedfeltbytheindividual.Forexample:Hungerorthirst.It opposes the external stimuli such as exposure to an advertisement.

- **FunctionalNeed :**Theneedisrelatedtoafeatureorspecificfunctionsoftheproductorhappens to be the answer to a functional problem. For example : computer with amore powerful video card to be able to play the latest video games.

- **Social Need :** The need comes from a desire for integration and belongingness in the social environmentorforsocialrecognition.Forexample:buyinganewfashionablebagtolookgoodat school.

- **NeedforChange:**Theneedhasitsoriginindesirefromtheconsumertochange.Thismayresult in the purchase of newornew furnitureto changethedecorationof yourapartment.

Step–02:InformationSearch–

Thenextstepisinformationsearch.Oncetheneedisidentifiedtheconsumersseekinformation about possible solutions to the problem. They will search more or less information depending on a complexityofthechoicestobemadebutalsolevelofinvolvement.Forexample:buyingpencilrequires littleinformation.Buyingacarrequiresmoreinformationsearch.Thentheconsumerswillseektomake his opinion to guide their choice and decision – making process with:

- **InternalInformation:**Itistheinformation already present in theconsumer'smemory.Itcomes frompreviousexperiencestheyhadwithaproductorbrand.Internalinformationissufficientfor the purchasing of everyday products that the consumer knows.

- **ExternalInformation :**Itistheinformationonaproductorbrandreceivedfromandobtained by friendsorfamily,byreviewsfromotherconsumers,fromthepress,officialbusinesssourcessuch as an advertising or a seller's speech.

Step–03:EvaluationofAlternative–

The third stage of the decision making process, is the evaluation of expected outcome. The consumerswillevaluateonthebasisofthemostsuitableto theirneeds.Theychoose theonetheythinkis best for them. In order todo so,they will evaluate their attributeson two aspects.

- **ObjectiveCharacteristics:**Itincludesfeaturesandfunctionalityoftheproduct.
- **Subjective Characteristics :** It includes perception and perceived value of the brand by the consumer or its reputation.

This stage of the decision making process is critical, because many consumers are not able to make a rationaldecision by weighing alternatives. Consumers evaluate alternatives based on price,design, quality, features, performance, popularity etc.

Step–04: PurchaseDecision–

The next step in the decision making process is to purchase the product. The consumer has decidedwhichproducttobuy,ornottobuyanythingatall.Ifhedecidestomakeapurchase,hemakesall necessaryarrangementstoacquiretheproduct.Hechoosesthebrandshopandtimeofpurchase.

For example : A consumer committed to theidea ofbuying a washing machineof awell known brandcouldchangehisdecision if hehasanunpleasant experiencewithsellers inthe store.

Step–05:PostPurchaseBehaviour–

The next step in the process is an evaluation of the product after the purchase. Now that the consumerhasmadethepurchase.Heexpectscertainoutcomesfromhisdecision.Thelevelofsatisfaction thattheconsumerwillexperiencewilldependlargelyonhowmanyofhisexpectationsweremet.Based onthelevelofsatisfactionordissatisfaction,hewilldecidewhetherornottobuythesameproductnext   time. Greater amount of satisfaction brings repeated purchase, and dissatisfaction may lead to brand switching.

ImplicationofConsumerBuyingProcessonRetailing

Theretailermustfocusonthecustomer'sbuyingexperience.Tomanageacustomer'sexperience, retailers should understand what "customer experience" actually means. Customer Experience Managementisastrategythatfocusestheoperationsandprocessesofabusinessaroundheneedsofthe individualcustomer.It representsastrategy that results in awin– win valueexchangebetween theretailer anditscustomers.Thegoalofcustomerexperiencemanagementistomovecustomers fromsatisfiedto loyal and then from loyal to advocate. This paper focuses on the role of macro factors in the retail environment and how they can shape customer experience and behaviors.

Themajorfactorsinfluencingconsumerbuyingdecisionprocessareasfollows:

01.   BrandExperience–

Thecustomercomestoaretailingenvironmentwithperceptionsabouttwotypesofbrands:the retailbrandandthemanufacturerorservicebrandthatissoldintheretailstores.Here,thediscussionis abouttheretailbrandcustomerexperience,althoughtheideasput   forthbelowcouldbeinvestigatedin relation to the manufacturer or service brand aswell.The customer brandperceptionsofthe retailer,when primedpriorto shopping experience,mightsignificantlyinfluencethecustomer'sexperience. Itis also importanttoconsiderthereinforcingeffectsofthecustomer'sexperienceandthebrandovertime.

02.   PriceExperience–

Alotridesonhowaretailersetsitsprices.ThethreeotherP'screatevalueforthesellerthefourth Pofpricecapturesvalue.Inaddition,thisistheonlyPthatearnsrevenuefortheretailer.Whenretailers priceaproductorservicetoohigh,consumersviewitasapoorvalueandwillnotbuy.Apricesettoolow maysignallowquality,poorperformanceorothernegativeattributesabouttheproductorservice.

Theconsumer'sstorepriceimagelikely resultsfromagreaterthenumber of low pricedproducts ata store,the lower price image among knowledgeableconsumers.Research suggests thatretailers thereforeshould carry somehigh – priced merchandisetoextract rentsfromloyalcustomersand somelow – priced merchandisetoattractnewones,butmoreworkisneed inthisarea.

03.   PromotionExperience–

Consumerpromotionsalsotakeseveralforms,includingpricepromotions,lossleaders,andin   – storedisplays.Metaanalysesshowthattheimmediate   increaseinsalesofapromoteditemissubstantial. Theaccountingrecordspertainingtotradepromotionsremaininadequateforderivingadefiniteanswer.

04.   Supply ChainManagementExperience –

Mostoftheresearchers'centersonwhathappenatthefront–endoftheretailstore,supplychain management occurs at the back end. Fordecades, retail supply chain and logistics issues seemed somehow less important thanother activities suchaspromotion, pricingor customerservice. But thiserroneous perception no long exists. Supply chain issues, from both the more managerial partnering side and technicaloperationsside,haveprovenimportantsourcesofcompetitiveadvantageforanyretailers.

05.   LocationExperience–

Retailingacademics and practitioners seemalways to emphasize "location, location,location" as thekeytosuccess.Animportantresearchadvanceconsiderstheroleoftraveltimeonconsumers'choice ofretailformatsandtherelatedretailingimplicationsbecauseconsumersvaluetheirtime.Thelocation decision likely has major ramificationfor price, promotion and merchandising decisions.

06.   AdvertisingExperience–

Duringthe growth process, marketers recognizedthat the internet was a medium for reaching millionsofpotentialcustomers.Sincethen,marketershaveadaptedvaluebasedadvertisingstrategiesto theinternet.Traditionalconsumersbehaviourliteraturewouldsuggeststhatintenseproductinformationis vitalforhighinvolvement productweb sites,while entertainment content may befit forlow involvement product sites. There are various types of online advertising, including "emails, newsletters, screensavers,e-sponsoring,asynchronousandsynchronouschatgroups,infomercials,onlinegamesandwebsites."

07.   PackagingandLabelingExperience–

Packagingplaysamajorrolewhenproductsarepurchased.Asafifth'P'ofmarketing,packaging refers to the activities of designing and producing the container or wrapper for a product. It may be primary, secondary and shipping to perform the objectives as containment, protection, identification, communication, promotion and product differentiation.

Good packaging also provides information based on truth, it must be economical, attractive, convenient,protectiveandtransparent.Packagingisintegral to boostingperceptionsofsafety andwill thereforebeanimportantpartofmoreconcerted effortstoregainconsumertrustgoingforward.

08.   ServiceMixExperience–

Customerserviceistheabilityofanorganizationtoconstantlyandconsistentlygivethecustomer whattheywantandneed.Customersatisfactionisakeyconsequenceofservicequalityandcandetermine   the long– term successofa service organization.When translatedto services,a distinction between service quality and customer satisfaction needs to be made.

Furthermore,onemustdifferentiatebetweenserviceexpectationsandserviceperceptions.While serviceexpectationsareacombinationofcustomer'spredictionsaboutwhatislikelytohappenduringa servicetransactionaswellasthewantsanddesiresofthatcustomer,serviceperceptionscanbedefinedas   a customer's global judgments or attitudes, whichrelateto thesuperiority of aservice.

In general, customer satisfaction is affected by customer expectation or anticipation prior to receiving a service and can be approximated by the following equation.

CustomerSatisfaction=PerceptionofPerformance–Expectations

09.   AtmosphereExperience–

Consumerspendingbehaviourcanbesignificantlyinfluenced bythestore atmosphere andthe customermood.Customersrequireastorelayoutthatmaximizesthenumberofproductsseenwithinthe context of a customers' need for the product. Customers who experience a form of personal control, whether in orienting themselves to the store section they need to go to or in finding the products they want,generallyfeelgoodaboutthe store.Goodfeelings leadtomorepurchases,especially ifproductsare presented within adisplay that showsthepotentialusefulness ofthe product forthem.

InfluenceofGroupandIndividualFactorsonCustomerare-:

   I.   CulturalFactors
   II.   PsychologicalFactors
   III.   SocialFactors
   IV.   SituationalFactors
   V.   PersonalFactors

I.   CulturalFactors –

Cultural factors comprise ofsetofvalues and ideologies of aparticular community orgroupof individuals. Itisthecultureofanindividualwhichdecidestheway he/shebehaves.Culturefactorshave a significant effecton anindividual'sbuyingdecision.Every individualhasdifferent setsofhabits, beliefs andprincipleswhichhe/ shedevelopfromhisfamily statusandbackground.Whatthey seefromtheir childhood becomes their culture.

II.   PsychologicalFactors–

Althoughmarketerscaninfluencepurchasedecisions,ahostofpsychologicalfactorsaffectthe waypeoplereceivemarketer'smessage.Amongthemareattitudes,perception,learningandlifestyle.

   1. Attitude : An attitudes is a person's enduring evaluation of his or her feelings about and behavioraltendenciestowardanobjectoridea.Attitudesarelearnedandlonglasting,andthey mightdevelopoveralongperiodoftime,thoughtheycanalsoabruptlychange.Forinstance,we   like this class, but we don't like the instructor. We like where we live, but we don't like the weather.

2. **Perception** : Perception is the process by which we select, organize, and interpret information to form a meaningful picture of the world. Perception in marketing influences our acquisition and consumption of goods and services through our tendency to assign meaning to such things as color, symbols, taste and packaging.

3. **Learning:** Learning refers to a change in a person's thought process or behaviour that arises from experience and takes place throughout the consumer decision process.

4. **Lifestyle :** Lifestyle refers to the way consumers spend their time and money to live. For many consumers, the question of whether the product or service fits with their actual lifestyle, which may be fairly sedentary or their perceived lifestyle, which might be outdoorsy, is an important one.

III.   SocialFactors–

The consumer decision process is influenced from within by psychological factors, but also by the external, social environment, which consists of the customer's family, reference groups and culture.

1. **Family:** Many purchase decisions are made about products or services that the entire family will consume or use. When families make purchase decisions, they often consider the needs of all the family members. In choosing a restaurant, for example, all the family members may participate in the decision making.

2. **ReferenceGroups :** A reference group is one or more persons whom an individual uses as a basis for comparison regarding beliefs, feelings, and behaviors. A consumer might have various reference groups, including family, friends, co-workers or famous people the consumer would like to emulate. Reference groups provide information to consumer's directly through conversation or indirectly through observation. These reference groups affect buying decisions by

   a. Offering information.
   b. Providing rewards for specific purchasing behaviors.
   c. Enhancing a consumer's self-image.

IV.   SituationalFactors–

Psychological and social factors typically influence the consumer decision process the same way each time. For example, your motivation to quench your thirst usually drives you to drink a Coke or a Pepsi and your reference group at the workplace coerce you to wear appropriate attire. But sometimes, situational factors or factors specific to the situation, override, or at least influence, psychological and social issues. These situational factors are :

1. **Purchase Situation :** Customers may be predisposed to purchase certain products or services because of some underlying psychological trait or social factor, but these factors may change in certain purchase situations.

2. **Shopping Situation :** Consumers might be ready to purchase a product or service but be completely derailed once they arrive in the store. Marketers use several techniques to influence consumers at this choice stage of the decision process.

3. **StoreAtmosphere:** Some retailers and service providers have developed unique images that are based at least in part on their internal environment, also known as their atmospherics. Research has show that, if used in concert with other aspects of a retailer's strategy, music, scent, lighting and even color can positively influence the decision process.

4. **Sales People :** Well – trained sales personnel can influence the sale at the point of purchase by education consumers about product attributes, pointing out the advantages of one item over another and encouraging multiple purchases.

5. **Crowding :** Customers can feel crowded because there are too many people, too much merchandise, or lines that are too long. If there are too many people become distracted and may even leave. Others have difficulty purchasing if the merchandise is packed too closely together.

6. **Promotion:** Retailers employ various promotional vehicles to influence customers once they have arrived in the store. An unadvertised promotion can alter a person's preconceived buying plan.

7. **Packaging :** It is difficult to make a product stand out in the crowd when it competes for shelf space with several other brands. This problem is particularly difficult for consumer packaged goods,suchasgroceriesandhealthandbeautyproducts.Marketerstheref0respendmillionsof dollarsdesigning and updatingtheirpackagesto bemoreappealingand eyecatching.

V. **Personal Factors –** Decisions and buying behaviour are obviously also influenced by the characteristics of each consumer.

1. **Age :** A consumer does not buy the same products or services at 20 or 70 years. His lifestyle, values, environment, activities, hobbies and consumer habits evolve throughout his life. For example: duringhislife, aconsumercouldchangehisdietfromunhealthyproducts(fastfood, readymealsetc.)toahealthierdiet,duringmid-lifewithfamilybeforeneedingtofollowalittle later a low cholesterol diet to avoid health problems.

2. **Purchasing Power :** The purchasing power of an individual will have, of course, a decisive influence on hisbehaviour andpurchasing decisionsbased on hisincome andhiscapital.This obviously affects what he can afford, his perspective on money and the level of importance of price in his purchasing decisions.

3. **Lifestyle:**Thelifestyleofanindividualincludesallofitsactivities,interests,valuesandopinions. The lifestyle of a consumer will influence on his behaviour and purchasing decisions. For example,aconsumerwhodoesjoggingregularlywillbuyshoes,clothesandspecificproductsetc.

4. **Personalityand Self –Concept:**Personalityisthesetoftraitsandspecificcharacteristicsofeach individual.Itistheproductoftheinteractionofpsychologicalandphysiologicalcharacteristicsof the individual and results in constant behaviors. It materializes into some traits such as confidence,sociability,autonomy,charisma,ambition,shyness,curiosity,adaptabilityetc.

CustomerShoppingBehaviour-:

Storeattributesareimportanttoconsumerswhenthey makethedecisionwheretoshop.Store attributesarepresentedbyretailersaccordingtotheirspecificfunctionalstrategies.Storeattributesmustbe offeredthataredesiredbythetargetedconsumer.Thechallengetoretailersistodeterminewhichstore attributes are relatively more important to the targeted consumer. Providing appropriate store attributes is not enough to satisfy consumers and guarantee store loyalty.

Maintaining the quality of these attributes is the hardest task and critical to survival in the competitivenature offashion retailing. Thepresent study is identifyingthestoreattributeswhichinfluence thecustomersforshoppingbehaviour.Theretailsegmentsselectedforthisstudywerefoodandgrocery, apparels, jewelry and consumer durables and home appliances.

TypesofShoppers-:

01.   TheMallLinger–

Theseshoppers taketheirtime goingthrougha store before purchasinggoods.Some ofthe studies conductedinAmericahaveshownthatshopperswhospend30to60minutesinamallspendanaverage of$72.70.Iftheylingerthreeormorehours,thefigurejumpsto$200.40.Therefloorplansaredesigned to keep customers in the shop for hours, so that he will buy more.

02.   GuerrillaShopper–

It is the opposite of the mall lingerer. These shoppers' waits until the last minute, especially aroundtheholidayseason andthen runsarounddesperately, tryingto getalltheshoppingdoneinone shot.

03.   TheTouchy–FeelyShopper–

Heisatypeofshopperswhowouldliketotouch,pickandfeeltheproductbeforehebuysit. Researchshowsthatifacustomertouchesorpicksupmerchandiseheismorelikelytobuyit.

04.   TheSalesJunkie–

Theseshoppersaresubjectedtoaspillovereffect.Iftheyseeonebargain,theythinkeverythingin the store is a bargain, making them appropriate to spend more money.

05.   TheSocialShopper–

This type of shopper enjoys shopping with friends and almost never shops alone, they tend to make a lot of impulsive purchases.

FactorsInfluenceofCustomerShoppingBehaviour-:

01.   RetailerProductMixDesign-

Many retailers are looking for ways to "fine-tune" their product mix while maintaining variety anddifferentiation.Understandingwhichtypesofproductshaveahigherlikelihoodofbeingboughton impulse can aid retailers in making strategic decisionsaboutwhich products to addto orremove from store shelves in order to increase sales.

02.   RetailerPromotionDesign–

Retailersmustdecidewhetherandwhattypeofpromotionstorun.Areconsumersmorelikelyto spontaneouslyaddaproducttotheircartsifthepricehasbeencutoriftheproductisonspecialdisplay? Ourstudyprovidesinformationontheresponsivenessofconsumerstospecifictypesofretailpromotions within an impulse buying context.

03.   OverallRetailPerformance–

Consumersmakein-storepurchasedecisionsinacomplexenvironmentwhereamultiplicityof interrelated elements may impelin impulse. Our findings inform retailers as to the relative contribution of product–relatedfactorsversusofthestorerelatedfactorstoanimpulsepurchasedecision,providingthem with a better understanding.

04.   ManufacturerProductDevelopment–

Retail space is limited and manufacturers introduce hundreds of new products each year. A growing number of retailers are taking steps to better optimize their product portfolios by weed out redundant or laggard SKUs (Stock-keeping units).

05.   UnderstandingConsumerBuyingBehaviour–

Both practitioners and academics are interested in learning more about impulsive buying behaviour. While the literature is rich with studies examining individual factors that lead to impulsive buying behaviour, few studies attempt a comprehensive approach to understanding the concurrent influencesonaconsumer'simpulse buying decisionasitoccursduringashopping experience.

06.   ImpulseBuyingBehaviour–

Impulsivepurchasedecisionasapurchasedecisionmadeinthestoreforwhichthereisnoprior recognitionofneed.Impulsepurchasesoccurwhenaconsumerseesaproduct inthestoreandduetoa strongurgetopossesstheitempurchasesitwithlittleorno deliberation.Thistypeofbuyingbehaviour consistsof"relativelyrapiddecision–makingandasubjectivebiasinfavorofimmediatepossession".It occurs without a lot of reflection.

CustomerServiceandCustomerSatisfaction-:

CustomerService–

Customer service is a key competitive differentiator and should be seen as a long-term commitment andwill notsucceed if itis viewedonly as ashort term tactic.Ownership ofthe customer serviceofferandtheneedforcontinuousimprovementhastobedrivenfromthetopoftheorganization whether the owner – manager or the board.

Customerknowledgehastobeupdatedconstantlyastheirviewandbehaviorschangeandthat knowledge should be used to drive retail customer service levels.

DeterminantsofSuccessfulCustomerService:–

01.   DefineService–

Afteryouhavedeterminedthattherearesolidreasonstobeinfield,thenextstepistodefinethe elements of great service. This requires responses to the questions :

- Whatdoyourcustomersthinkisgreatservice?
- Whatdoyourcustomerswant?
- Whatcreatesloyalty?

02.   RecognizeCustomersWant–

Pleasingcustomers,inwhateverterminologyyouchoosetouse,hasbeenandcontinuoustobe the overall goal of great service. Delight is achieved when :

- Customersreceiveservicebeyondtheir normalexpectations.
- Customersare"surprised"withpleasurableexperienceleadingtopositivewordofmouth.

03.   CreateCustomerLoyalty–

Actionsthatproducecustomerloyaltyare:

- Proactivelyprovidinginformation.
- Notifyingthecustomerofnewopportunities.
- Avoidingunpleasantsurprises.
- Providingconsistentlygoodservice.
- Creatingpersonrelationships.

04.   Staples–

Staples are focal points for service. While they may be simple and often overlooked, applying these staples regularly and consistently will make the difference between mediocre and excellent service. It includes :

- Befriendly.
- Establishrapport.
- Listentowhatacustomerwantsto tell you.
- Beespeciallykindwhensomeonehasexperiencedaloss.
- Provide information.
- Continuallyprovidegoodserviceeveninthetoughtimes.
- Ignorecustomermistakes.
- Bendtherulesifyoucan.
- Tellthe customerabout asalecominguporanewproductorservice.

05.   DemonstratePersonalEffectiveness–

Personal effectiveness creates a foundation for building customer loyalty. The forum corporation, another top-notch researchfirm, identifies thefollowingareasforpersonal effectiveness :

- Effectivecommunication,
- Serviceattitude.
- Problem solving.
- Continuouslearning.
- Integrity

*06.   **UnderstandCustomerExpectations**–Itincludes,*

- Reliability:Itmeansdeliveringwhatispromised.
- Responsiveness:Doingitpromptly.
- Assurance:Knowinghowtodoit.
- Empathy:Doingitwithrespectandunderstanding.
- Tangibles:Ensuringthatbuildings,surroundingsandmaterialsareattractive.

07.   GoodFirstImpression–

The retailers must ensure that every frontline associates is capable of making a good first impression.Firstopinionsareformedwithinthefirst10seconds.Youneverhaveasecondopportunityto make a warm and welcoming first impression.

08.   AppreciateCustomers–

Show appreciationtocustomers. Thankingcustomers ina meaningful andthoughtful manneron every encounter. Make customers feel important and appreciated.

09.   CreateaWorkingCulture–

Createaworkingculturewherebyyourassociatesaretreatedasfamilyandneighborsandthey will, in turn, treat your customers the same way. Customers notice and appreciate when a company appreciates their associates.

10.   RespondtoCustomers–

Answerquestionsfromcustomersby direct inquiry andprovidingthemwithadditionaluseful information.Customersoftenenjoylearningmoreaboutapotentialpurchasethanwhat'swrittenonatag or in a brochure.

11.   HelpCustomers–

Understandthat theunderlyingingredientofcustomerserviceishelpingpeople. Makesure that everyfrontlineassociatehasahistoryofhelpingpeople.Itwillalmostguaranteeagreatcustomerservice experience.

12.   LeveragetheReturn Counter–

Leverage the return counter in a retail store environment to make customers feel comfortable aboutreturninganitemandofferingspecialattentiontohelpthemfindwhatthey   need.Customersdon't likemakingreturns.Makethereturnprocessanenjoyableandnon –defensiveprocess.Customerswill really appreciate it.

CustomerSatisfaction:-

Customersatisfactionisamarketingtermthatmeasureshowproductsorservicessuppliedbya company meet or exceeds a customer's expectation.

Accordingto**PhilipKotler–**

"Ifthe productmatchesexpectations,the consumer is satisfied; ifit exceeds them,theconsumeris highlysatisfied,ifitfallsshort,theconsumerisdissatisfied".Therefore,satisfactionismeasuredbasedon   two key variables viz., (i) Customer expectation & (ii) Product performance.

Customersatisfaction,ordissatisfaction,isthefeelingacustomerhasabouttheextenttowhich   their experiences with the product have met their needs.

Itisanticipatedthathighersatisfactionlevelsincreasecustomerloyalty,reducepriceelasticity, protectexistingmarketsharefromcompetitors,lowertransactioncosts,reducefailurecostsandthecosts   of attracting new customers and improve the firm's reputation.

WaysofCustomerSatisfactioninRetail-:

AsMahatmaGandhisaid,customersarethereasonforeverybusiness.Withoutthem,thereisno meaningincontinuingthebusinessandcustomersatisfactioniswhatkeepsthemcoming   back.Ittakesa tremendous effort to gain a new customer and only seconds to lose one.

01.   Segmentation–

Divide the market into suitable segments on which organization will focus. It is necessary to developdifferentstrategyforeachmarketsegment.Companyshouldusedifferentmarketingapproach, advertising and promotions for each customer segment.

02.   Treateverycustomerasavaluableasset–

Everycustomerisimportantforthecompany.WhetheracustomerbuysgoodsworthRs.100or   Rs. 10,000,heis stilla customer to theorganization.Never the less, company should provide benefits, bonuses and extra service for the most valuable customers.

03.   Locatedistributioncentre'snearcustomers–

Companyshouldensurethatthedistributioncentre'sareeasilyapproachablebygoodnumberof customers.Locationshouldhavefacilitieslikeparkingforvehicles,nearnesstopublictransportfacilityetc.

04.   EnhanceCustomer Satisfaction–

Product quality alonewillnot help an organizationtosatisfy its customers. Companies should alsopayattentiontoservicequalityalso.Thishelpscustomerinenjoyingtotalpurchaseexperience.

05.   ProductDesign–

Companiesshoulddesigntheproductwithmultiplefunctions.Provideuserrelatedinformation like user guide, warranty, complaint card, satisfaction feedback, etc.

06.   ConstantMarketResearch–

Companyshouldconductpreliminarymarketresearch,before theproductorserviceisdesigned. This willhelpcompanytounderstandexactcustomerrequirement.

07.   Buildentrybarriers–

Companyshouldbuildentrancebarriersforcompetitorsbyenhancementofproductorservice advantages.Inthisdirection,companyshouldbewatchingthemarketcontinuouslytoknowthechanging   need of the customer.

08.   Avoidunnecessarypromises–

Companiesshouldnotoverstatetheperformanceof the product.This creates dissatisfaction in the minds of customers.

09.   Applyintegratedapproach–

Company should beawarethat satisfaction ofcustomerwants,needs andexpectationsisa never endingchallenge.Theyshouldstrivetoestablishlong–termbusinessallianceswithcustomers.Company should create organization trademark and preserve brand image.

10.   EncourageCustomerFeedback–

Companyshould encouragecustomerstoofferfeedbackabouttheproductand servicequality. Eachfeedbackshouldbeviewedasanopportunityforimprovement.

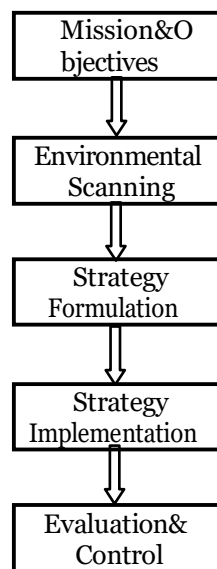**11.   CustomerRelationshipManagement–**

Companies shouldtreat eachcustomerasavaluableasset.Companies should maintainconstant touchwiththesecustomers.Companiesshoulddevelopahabitofsendingcommunicationfrequently   to these customers, so that customers will remember the company.

RetailPlanningProcess-:

In today's highly competitive business environment, budget – oriented planning or forecast – based planning methods are insufficient for a large corporation to survive and prosper. The firm must engage in strategic planningthat clearly definedobjectives andassesses boththeinternal and external situationtoformulatestrategy,implementthestrategy,   evaluatetheprogress,andmakeadjustmentto necessary to stay on track.

Asimplifiedviewofthe strategic planningprocessis showinthefollowingdiagram.

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┌─────────────────┐
│   Mission&O     │
│    bjectives    │
└─────────────────┘
         │
         ▼
┌─────────────────┐
│  Environmental  │
│    Scanning     │
└─────────────────┘
         │
         ▼
┌─────────────────┐
│    Strategy     │
│   Formulation   │
└─────────────────┘
         │
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┌─────────────────┐
│    Strategy     │
│ Implementation  │
└─────────────────┘
         │
         ▼
┌─────────────────┐
│   Evaluation&   │
│     Control     │
└─────────────────┘
```

Step–1: MissionandObjectives–

Themissionstatementdescribesthecompany'sbusinessvision,includingtheunchangingvalues andpurposeofthefirmandforward–lookingvisionarygoalsthatguidethepursuitoffutureopportunities.

Guided by thebusinessvision,thefirm'sleaders can definemeasurablefinancialand strategic objectives. Financial objectives involve measures such as sales targets and earnings growth. Strategic objectivesarerelatedtothefirm'sbusinessposition,andmayincludemeasuressuchasmarketshareand reputation. The vital questions to be answered in this stage are –

- Whatbusinessare wein?
- What shouldbe our businessinthe future?
- Whoare ourcustomers?
- Whatare ourcapabilities?
- Whatdowewanttoaccomplish?

Step –2: EnvironmentalScanning – The environmental scan includes the following components:

- Internal analysis of the firm
- External macro–environment
- Analysis of the firm's industry

The Internal analysis can identify the firm's strengths and weaknesses and the external analysis reveals opportunities and threats. A profile of the strengths, weaknesses, opportunities, and threats is generated by means of a SWOT analysis.

An industry analysis can be performed using framework developed by Michel Porter known as Porter's five forces. This framework evaluate –

i. Threat of Substitute Products –

Threat of substitute products means how easily the customers of the company can switch to its competitors product. Threat of Substitute is high when :

- Substitute product is offered by a company which earning high profits, so that it can reduce prices to the lowest level.
- There are many substitute products available.
- Quality of the competitors product is better.

ii. Threat of new entrants –

When new firms with better performance enter into industry, low performing companies leave the market easily. Threat of new entry depends upon entry and exit barriers. Threat of new entry is high when:

- Capital requirements to start the business are less.
- Few economies of scale in place

iii. Industry Rivalry –

Industry rivalry means the intensity of competition among the existing competitors in the market. Intensity of rivalry depends on the number of competitors and their capabilities. Industry rivalry is high when –

- There are number of small or equal competitors
- Industry is growing
- Fixed cost are high resulting huge production and reduction in prices.

These situations make the reasons for advertising wars, price wars, modifications, ultimately costs increase and it is difficult to compete.

iv. Bargaining power of suppliers –

Bargaining power of suppliers means how strong is the position of a seller. Bargaining power of the supplier is determined by the intensity of the power of the suppliers in increasing the price of products offered by them.

v. Bargaining Power of Buyers –

Bargaining power of buyers mean, how much control the buyers have to drive down the prices of the product offered by the firm. Buyers have more bargaining power when :

- Few buyers chasing too many goods.
- Buyer purchases in bulk quantities
- Shopping cost is low
- Buyers are price sensitive

Step– 3: Strategy Formulation –

Given the information from the environmental scan, the firm should match its strengths to the opportunities that it has identified, while addressing its weaknesses and external threats.

To attain superior profitability, the firm seeks to develop a competitive advantage over its rivals. A competitive advantage can be based on cost of differentiation. Michael Porter identified generic strategies.

- A cost leadership strategy: is a strategy focused on producing the products at a lower–cost in the industry.
- A cost focus strategy: focuses on a narrow market segment and involves developing lower–cost products or services for that target segment.

- Adifferentiationstrategy :is strategythatinvolves making theproductsor servicesdifferentfrom, and more attractive than the competitors.
- A differentiations focus strategy : is a strategy of developing unique products or services for a smaller market segment.

Step–4:StrategyImplementation–

The selected strategy is implemented by means of programs, budgets, and procedures. Implementation involves organization of the firm's resources and motivation of the staff to achieve objectives.

Step–5:EvaluationandControl–

Theimplementationofthestrategymustbemonitoredandadjustmentsmadeasneed.Evaluation and control consists of the following steps :

- Defineparameterstobe measured
- Definetargetvaluesforthoseparameters
- Performmeasurements
- Comparemeasuredresultstothepre–definedstandard
- Makenecessarychanges

BusinessPlan-:

Meaning-

Businessplanisawrittendocumentthatdescribesindetailhowanewbusinessisgoingtoachieve itsgoals.Abusinessplanwilllayoutawrittenplanfromamarketing,financialand operationalviewpoint.

Factors toConsiderinPreparingaBusinessPlan

01. SoundBusinessConcept–

Thecommonmistakemadebyentrepreneursisnotselectingtherightbusinessinitially.Thebest waytolearnaboutyourprospectivebusinessistoworkforsomeoneelseinthatbusinessbeforebeginning your own. There can be a hugegap between your concept of a fine businessand reality.

02. MarketUnderstanding–

Agoodway totestunderstandingistotestmarkettheproductorservicebeforestart.

03. IndustryGrowthandStability–

Ensuretheindustrygrowth andstabilitybeforestartinganybusiness.

04. Management Ability–

Lookforpeoplewhohavegood ethicalvalues, havecomplementary skillsand smarter. Plan to hire people who have the required skills. Define your unique ability andseek outothers who turn your weakness into strengths.

05. FinancialControlAbility–

They need to learn accounting, computer softer and cash flow management techniques. They need to develop financial control ability.

06. SkillsofFinancialManagement–

Buildaqualifiedteamtoevaluatethebestoptionsforutilizingretainedearnings.

07. BusinessFocus–

People who specialize in a product or service will do better than people who do not specialize. Focusyoureffortsonsomethingthatyoucandosowellthatyouwillnotbecompetingsolelyonthebasis of price.

08. AMindsettoAnticipateChange–

Don't commit yourself too early. Your first plan should be written in pencil,notin ink. Keep a fluid mind set and be aggressive in making revisions as warranted by changing circumstances and expanding knowledge.

Implementation-:

Implementationisanessentialpartoftheplanning process. Thebest policiesandplans donot produceresultsuntilthey aretranslated into action.Many strategies failto producedesired results because ofthefailureinproperimplementationoftheselectedstrategy.Themanagementshouldhavethe**"will"** to adapt itself to changes.

Allthedesignedpoliciesandstrategiesshouldbeeffectivelycommunicatedinmeasurableterms. Meredesigningastrategyisnotenough.Itistobeeffectivelycommunicatedtothelowerlevels.Necessary resources, monetary and non – monetary, are to be provided to the concerned departments for implementation.

StepsinImplementationofaStrategy–

01.   ResourceAllocation–

Afterdesigningstrategiestobeadoptedinplansandfinalizingthem,thetopmanagementshould takenecessary stepsforimplementingthedesigned strategy. All thedesigned policiesand strategiesshould be effectively communicated in measurable terms. Mere designing a strategy is not enough. It is to be effectivelycommunicatedtothelowerlevels.Necessaryresources,monetaryandnon–monetary,areto   be provided to the concerned departments for implementation.

02.   FixingKey Tasks andPriorities–

Thetopmanagement,whenfinalizetheoperationalplanshouldincorporateineachoperational planthetaskstobeperformedbythemanagerandthework tobecarriedoutaccordingtopriority.

03.   AssigningtheTasks –

Aspertheoperationalplan,thetaskshavetobeassignedtoconcernedmanagersandtheirwork force for successful implementation.

04.   AuthorityDelegation–

Forthesmoothrunningofeachstrategicoperationalplan,theconcernedmanagersandthekey workforcelikeForeman,marketing executiveetc.,havetobedelegatedwithcertainauthorityandpower.

05.   FormulatingMethods–

Every operation should be cohesive and work flow from one operation to another should be smooth. There should not be zig–zag or back tracking. The task should be completed within the time period.Theco–ordinationtakesplacethroughthescientificoperationmethodstobeformulated.Each operation should have uninterrupted system, methods and procedure.

06.   Policies,Goals,MISandFeedback–

Afterdesigningthe methodsand procedureforimplementing thestrategic plan, what task the concerned manager has to perform, what goal he has to achieve etc., have to be informed to him for successful implementation of the plan.

Each manager assigned with the task of implementing a strategic task should get relevant information to takedecisions."Thebettertheinformation system,thebetterthe resultingdecision".This happens because the information system minimizes risk and uncertainty in decision making. Thus Management Information System {MIS}provides a base for decision – making.

MISshouldbeatwowaysystem.Thismeansthatwhiletopmanagementprovidesinformationto thestrategist,anothersystemshouldprovidefeedbacktothetopmanagementregardingoperations.

07.   RewardsandIncentives–

Thisisamotivationalfactor.Tomotivatethepeopleatwork,certainincentivesandrewardsare   to beinstituted.It should be apart ofthe strategicplan and should beawarded asandwhen particulartask are fully performed. This reinforces the behaviour of workers to new systems.

08.   Training theTrainers–

The work knowledge has to be updated and maintained through workshops, seminars, inbuilt continuingtrainingprogrammes.Thisisanothervitalaspecttobelookedafter,whileimplementingthe strategicplan.Thus,managerialtalentsaredevelopedandmanagersareeducatedinvaluesandstylesof   the organization.

09. Implementation–

Every operation willbe monitored. Results are analyzed and compared with strategies formulated forthesuccessoftheoperation. Itisnotsurethatstrategiesandplansdo matchwiththeactualresults. Therewillbelittledifferencebetweentheactualandplannedprogrammes.Thishastobecloselyobserved andthedeviations haveto informto thetopmanagement througha soundfeedback system.

10. RestructuringtheStrategy–

Inthisprocessactionistakenforremovingthedefectsinthestrategyformulationnoticedatthe time of implementation, changing the workforce who implementsthe strategy, re-allocation of resources etc., are to be carefully done.

RiskAnalysis-:

MeaningofRisk-

A risk is an uncertainty that is affiliated with a particular circumstance that could render a business inoperable or cause financial insecurities for thecompany.

Itistheprocessofdeterminingwhether aparticularuncertain circumstancehasto thepotentialto threaten your business operations.

MeaningofRiskAnalysis–

Riskanalysisistheprocessofdefiningandanalyzingthedangerstoindividuals,businessesand government agencies posed by potential natural and human – caused adverseevents.

A riskanalysis report can beeitherquantitative orqualitative. In quantitative riskanalysis, an attemptismadetonumericallydeterminetheprobabilitiesofvariousadverseeventsandthelikelyextent ofthelossesifaparticulareventtakesplace.Qualitativeriskanalysis,whichisusedmoreoften,doesnot involvenumericalprobabilities or predictions of loss. There are four types of risks involved in strategy implementation. They are –

01. StrategyRisk–

Badstrategy isthe firstrisk.Manycompanieswillfail miserably becauseoftheirpoorly developed strategy.

02. GovernanceRisk–

Weak Corporate Governance is the second risk. Weak Corporate Governance means that the organisation's system and processes for promoting its strategy, including the relationship between management and the board of directors, needs fine tuning for better implementation. Good corporate governance requires that the board play a central role in strategy.

03. OrganisationalRisk–

Misaligned organizational structure and / or organizational culture are the third risk. Organizational structure means how decision making authority is allocated through the company and how the firm's units relate to and work with each other. Lack of fit between organizational structure and strategy impede implementation.

04. PeopleRisk–

Wrong people and resistance to change constitute two large pieces of the fourth risk. Wrong peoplemeanthatthecompanyisselectingandkeepingpeoplewhodonotfititsstrategy.Ifthecompany would like to compete on producing innovating products, company should hire people who embrace change and disruption.

Resistance to changeisoneofthe biggest obstaclesto successfulimplementation.Therefore,the company must clearly explain the 'why and what' behind a new strategy.

MODULE–4

RETAILMARKETINGMIX

Introduction-:

The term "marketing" was first introduced to sell the produced products, keeping in mind the earning of profit. Profit making was the central point of marketing. Marketing was defined as "the management process which identifies and supplies customer requirements efficiently and profitably" (Chartered institute of Marketing - U.K.).

MeaningofMarketingMix:

The marketing mix refers to the blend of ideas, concepts and features which marketing managementputtogethertobestappealtotheirtargetmarketsegments.Eachtarget segmentwillhavea separatemarketingmix,tailoredtomeetthespecificneedsofcustomersintheindividualsegment.

Inotherwords,marketingmixrepresentsanassemblageoftasksandsubtasks,whichultimately willhelp to satisfy thecustomer's requirementsin suchaway asto enablethe firmto attain itsobjectivesin an optimum fashion.

MarketingMix representsthetotalmarketing programofafirm.It involvesdecisionwhich regard toproduct,price,placeandpromotion.Theseabovefourelementsdifferfromfirmto firm.

TheConcepts/Elements/Componentsof7P'sofMarketingMix

I.   TraditionalMarketingMixElements

1. **Product**

2. **Price,**

3. **PlaceandDistribution,**

4. **Promotion**

II.   ExpandedMarketingMixElements

5. **PeopleorInternalMarketing,**

6. **PhysicalEvidence,and**

7. **Process**

Product-:

Product, in the marketing context, is anything which is offered to the market for exchange or consumption. A product formally defined as **"**an offering of commercial intent having tangible and intangible features that goes to satisfy needs, wantsand desires of theconsumers**"**.

A product thus becomes a tool by which an organisation achieves its strategic goal. Some examples are a car, a soap, a book, a sofa, etc. the consumer gets his various needs satisfied In goods marketingwealwayssaythethereisatangiblecomponent towhichsomeintangibleslikestyles, after - sale - service, credit etc, are integrated.

Inotherwords,Productsarealsotermedasmerchandise.Productreferstothebundleoftangible   and intangible attributes that a seller offers to a buyer in return of a particular predefined amount of payment in a particular mode.

DecisionsRelated toSelection ofGoods(MerchandiseManagementRevisited)-:

Theretailersneedtoconsiderthefollowingfactorswhiledecidingwhatproductstosell.

01.   ProductDiversity–

Keep product offering simple in the beginning. If product line is narrow and focused, then marketing effortscanbe justastightlyfocused. Itwillbring thebest resultsfor marketing.

02.   Trends–

When it comes to selecting products to sell based on what's popular, timing is extremely important. New trends and products can be a great boost to business. The retailer needs to be at the beginning of the product lifecycle in order to be successful.

03.   Marketability–

Before considering what product to sell, the retailers need to determine what market to sell. The retailer needs to know customer wants. The product selection doesn't have to appeal to all of the population but it should be something you can convince a large percentage of shoppers.

04.   EnhancedQuality–

When deciding which products to sell in store, ask yourself the following question. Is this product something. I would give my dearest friend? If not, you may want to keep looking. Product quality is extremely vital when your reputation is on the line.

05.   Consumable–

The retailers need to choose a product with recurring sales value. A consumable item that needs to be replaced on a regular basis is one way a retailer can establish long term sales. By establishing a customer base with recurring products, customers will continue to come to buy more products. Additionally, satisfied customers are more open to recommendation for related products.

06.   ProfitMargin–

Selling big ticket items is generally more profitable. It requires more credibility to sell. The retailers need to calculate direct and indirect costs of selling goods. They need to ensure the required profit margins are earned.

07.   Competition–

Competition is healthy and there are ways other than volume and price a smaller store can compete with larger retailers. The unique product has less competition.

08.   PrivateLabelProducts–

One way to guarantee having a truly unique product line is to make the item yourself. Another way is to partner with a small business. It will allow branding an item made by another person.

Pricing-:

Price is all around us. We pay rent for our apartments, tuition for our education, and a fee to our physician or dentist. The airlines, railway, taxi and bus companies charge a fare; the local bank charges an interest for the money we borrow. Hence price is not adjusting a number on a tag or an item.

Price is one of the most critical elements of the marketing mix for services - both for profit as well as not - for- profit firms. It is the only marketing mix variable which generates revenue; all other - product, promotion and place/distribution - are cost drivers. Pricing decisions have far reaching implications for the organizations profits, market share, sales and social appeal.

MeaningofPrice:

Price is what customers are willing to pay for services. How much a customer has to pay depends on the value he perceives in the service offer. The payment can be in forms - money, barter or return services. Price can be simply explained thus.

$$\text{Price} = \frac{\text{Quantity of money received by service provider}}{\text{Quantity of service received by the buyer}}$$

FactorsInfluencingPricing-:

01.   RetailBusinessModel–

Retail model influences pricing strategy of a retail organization. The pricing pattern followed by discount retailer is different from departmental stores. Similarly, pricing strategy followed by non-store retailer is different from brick and mortal business.

02.   UniquenessoftheProduct–

Retailers take perceived value of any product into account before setting a price. It is important to understand that normally customers feel that **low price means poor quality**. If an asset is priced too low, buyers get the feeling that materials used in creation are of inferior quality. Therefore, a retailer has to maintain a fine balance between recognized value of **a product and its price**.

03. MarketDemandfortheProduct –

Market demand is a key aspect of retail pricing strategy. If the supply of a product is less than demand,thenpriceshootupandviceversa.Ifagoodcommodity'sstockendsupquickly,thereisamad rush among consumers, which lead to increase in price.

04. CompetitionLevel–

Thelevelofcompetitionplaysan importantrolein determiningthepriceofaproduct.When a competitor sells its product at a lower price, it may affect the business of the former. It is natural for retailerstostudythecompetitioninthemarketbeforefinalizingthepriceoftheirownproduct.However, it becomes negligible when a company enjoys a monopoly in the market.

05. EconomicConditions–

Economic factors such as labour cost, inflation rate, exchange rate of currency, economic slowdown, and thegovernment's monetary policy influences the pricing of a product.

06. Credit/InstallmentFacilities–

Trade credit, installment credit and purchase through credit card can also influence pricing strategy of a retailer.

PricingStrategies/Approaches-:

Abusinesscanuseavarietyofpricingstrategies.Thepricecanbesettomaximizeprofitabilityfor eachunitsold orfromthe marketoverall.Itcan beused to defend an existingmarketfromnew entrants.It helps to enhance market share within a market or to enter a new market.

01. Penetration Pricing–

Penetration pricing includes setting the price low with the goals of attracting customers and gaining market share. The pricewill be raised later once this market share isgained.

02. Priceskimming–

Priceskimmingisthepracticeofsellingaproductatahighprice,usuallyduringtheintroduction ofnewproductwhenthedemandforitisrelativelyinelastic.Thisapproachisusedtogeneratesubstantial profits during the first months of the release product.

Eventually,a companythat engagesinpriceskimmingmust dropitsprices, ascompetitorsenter themarketandundercutitsprices.Thus,priceskimmingtendstobeashort–termstrategydesignedto maximize profits.

03. LeaderPricing(Lossleader)–

Lossleader pricingisanaggressive pricingstrategy inwhich a storesells selected goods below costinorderto attractcustomers.Firmsfollowing thisstrategybelievethatthelossarisingoutofthesale of such selected goods may be made good by additionalpurchaseof profitable goods.

04. PriceBundling–

Amarketingplay inwhichseveralproductsareofferedforsaleinonecombinedunitthatisoften marked atareduced pricecompared to thesum oftheirseparatepurchaseprices. Fast food meals and cabletelevisionconnectionseffectivelyusethistechniquebyputtingmultipleproductstogethertomakea more attractive deal. This is also called package deal pricing.

05. OddPricing(PsychologicalPricing)–

Price designed to have a positive psychological impact. There are certain price points where peoplearewillingtobuyaproduct.Theretailpricesareoftenexpressedas"oddprices":alittlelessthana round number, e.g., s. 19.98 or Rs. 2.98.

06. Multi–Unit Pricing–

It isastrategyofofferingalowerpriceperunitforthepurchaseoftwoormoreproductsof the sametype,whenboughttogetherthanwhenunitsareboughtsingly.Forexamplecompanymaycharge Rs. 200 fora T-shirt. If two T-shirtsare purchased, shopmay chargehimonly Rs. 370.

07. EveryDayLowPricing(EDLP)–

Itisastrategyofaretailertochargelowerprice(thanotherretailersinthemarket),continuously for the goods sold by them.

08.   One–PricePolicy(singlepricing)–

It is apricing strategy in which the same price is offered to every customer who purchases the productunderthesameconditions.Aonepricepolicymayalso   mean   thatpricesaresetandcannotbe negotiated by customers.

09.   VariablePricing–

Thisisacommonapproachusedbyretailerswhenthecostsofofferingcertaingoodsandservices andthelevelofmarket demandjustify it.Theobjectiveisto optimizeoverallprofit by offeringthebest prices at each point-of-sale. A common example of variable pricing is when a retailer offers different prices on its website than it does in stores.

10.   Mark-upPricing–

Markupreferstotheamountofprofitthatasselleraddstothecostpriceofaproducttoarrivehis   selling price. For example, aseller buys a productat Rs.5andsells itat Rs.10,themarkis Rs.5.

11.   ProductLinePricing–

Itisaproductpricingstrategytobeusedwhenaretailerhasmorethanoneproductinaline.For example,mostcomputermanufacturershavebasicmodels,businessmodelsandpremiumhighgraphic and / or gaming models. Each of those model levels has its own price point.

12.   GeographicPricing–

Itinvolvessettingdifferentpricesfordifferentterritoriesbecauseofdifferenttransportationcosts.

13.   TargetPricingBusiness–

Itisthemethodwherebythesellingpriceofaproductiscalculatedtoproduceaparticularrateof   return on investment for a specific volume of production. It is used most often by public utilities, like electric and gas companies and companies whose capital investment is high, like automobile manufacturers.

14.   PriceDiscrimination–

Itisthepracticeofsettingadifferentpriceforthesameproductindifferentsegmentstothe market.

15.   ValuebasedPricing–

Valuebasedpricingisalsocalledvalueoptimizedpricing.Itisthepracticeofsettingthepriceofa productorserviceatitsperceivedvaluetothecustomer.Thisapproachdoesnottakeintoaccountthecost of the product or service, not existing market prices.

Valuebasedpricingtendstoresultinveryhighpricesandcorrespondinglyhighprofitsforthose companies that can persuade their customers to agree to it.

Advantages ofValueBasedPricing

- **Increases Profits –**Thismethod results inthe highest possible price that youcancharge, and so maximizes profits.
- **Customer Loyalty –** Despite the high prices charged, you can achieve extremely high customer loyaltyforrepeatbusinessandreferrals,butonlyiftheserviceor productprovidedjustifiesthe high price.

Disadvantages ofValueBasedPricing–

- **NicheMarket–**theveryhighpricestobeexpectedunderthismethodwillonlybeacceptabletoa   small number of customers. It may even alienatesome prospective customers.

- **Not Scalable –** This method tends to work best for smaller organizations that are highly specialized.Itisdifficulttoapplyitinlargerbusinesseswhereemployeeskilllevelsmaynotbeso high.

- **Competition –** Any company that persistently engages in value based pricing is leaving a great dealof roomfor competitorstoofferlowerpricesand take away their market share.

- **LabourCosts–**Companiespracticingvaluebasedpricingisexpectedtoprovidesuperiorservices   to their consumers. To provide such services, the company should hire highly skilled and professional workers. Such high end service will be quite expensive.

16.   MarkdownPricing–

Markdown pricing is the temporary reduction in the selling price of an item to stimulate its demandortodriveacompetitoroutofthemarket.Inthispermanentmarkdownsarecreatedtoremovea slow-selling item from the inventory.

Seasonalmarkdownisapplicableonproductsthatareprimarilysoldduringaparticulartimeof theyear,suchasclothing,gardeningproducts,sportinggoodsandholiday–specificitemsmayseeprice reductions at the conclusion of its prime selling season.

Importanceof MarkdownPricing–

- **i.**   Itattractsnewcustomers.
- **ii.**   Itcreatestheopportunitytogenerateloyalcustomerbase.
- **iii.**   Ithelpstoclearthestockoutofthe store.
- **iv.**   Itensurestheshelfspacewithfresh stock.
- **v.**   Itisusedtogetcashinhand.
- **vi.**   Itmotivatecustomerwhobargainstomakeabuyingdecision.

PriceSensitivity-:

Allconsumersarenotcreatedequal.Differentconsumershavedifferentpreferences,prioritiesand budget constraint. Some consumers are price sensitive and some or not.

Meaning of Price Sensitivity – It is amount by which changes in a product's cost and tend to affect consumer demand for that product. In other words, it reflects how purchase behaviour of a consumer changes with changes in price.

The degree of price sensitivity varies from product to product and from consumerto consumer. In economics, price sensitivityis commonly measured usingthe price elasticity of demand.

FactorsInfluencingPriceSensitivity

01.   UniqueValueEffect–

How unique is the product? Buyers have less price sensitivity if the product is unique. Many associationsofferawidevarietyofprogramsandservices.Somearedistinctinthe marketplace,otherare morecommonplace.Bydeterminingtowhatextentproductsandservicesareunique,   you   can   beginto determine whether or not the market will respond to changes in price.

02.   SubstituteAwarenessEffect–

Whatistheavailabilityof substituteproducts? Buyers   have   less   pricesensitivityiftheyarenot aware of or if there are few substitutes. In today's mediadrive world, it is much easier for members to identifyalternativeproductsandcomparefeaturesandprice.Asthemember'sawarenessandknowledge   of their choice increases, their price sensitivity increase.

03.   DifficultComparisonEffect –

How easy isit forcustomers to compareproducts?Buyers have less price sensitivity if they cannot easily compare products.

04.   TotalExpenditureEffect–

What isthetotalexpenditurenecessaryto purchasetheproduct relative to theirtotalincome? Buyers have less price sensitivity when the total expenditure is low relative to total income. As a dues amountincreasesasapercentageoftheirtotalincome,themorepricesensitivethememberbecomes.

05.   EndBenefitEffect–

What isthetotalexpenditurenecessary to purchasetheproduct relativeto thetotalcost oftheend product? Buyershave lesspricesensitivity when thetotal expenditureis low relativeto totalcost of the end product.

06.   SharedCostEffect–

To what extent is the cost of the product shared with other buyers? Buyers have less price sensitivity when the total expenditure is shared.

07.   SunkCostEffect–

To what extent is this product used in conjunction with something already purchase? Buyers have lesspricesensitivitywhentheproductisusedinconjunctionwithapreviouslypurchasedproduct.

08.   PriceQualityEffect-

What is the perceived quality, prestige or exclusiveness of the product? Buyers have less price sensitivitywhentheproductisassumedtobeprestigious,exclusive,ortohaveparticularlyhighquality.

09.   InventoryEffect–

Can thecustomer store theproductorkeep itin inventory?Buyershave lesspricesensitivitywhen the product cannot be stored.

Place-:-

Retaillocationisconsideredtobeoneofthemostimportantelementsinretaildecision.Theright locationisoften criticaltothesuccess ofa business.Poorlocation decisions are difficultand expensiveto overcome. The best retail store locations are thosethat maximizevisibility and access.

PlaceMix–

Place mix is concerned with making available of the goods and services at right time, at right place, in right quantity. It includes ;

a)   DistributionChannels–Itincludesagents,wholesalersandretailers.
b)   PhysicalDistribution–Itincludestransport,warehousingandinventory.

SupplyChain-:

Asupplychainisasystemoforganizations,peopleactivities,information,andresourcesinvolved   in moving a product or service from supplier to customer. Supply chain activities transform natural resources,rawmaterials,andcomponentsintoafinishedproductthatisdeliveredtotheendcustomer.

Insimpleterms,supplychain   representsachannelofdistributionbeginningwiththesupplierof materialsorcomponents,extendingthrougha   manufacturingprocessto   thedistributorandretailer,and ultimately to the consumer.

### SupplyChainManagement–{SCM}

Supplychainmanagementisconcernedwiththemanagementoftheflowofgoods,flowofcash,   and flow ofinformation internally and externally of a company ora groupofcompanies thatshare the same value chain.

Itincludesthemovementandstorageofrawmaterials,work-in-progressinventory,andfinished goodsfrompointoforigintopointofconsumption;cashorcreditinpurchasingorsellingofproductsor services;aswellastheinformationthatconductsthoseactivities,suchasorders,demandforecast,oreven picking list.

Supply Chain Management has been defined as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating value to customers, building a competitive infrastructure, leveraging logistics, synchronize supply with demand and measuring performance.

SCMPrinciples-:

In order to gain competitive advantage and customer satisfaction, following "The Seven Principles ofSupplyChainManagement"written byDavidAnderson, FrankBritt andDonavonFavre. According to them, the seven principles of SCM are as follows :
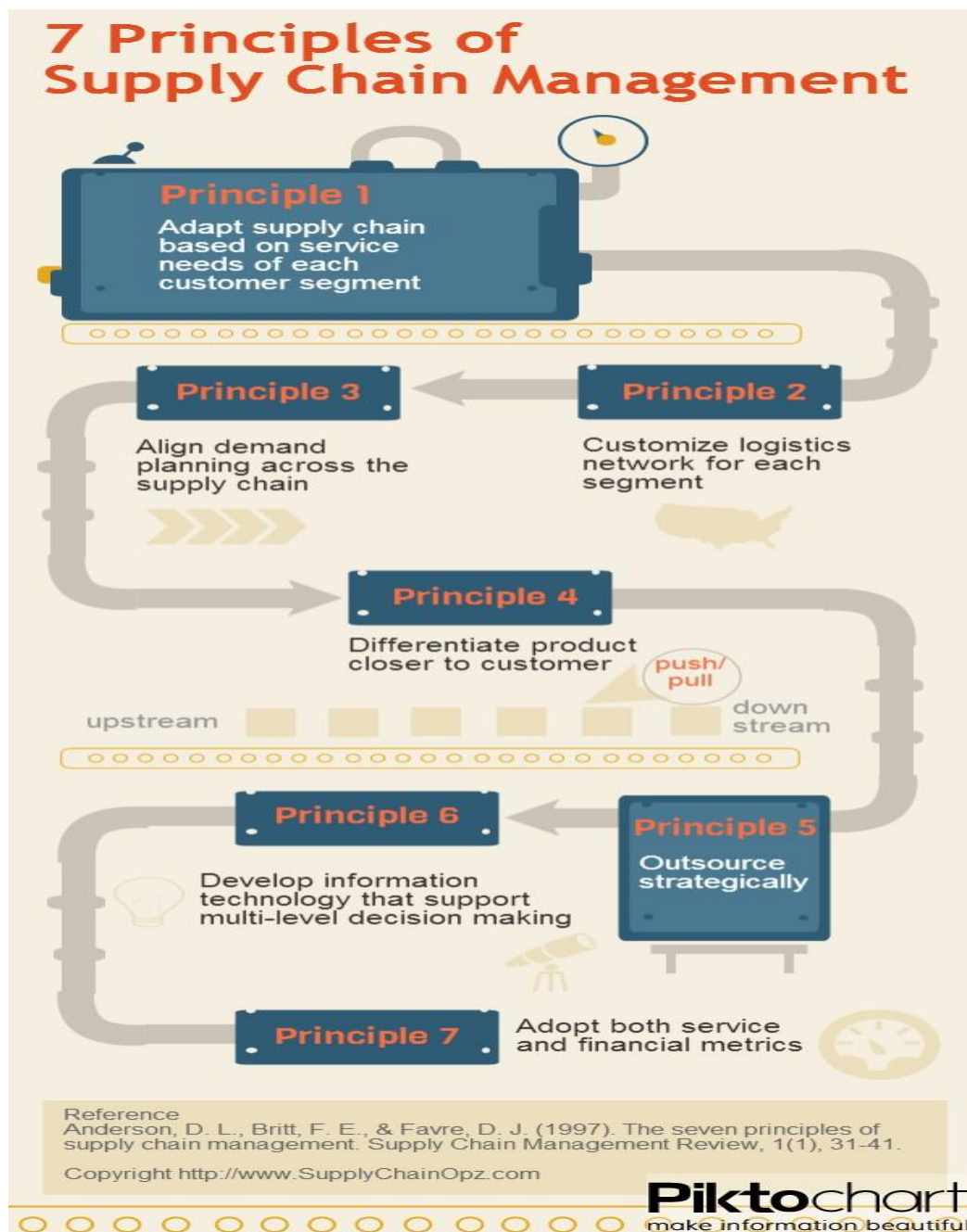
Principle–1:AdaptSupplyChainbased on serviceneedsofeachCustomerSegment-

Bothbusinesspeopleandsupplychainprofessionalsaretrainedtofocusonthecustomer'sneeds.   In order to understand customer better, we divide customers into a different group and we call it "segmentation".ThemostprimitivewaytosegmentcustomerisABCanalysisthatgroupscustomerbased   on the sales volume or profitability. Segmentation can also be done by product, industry and trade channel.

Butsegmentingcustomersbytheirparticularneedsequips   acompanytodevelopaportfolioof servicestailoredto   varioussegments.   Surveys,interviewsandindustryresearcharethetoolsfordefining keysegmentation criteria.Thegoalistofindthedegree ofsegmentation to maximum profits.

Principle–2:CustomizeLogisticsNetworkforeachSegment.

Companies have traditionally taken a monolithic approach to logistics network design in organizing theirinventory,warehouse, andtransportation activities to meet a single standard. Forsome, the logisticsnetwork hasbeen designed to meet the average service requirements of all customers; for others, to satisfy the toughestrequirements ofa single customer segment.For instanceonepapercompany foundradicallydifferentcustomerservicedemandsintwokeysegments-largepublisherswithlonglead times and small regional printers needing delivery within 24 hours.

Principle–3:AlignDemandPlanningAcrossSupplyChain

Salesandoperationsplannersmustmonitortheentiresupplychaintodetectearlywarningsignals ofchangingcustomerdemandandneeds.Thisdemanddrivenapproachleadstomoreconsistentforecast and optimal resource allocation.

Principle–4:DifferentiateProductsClosetoCustomer

Companies today no longer can afford to stockpile inventory to compensate for possible forecastingerrors.Companiesforecastingerrors,insteadoftheyneedtopostponeproductdifferentiation in themanufacturingprocesscloserto actualconsumerdemand.Thisstrategy allowsthe supply chain to respond quickly and cost effectively to changes in customer needs.

Principle–5:OutsourceStrategically

Strategicallymanagethesourcesofsupplybyworkingcloselywiththeirkeysupplierstoreduce theoverallcostsofowningmaterialsandservices.SCMmaximizesprofitmarginsbothforthemselvesand their suppliers.

Principle–6:DevelopITthatSupportMulti-LevelDecisionMaking

It supports multiple levels of decision making and gives a clear view of the flow of products, services,andinformation.Tosustainreengineeredbusinessprocessesmanyprogressivecompanieshave been replacing inflexible, poorly integrated systems with enterprise wide system.

Principle–7:Adoptchannel–spanningperformancemeasures.

Ithelpstogaugecollectivesuccessinreachingtheend-usereffectivelyandefficiently.

PromotionalMix-:

Promotionmeanstopushforwardortoadvanceanideain suchawayastogainitsacceptance andapproval.Promotionisanycommunicativeactivitywhosemainobjectistomoveforwardaproduct,, service or idea industries, a channel of distribution.

Itisaneffortbyamarketertoinformandpersuadebuyerstoaccept,resell,recommend,oruse the article, service or idea which is being promoted. Promotion is a form of communication with additionalelementsofpersuasion.Theelementsofpersuasiontoacceptideas,products,services,etc.,are the heart of promotion. The promotional activities always attempt to affect knowledge, attitudes, preferences and behaviour of recipients i.e., buyers.

MeaningofPromotion–

Promotion is the process of marketing communication involving information, persuasion and influence.Promotionhasthreespecificpurposes.Itcommunicatesmarketinginformationtoconsumers, users and resellers.

Promotionhasbeendefinedas **"thecoordinated self–initiated effortstoestablishchannelsof informationandpersuasiontofacilitateorfosterthesaleofgoodsorservices,ortheacceptanceofideasor point of view."**

PromotionalMix–

Promotionalmixdealswithinformingaboutcompany'sproductsorservicestothepotential consumersandstimulatingthemtopurchase.Itincludes:

I. **SalesPromotion**
II. **Advertising**
III. **PublicRelation**
IV. **DirectSelling**
V. **PersonalSelling**

I.   SalesPromotion-

Meaning :

Salespromotion referstotheactivieswhichsupplementandco-ordinatepersonalsellingand advertising to attract customers to buy a product.

Definitions :

AccordingtoWilliam.J.Stanton,"Salespromotion isanexerciseininformationpersuasionand influence."

CharacteristicsofSalesPromotion–

i.   Salespromotiondoesnotincludeadvertisement,personalsellingandpublicity.
ii.   Sales promotion activities are not regular activities. There are purely temporary and are performedatcertaintimessuchasdisplays,demonstrations,expositions,exhibitions,free samples etc.,
iii.   Itmakesadvertisementandpersonalsellingmoreeffective.
iv.   Salespromotionencouragesdealers,distributorsandconsumers.

ObjectiveofSalesPromotionActivities–

1.   ProvidingInformation–

Theproducergenerallyprovidestheinformationregardingthequality,uses,differentusesofthe products and the price etc to the consumers while introducing the product.

2.   Increasein Sales –

The main purpose of all promotional activities is to increase the sales of the products of the company. Promotionalactivities increasethesales by changingtheelasticity of demandof theproduct throughvarioustechniques,i.e,bydistributingsamples,free gifts,purchasepremiums,discounts;etc.Such activities make the product popular.

3.   ReducingSeasonalDecline–

In slack season, the promotionalactivities help in maintaining the sales of the product. Customers andmiddlemenareofferedattractivediscountsandfreegiftsalongwiththeproductstoinducethemto purchase their products.

4.   Tokeepmemoryalive–

One of the objectives of the sales promotion is to keep the memory of the product alive in the minds of the present customers.

5.   Toinducemiddlementopurchasemore–

The middlemen-wholesalers-retailers are induced to purchase mere stock by offering more facilitiessuchascredit facilities, higher tradeand cashdiscount and free gifts etc.,

II.   Advertising –

Advertisingisapowerfulcommunicationtooldirectedtowardsspecifictargetcustomersinorder to carry themessages regardingaparticularproduct,service orideas, meaningfully andpersuasively witha view to achieve certain specific objectives such as, to establish brand loyalty, expansion ofthe existing markets, increased sales volume, etc.

The basic objective of advertising of a concern is to increase its sales volume and profits. Advertisingcanbeusedtobuildupalong-termimageforaproductortriggerquicksales.Itcanefficiently reach geographically dispersed buyers.

Definition–

According to **American Marketing Association {A.M.A}** "Advertising is any paid form of non-personalcommunication of ideas, goods or services by business firms identified in the advertising message intended to lead to a sale immediately or eventually.**"**

Featuresof Advertising–

1.   Itisapaidcommunicationwherepaidismadebytheadvertisertothemediaowner.
2.   Itisnon-personalsalesmanshipperformingsimilarfunctionslikepersonalsalesmanship.
3.   Ithastheabilitytoexposelargegroupsofprospectsatalowcostperprospect.
4.   Itcanhelptointroduceanewproduct quickly.

III.   PublicRelation–

Meaning–

Thepartofpublicrelationsthatismostdirectlyrelatedtopromotingacompany'sproductor servicesiscalledpublicity.

PublicRelationisanactivitycarriedonbetweenadvertising,tomakethepublicunderstandwhat   the product actually isand thus posing a confidencein prospectsabout theproduct.

Definition–

"Public relation isthe attempt by information, persuasion, and adjustment to engineer public support for an activity, cause, movement or institution.**"**

FunctionsofPublicRelations–

1.   CommunicatingtotheShareholders–

Shareholdersareapartofthebusinesspublicwhosegoodwillandsupportareofvitalimportance fortheexistenceandthesuccessofanyconcern.InchangingeconomyofIndia,newclassesofinvestors   are emerging out who have been attracted to invest their funds in industries.

2.   CommunicatingwiththeDealers–

Ascustomerscannotbecontacted,exceptthroughadvertisingcampaigns,amoreeffectivewayof dealingwiththemistoapproachthemthroughdealersandhenceitisnecessarytocommunicatewellto   the dealers.

3.   Communicatingwiththe Customers–

Apartfromqualityandpriceoftheproductcustomerrelationshasbecomeanimportantfactorin influencingthecustomer'sbehaviourandattitudesandthusdevelopingabetterimageoftheproductin   their minds. The first thing in maintaining customer relations is to inform the customers all about the product and then assess what they know about it.

4.   CommunicatingwiththeGeneralPublic–

Communicationwithpublicisaltogetheressentialindevelopingacorporateimageintheminds   of the general public. It is, therefore, the necessary for the business to realize its social responsibility towardsthepublicatlarge.Itmusttakeaboutitscontributiontothesolutionofsocialproblemsandits associationwithgood causeinthe field ofeducation,health and generalwelfareofthe public.

5.   CommunicatingwiththeGovernmentandM.P's–

In India, the government plays a prime role in driving the economy and the business is independentforitsexistence,functioningandgrowthongovernmentpoliciesandaction.

CommunicatingwiththeM.P'sisnotlessimportantfortheparliamentaryproceedingsreceivea widepublicity.ItisintheinterestofthecompanytokeepintouchwiththeM.P'sandcommunicateabout   its problems and performance.

6.   Communicatingwiththe Employees–

The public relations department can and does play a vital role in providing the personnel departmentwithbetterideasandaidsofcommunication,initseffortstobringaboutimprovedworking conditions,grievanceproceduresrecruitmentandpromotionalpolicies,employeetraining,recognitionof exceptionalperformanceandpromotionalpolicies,andeducational,health,andwelfareamenities.

The public relations director publish the house magazine, prepares reports on important topics, in additiontoannualreports,andprovidesprintedandvisualmaterialtopromoteemployeeconsciousness   on such subjects as safety, health, savings, planned families and so on.

7.   Communicatingwiththe Press–

Large public and private undertakings are always in the news and are alwaysunder the search lightofpublic scrutinyandattention.These largeorganizationsareoftensubject matterofthepress.The public opinion isIndiais influenced and molded by whatis read in thenewspapers.

IV.   DirectSelling–

Itistheprocesswherebytheproducersellstotheuser,ultimateconsumerswithoutintervening middlemenlikethewholesaler,retailerorbroker.DirectSellingoffermanyadvantagesto   thecustomer including lower prices and shopping fromhome. It isalso called *Multi Level Selling.*

TheTwoformsofDirectSelling–

1.   RepetitivePerson-to-personSelling–

Thesalespersonvisitsthebuyer'shome,jobsiteorotherlocationtosellfrequentlypurchase productsorservices.

2.   PartyPlans –

Thesalesperson offers productsorservicesto groupsofpeoplethroughhomeorofficepartiesand demonstrations.

V.   Personal Selling–

Personalsellingisabroaderconceptandinvolvesoralpresentationinconversation   withoneor moreprospectivebuyer forthepurposeof makingsales. Thepurposeof personalsellingisto bringthe rightproducts into contact with rightcustomers, andto make certain that ownershiptransfers takes place.

Definitions–

Accordingtothe**AmericanMarketingAssociation**as"Oralpresentationinconversationwith oneormoreprospective purchaserforthepurposeofmaking sales."

RichardBuckishhasdefinedthetermas"Personalsellingconsistsofcontractingprospective buyersofaproductpersonally."

CharacteristicsofPersonalSelling–

1.   PersonalConfrontation–

Twoormorepersonscomeintoactiverelationandeachpartyisabletoobserveatclosequarters   the characteristics and needs of the other and make immediate adjustments and thereby make the encounter successful.

2.   Cultivation–

Personalsellingmayleadtoallkindsofrelationshiptoadeeppersonal friendship.

3.   Response–

Personal sellingusuallymakestheprospects feel asort ofpeculiarobligation forhavinglistened to sales talk.

HumanResourceManagementinRetailing-:

Introduction

Human resource isa resource like any othernaturalresources. It means that management can get andusetheskill, knowledge, ability etc.,through thedevelopment of skills, tappingand utilizingthem again and again.

Humanresourceisthatprocessofmanagementwhichdevelopsandmanagesthehumanelements   of enterprise. It is not only the attitudes and skill, knowledge, experience etc., but also with personal feelings, perceptions, desires, motives, attitude and values etc.,

So,human resource managementwillmean variousaspects ofhuman resources.Humanresource isofparamountimportanceforthesuccessofany organization.Itisasourceof strengthandaid.

Meaning

Human resource management is concerned with the people who work in the organization to achieve theobjectivesofthe organization.Human resource managementthe process ofaccomplishing organizationalobjectives by acquiring, retaining, terminating, developing and property using the human resources in the organization.

{**Acquiring:**Thehumanresourcepeoplewithtalentandskillandmotivationshouldberecruited. **Terminating :** Those employees who are unruly and do not follow the rules and procedures should be madeterminated.**Developing:**Involveseducating,trainingandmadethehumanresourcestoacceptany type of current or future work.}

AccordingtoWendellL Franch

Human resource management refers to the philosophy, policies, procedures and practices related the management of people within an organization.

NatureofHumanResourcesManagement

1.   Partofprocessofmanagement

Humanresourceisanintegralpartofprocessofmanagement.Itisapartofgeneralmanagement function.Thisisafunction whichisperformed by allthemanagers throughout theorganizationrather than the personnel department only.

2.   ComprehensiveFunction

Thepurposeofhumanresourcemanagementistomanagepeopleatwork.Thisfunctioncovers alltypesofpeopleatall levelsin theorganization suchmanagers,officers,supervisors,workersand all other person working in theorganization. So it canbe called a comprehensive function.

3.   PeopleOriented

Human resources have people oriented approach. It deals with every person working in the organizationfromtoptobottom.Theemployeesaredealtwithbothindividuallyandagroups.Ittriesto   find out optimum arrangement between individuals, jobsorganizations and environment.

4.   BasedonHumanRelations

Humanresourcemanagementisbasedonhumanrelationsapproach.Theemployeesaretreated asassetsandhumancapital.Theemployeesaregivenachangetodeveloptheirfullpotentialandderive   full satisfaction from work. The interest, aptitude capacity and personalityof the employees should be takenintoaccountwhileexploitingtheirpotential.Different personshavetobedealtdifferently.

5.   PervasiveFunctions

Humanresourcemanagementispervasive.Itisinherentinallorganizations.Humanresource manage is useful in government organizations, sport bodies, armed forces. It is also undertakes recruitment,selection,training,developmentandutilizationofpeople.   Everymanagerhastodealwith person in his department.

6.   ContinuousProcess

Humanresourcemanagementiscontinuousprocess.It hasto becarried out everydayand every time. Human resource management is concerned with the activities of personnelin the organization, since the activities happen continuously this function is also continuous process.

7.   Scienceaswellas art

Humanresourcemanagementisbothscienceaswellasart.Itisanorganizedbodyofknowledge consistingofprinciplesandtechniques.Soitiscalledscience.Thehandlingofpeopleandgettingwork   from them is an art.

8.   RecentOrigin

Human resources management is of a recent origin as compared to other areas of management. It first emerged in the mid 1980'swhen two models were produced by American academies. These were christened by **Bonall (1992)** as the **"Matching model and Harvard Framework"**

9.   Interdisciplinary

Human resource management is interdisciplinary in approach and application. It involves application of knowledge drawn from several disciplines like sociology, anthropology, psychology, economics etc.,

ManpowerPlanning(HumanResourcePlanning)-:

Meaning–

Manpowerplanningmaybedefinedasaprocessbywhichthemanagementensuresthattheright numberandtherightkindofpeopleareattherightplaceandrightattimeandaredoingtherightthings   (for which they are best suited) for theachievement of organizational objectives.

Itistheprocessofdevelopinganddeterminingobjectives,policiesofprocurementinrelationto manpower. It involves anticipating the present and future requirements of the number and quality of work force in the organizations.

MeaningofHRP–

HRPisaplanofactionformulatedtomeetthefuturehumanresourcesneeds.

Definition–

Accordingto**StainerG**"HumanResourceplanningisstrategyfortheacquisition,utilization, improvementandpreservationofenterpriseshumanresources.

Importance/Benefits ofHumanResourcePlanning

1. FuturePersonnelNeeds

Planning is significant as it helps determine future personnel needs. Surplus or deficiency in strengthistheresultoftheabsenceordefectiveplanning.Theproblemofexcessstaffbecomessoheavy that many units are resorting to voluntary retirement scheme to remove the excess staff. Absence of succession planning has resulted in a situation where many organizations functions without chief executives.

2. CopingwithChange

Human resource planning enables an enterprise to cope with changes in competitive forces, market,technology,productsandgovernmentregulations.Suchchangegeneratechangesinjobcontent skill demands and number and type of personnel.

3. CreatingHighlyTalentedPersonnel

Jobsarebecominghighlyintellectualandincumbentsaregettingvastlyprofessionalized.Human resource manager must use his / her ingenuity to attract and retain qualified and skilled personal. Technology will often upgrade some jobs and degrade others. Jobs created and people hired when old technologies were in use become extinct, obsolete and redundant.

4. ProtectionofWeakerSections

InmattersofemploymentandpromotionssufficientrepresentationneedstobegiventoSC/ST candidates,physicallyhandicapped,childrenofthesociallyandpoliticallyoppressed andbackwardclass citizens.

5. InternationalStrategies

InternationalstrategiesdependuponHRP.Thedepartment'sabilitytofillkeyjobswithforeign nationals andreassignmentofemployeesfromwithinoracrossnational,borders aremajor challenges facing international business. With the growing trend towards, global operations the need for human resource planning will grow, with need to integrate more closely HRP into the organizations strategic plans.

6. FoundationsforPersonnel Functions

Manpowerplanningprovidesessentialinformationfordesigningandimplementingpersonnel functions such as recruitment, selection, personnelmovement (transfers, promotions, layoffs) and training and developing.

7. IncreasingInvestmentsin HumanResources

An employee who gradually develops his / her skills and abilities becomes a more valuable resources.Becausean organization makesinvestmentsin its personneleitherthroughdirecttrainingorjob assignments. Human assets, asopposed physicalassets, can increase in value.

8. ResistancetoChangeandMove

There is growing resistance among employees to change and move. There is also a growing emphasis on self – evaluation andon evaluationof loyaltyanddedicationto theorganization.

9. **OtherBenefits**

i. Moretimeisprovidedtolocatetalent.

ii. Better opportunitiesexisttoincludewomenandminoritygroupsinfuturegrowthplans.

iii. Betterplanningofassignmenttodevelopmanagerstodone.

iv. Major andsuccessfuldemandsonlocallabourmarketscanbemade.

ChallengesofManpowerPlanninginRetailSector–

01. **GalvanizingDiverseCulture–**

In an industry that is fast growing the organization is constantly on boarding employees from diverse backgrounds and with a wide range of experience. In this context, the challenge for the organization liesin galvanizingthese backgroundsto create aunifiedculturethatis itsown.

02. **ManagementofEthicalDilemmas–**

Withaveryyoungandheavily decentralizedworkingpopulationaswellasstoresupervisorsin agegroupsoftenrangingfrom 21to 26.Theorganizationoften hasnovisibilityontheinteractionsthat happen between the store and the suppliers across India.

03. **UnattractiveWorkingHours–**

Thestoreworkinghoursaremorecomparedtootherindustry.Theemployeesareinneedtowork on weekends as well, which further makes the work requirements unattractive to many prospective employees.

04. **ManagingCompensationExpectationsofEmployees –**

Theretailindustryoperateswithwafer-thinmargins.Managingcompensationexpectationsina situationofscarcetalentisakeychallenge.Thecompensationstructureinmostretailorganizationhasa substantial variable component that is linked to store performance.

05. **WorkCulture–**

The customer-facing nature of the industry often results in emotional labour related issues of stress. The store level employees often come from under privileged backgrounds. They have to face affluent customerswho may exploit the socio-economicdividethat existsbetween them.

06. **BuildingCapability–**

The store supervisor or manager is often young and inexperienced. It has several young store executive reporting. HR holds the responsibility for building the capability of supervisors to lead and motivate their teams.

07. **FewRetailCourses–**

There are very few retail professional courses in India.Therefore, a retail organization often has to make substantialinvestments in grooming and enhancingemployee capabilities. The diverse geographic spread of these employees makes this even more challenging.

08. **ScarcityofanExperienced Talent–**

ThescarcityofanexperiencedtalentpoolintheretailindustryinIndiameansthatHRneedsto focusonbuildinginhousetalentcapability.Retailhascreatedtalentacademiestobuildthecapacityof their in house talent.

09. **MatchingIndividualandOrganizationalExpectations–**

Retailbeingabuddingindustry.ItisnexttoimpossibleforHRtoofferaconcretecareerpathto theemployees.Thisoftenimpactstheemployerbrandequityofretailorganizationswhentheyscoutfor talent.

10. EnhancingEmployeeProductivity–

Thisis an era ofcost-cutting and thin margins. HRhas to focuson buildingmanpowerefficiencies and on ways to enhance employee productivity on an ongoing basis.

11. BalancingEmpowerment –

Retailorganizationsareoftenheavilydecentralizedandhaveadistributedstructure. Giventhis structure,achallengeforHRisinbalancingempowermentatastorelevelwiththenecessarycontrols.

12. JobInsecurity–

Thereisahighdegreeofjobinsecuritythatheavilyimpactsemployeeretention.

13. EmployeeEngagement–

Theretailorganizationalstructurebringsinuniquechallengesintermsofkeepingemployeesin distant, diverse locations engaged and excited about organizational goals.

14 EmployeeRotation–

Employeerotation into new rolesacrossthestoresis essential.Manystoreexecutivescomefrom relativelyunderprivilegedsocioeconomicbackgrounds.Forretailorganizationsthathaveinvestedheavily in training and grooming these employees, this becomes a heavy cost burden.

RecruitmentandTraining-:

MeaningofRecruitment

Recruitmentistheprocessofattractingqualifiedapplicantsforaspecificjob.Theprocessbegins whenapplicationsarebroughtinandendswhenthesameisfinished.Theresultisapoolofapplicants, from where the appropriate candidate can be selected. In other words, Recruitment is the process of searchingforprospectiveemployeesandstimulatingthemtoapplyforjobsintheorganization.

Accordingto**BusinessDictionary.Com**

It isprocess ofidentifying and hiringthe best qualified candidate fromwithin or outsideofan organization for a job vacancy, in a most timely and cost-effective manner.

Methods/Sources ofRecruitment

I. InternalSources-

Internalrecruitmentseeksapplicantsforpositionsfromthosewhoarecurrentlyemployed.

1. Transfers -

Transfer involves shiftingofpersonsfrom presentjobto other similarplaces. These do notinvolve any change in rank, responsibility and prestige.

2. Promotions-

Promotionreferstoshiftingofpersonstopositionscarryingbetterprestige,higherresponsibility and more salaries. The higher positions falling vacant may be filled up from within the organization. Promotions avenuesmotivate employeesto improve their performance so that they get promotions to higher positions.

3. PresentEmployees-

The present employees of an enterprise may be informed about likely vacant positions. The employeesrecommendtheirrelationsorpersonsintimatelyknowntothem.Theexistingemployeestake full responsibility for those recommended by them and try to ensure their proper behaviour and performance.

II. ExternalSources

Every enterprise has to use external sources for recruitment to higher positions when existing employees are not suitable.

01.   Advertisement

Advertisement is the best method of recruiting person for higher and experienced jobs. The advertisements are given inlocal or nationalpress, trade or professionaljournals. The requirement of jobs is given in advertisements.

Theprospective candidates evaluatethemselves against the requirementsof jobsbefore sending their applications. The management gets a wider range of candidates for selection.

02.   EmploymentExchange

Itis run by the governmentare also a goodsourceof recruitment.Employmentexchangehasbeen set up all over the country in deference to provisions of the Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.

Theactappliestoallindustrialestablishmentshave25workersormoreeach.Theactrequiresto   allthe industrial establishments to notify the vacancies before they are filled. Thusemployment exchanges act as alinkbetweentheemployersand prospective employees. Theseoffices areparticularly usefulin recruiting blue-collar, white – collar and technical workers.

3.   CampusRecruitment

Colleges, universities, research laboratories, sport fields and institute are fertile for recruiters. TheI I M {**I**ndian **I**nstitute of **M**anagement} and I I T {**I**ndian **I**nstitute of **T**echnology} are on the top of the listofavenuesforrecruiters.TheIIM'sareanimportantsourceforrecruitingmanagementtrainees.

4.   UnsolicitedApplicants

Personsinsearchofemploymentmaycontactemployersthroughtelephone,bypostorinperson. Generallyemployerswithgoodreputation getunsolicitedapplications.Ifopeningisthereorislikelyto their then these persons are considered for such jobs.

5.   CasualCallers

Management may appoint person who causally call on them for meeting short term demands. Thiswillavoidfollowingaregularprocedureofselection.Thesepersonsareappointedforshortperiods   only. This method of recruitment is economical because management does not incur a liability in pensions, insurance and fringe benefits.

06.   LabourContractors

Itisquitecommontoengagecontractorsforthesupplyoflabour.Whenworkersarerequirefor shortperiodsandarehiredwithoutgoingthroughthefullprocedureof selectionetc.Thepersonshired under this system are generally unskilled workers.

07.   GateRecruitment

Wherever some workers are on leave then some persons may be employed for some days. Wheneverthererearevacancies,thesemaybewrittenonthenoticeboardatthefactorygate.Thosewhoare interested to get work may approach the concerned persons.

08.   Walk-inInterviews

Anadvertisementisinsertedinnewspapersgivingthenatureof   vacanciesandthetypeofperson required.Thecandidatesareaskedtocallatparticularplacealongwiththeirbio-dataandcertificates.The interviewers conduct interview whenever some candidate appears for this purpose.

09.   Competitors

Thecompletingfirmsarealsotakenasa   sourceforrecruiting   middleorhigherlevel   managers.If somesuitablepersonsisavailableinanotherconcernthenhemaybeapproachedbyofferinghighersalary   and other perks. This method is called poaching or raiding approach.

Training-:

Trainingistheorganizedactivity.Itaimsatimpartinginformationtoimprovetherecipient's performance.Ithelpsemployeestoattainrequiredlevelofknowledgeorskill.

Meaning–

Trainingisanorganizedprocedurebywhichpeoplelearnknowledgeandacquireandskillsthey need for a definite purpose. <u>Training is what is done to the trainee</u>.

This training is rooted in the learning process, and "learning is that human process by which skills,knowledge,habitsandattitudesareacquiredandutilizedinsuchawaythatbehaviourismodified."

Inotherwords,trainingcauseslearning, aprocessthattakesplacewithinthetrainee,inwhich behavioural changes occur as a result of experience.

SomeImportantNeedsforTraining–

1.   IncreasedProductivity–

Increaseinskillusuallyresultsinincreaseinquantity,qualityandoutput.Atrainedworkergives improved performance. Machines and materials are more economically used.

2.   HigherEmployeeMorale –

Possession ofneeded skillhelpsto meet such basichuman needs, are security and ego satisfaction. Traininginculcatesfeelingsinthemindsofworkersthattheyareproperlycaredfor,andtheemployeris sincere to them. A trained worker gets job satisfaction and he is loyal to the organization. Thus, when workers are adequately trained, labour management relations are better.

3.   ReducedSupervision–

Whenlabouristrained,wehaveeasyandsmoothcontrolandsupervision.Thatiswhytrainingis recognized as a vital aspect of managerial control. Management can concentrate on planning and encourage expert workers through motivation.

4.   ReducedAccidents,SpoiledWorks,DamagetoEquipmentand Machinery–

When labouristrained,workers cancontribute substantially to reduce theaccident rates asthey can develop safety attitudesand they cantake necessary precautionsto avoid accidents.

5.   IncreasedOrganizationalStabilityandFlexibility–

Stabilitymeanstheabilityofanorganizationto   sustainitseffectiveness,despitethelossofkey personnel, because we have a reservoir of trained replacements. Flexibility means the ability of an organization to adjust itself to the short-term changes in the volume of work. It requires personnel of multiple skills so that they can betransferredtoother jobswhere thedemand ismore.

6.   Self–development,VersatilityandAdaptability–

Automationandcomputerizationdemandadaptabilitytonewworkmethods.Theworkershave   to learn the use of new kind of equipment; they have to adjust themselves to major changes in the job contentsandworkrelationship.Technologicalchangesbringaboutchangesinworksituationrapidlyand whenautomationisintroduced,themanagementhastofacetheproblemofre-trainingofemployees.

7.   ReducedTurnoverandAbsenteeism–

Whentheemployeesare sowelltrainedandthey experience thedirect satisfactionassociatedwith asenseofachievementandtheknowledge,thereisverylittlescopeforworkerdissatisfaction,complaints, absenteeism and labour turnover.

8.   TalentSearch –

Trainingalsohelpsinlocatingtalentsandgivingthem   amplescopeforfurtherdevelopmentby meansofquickpromotions.Italsoenablesspottingofmistakesmadeintheselectionofworkers.

TypesofTraining –

1.   InductionorOrientationTraining–

Induction training is training given to new employees. The purpose of the induction period (which maybeafewhoursorafewdays)istohelpanewemployeesettledownquicklyintothejobbybecoming   familiar with the people, the surroundings, the job and the business.

2.   JobTraining-

The purpose of job training is to increase the knowledge of workers about the jobs withwhich theyareconcernedsothattheirefficiencyandskillofperformanceareimproved.Injobtraining,workers learncorrect methodsofhandling machinesand equipment, avoidingaccidents, removing bottlenecks etc.

3.   PromotionalTraining–

Many concerns have adopted a policy of filling some of the vacancies at higher levels by promoting existing employees. When existing employees are promoted in the organization, they are required to shoulder new responsibilities.

4.   RefresherTraining–

Refresher training is arranged for existing employees in order to enable them to revive and improve their knowledge.

MethodsofTraining & Development–

I.   On-the-JobTraining Methods–

On-the-Job (OTJ)isa formoftrainingtaking place ina normal working situation.On-the-Job training, sometimes called direct instruction, is one of the earliest forms of training(observational learning is probably the earliest).

3.   Off-the-JobTraining–

Offthejobtrainingistheemployeetrainingatasiteawayfromtheactualworkenvironment.It   often utilize lectures, case studies, role playing, simulation etc.,

Compensation-:

Compensationmaybedefinedas"Moneyreceivedintheperformanceofwork,plusthemany kindsofbenefitsandservicesthatorganizationsprovidetotheiremployees.""Money"isincludedunder

  I.   DirectFinancialCompensation
    a.   Payreceived intheformofWages
    b.   Salaries
    c.   Incentives
    d.   Commissions
    e.   Bonuses
  II.   IndirectFinancialCompensation
    a.   Life,AccidentandHealthInsurance
    b.   RetirementPlans
    c.   PayforVacationorIllness

Inotherwords,"Compensationistheremunerationwhichan employee receivesinreturn for his and her contribution to the organization."

ObjectivesofCompensation–

1.   TogetqualifiedCompetentPersonnel–

Remunerationplaysamajorroleforanyemployeewhentheydecideupontheircareer.Qualified   and competent people join the best paid organizations. So, organization should aim at compensation where they can attract competent and qualified people.

2.   Toretainthepresentemployees–

The organization should keep a check on employee compensation which should be favourable comparable with other organizations.

3.   Tosecureinternalandexternalequity–

Equityshouldbemaintainedamongtheemployees.Externalequityimpliespaymentofsimilar wages when comparable with other organizations.

4.   Toensuredesiredbehaviour–

Goodrewards reinforce desired behaviour like performance, loyaltyacceptingnew responsibilities and changes etc.

5.   Tokeeplabourandadministrativecosts

6.   Tofacilitatepayroll

7.   Topromote organization

8.   Tosimplifycollectivebargaining

PerformanceAppraisal Methods-:

MeaningofPerformanceAppraisal

"It is the process of evaluating the performance and qualifications of employees in terms of requirementofthejobforwhichoneisemployed,forthepurposeofadministrationincludingplacement, selection for promotions, providing financial rewards and other actions which require differential treatmentamongthemembersofgroupasdistinguishedfromactionsaffectingallmembersequally."

Thus,itisprocessofestimatingorjudgingthevalue,excellence,qualitiesorstatusofemployees individually or collectively in a group. Performanceappraisal isa partof staffing process.

PerformanceAppraisalMethods-:

I.   PastOrientedMethods –

1.   RankingMethod–

Under this method, al the employees in a work group are ranked one against the other. For example,ifthereare30workersinaworkgroup,themostefficientemployeemayberankedasnumber one and the least efficient employee as number thirty.

Thismethodisusefulonlyifthenumberofemployeesisverysmall.Forbigconcernsemployinga   large number of employees, this method is not very well suited.

2.   RatingScalesMethods–

Rating scales consists of several numerical scales representing job related performance criterions. Eachscales   rangesfromexcellenttopoor.Thetotalnumericalscoresarecomputedandfinalconclusions   are derived. It includes :

- Dependability
- Initiative
- Output
- Attendance
- Attitudeetc.

Advantagesof RatingScalesMethod –

- Adaptability
- Easytouse
- Lowcost
- Alltypeofjobcanevaluated
- LargeNumberofemployees covered

3.   ChecklistMethod–

Under this system, the rater is presented with anumber of questionsin the formof check lists relatingto the employeeand his behaviour,and he willhave to indicatehisanswersto thequestionswith a tick mark in the **"Yes"**columnnor **"No"**columnprovidedfor thatpurpose.

4.   ForcedChoiceMethod–

Theseriesofstatementsarrangedintheblocksoftwoormorearegivenandtheraterindicates   which statement is true or false. The rater is forced to make a choice.

5.   Forced DistributionMethod–

In this method the employees are rated for overall performance and not for each trait. This methodrequirestheratetodistributehisratingtofollowpredetermineddistribution.Thismethodiseasy   to understandand to administerand also minimizes or eliminatesthe biasof the rater.

For example, a group of workers doing the same job would fall into some such groupings as superior,aboveaverage,average,belowaverage,andpoor,andtheratemayput10%oftheworkerinthe 'superior'category,20%inthe'aboveaverage'category,40%inthe'average'category,20%inthe'below average' category and 10% in the 'poor' category.

6.   CriticalIncidentMethod–

Accordingtothismethod,theperformanceofanemployeeisrateonthebasisofcertaineventsor incidentswhichmayhavereallyhappened.Some examplesofsucheventsorincidentsareasfollows:

- Refusedtoco-operatewithfellow workers.
- Suggestedamethodtoimprovethequalityofgoods.

7.   BehaviorallyAnchoredRatingScalesMethod–

Underthismethodstatementsofeffectiveandineffectivebehaviourdeterminethepoints.They aresaidtobebehaviorallyanchored.Therateissupposedtosay,whichbehaviourdescribestheemployee performance.

8.   Field ReviewMethod–

Underthismethod,a   trainedemployeefromthepersonaldepartment,interviewthesupervisors about their respective subordinates. The supervisor is asked to give his opinion on his subordinates regardingtheirperformance,progressetc.,andonthebasisofthis,thepersonneldepartmentspecialist prepares detailed notes.

Thismethodisusefulforlargeorganizationswithalarge   numberofemployees   andappearsto overcomeanumberofweaknessesfoundinsomeoftheothermethodsofappraisal.Butthismethodmay   be successfulonly iftheinterviewerisproperly trainedandhasthecompetenceto interview.

9.   PerformanceTestsandObservationsMethod–

This method is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Test must be reliable and validated to be useful.

10.   EssayMethod–

Inthismethodtheraterwritesdowntheemployeedescriptionindetailwithinanumberofbroad categories. It includes :

- OverallImpressionofPerformance
- Promoteabilityofemployee
- StrengthsandWeakness
- Training needsoftheemployee

11.   CostAccountingMethod–

Inthismethodperformanceisevaluatedfromthemonetaryreturnsyieldstohisorher organization. Costto keep employee, and benefit theorganization derives isascertained.

II.   FutureOrientedMethods–

1.   GradeStructure–

Typicallycompaniesintheretailsectorhave12-14joblevelswith4levelsearmarked forjunior management; 3-4 levels for middle management, 3 levels for senior management and 2 levels for top management.DesignationsholdimmensesignificanceintheIndianmarketandcurrentlyusedatoolto attract and retain young talent.

2.   ManagementByObjectives–

In this method the performance is rated against the achievement of objectives stated by themanagement. It includes :

- Establishgoalsanddesiredoutcomesforeachsubordinate
- Comparisonofactualgoalswithgoalsattainedbytheemployee
- Establishnewgoalsandnewstrategiesforgoalsnotachievedinpreviousyear.

3.   PsychologicalAppraisalsMethod–

Itisdoneintheformofin-depthinterviews,psychologicaltestsanddiscussionwithsupervisors andreviewofotherevaluations.Itismorefocusedonemployeesemotional, intellectualandmotivational and other personal characteristics affecting his performance.

4.   360-DegreeFeedbackMethod–

It is a technique which is systematic collective of performance data on an individual group, derivedfromanumberofstakeholderslikeimmediatesupervisors,teammembers,customers,peersand self.Thistechniqueishighlyusefulintermsofbroaderperspective,greaterself-developmentandmulti- source feedbackis useful. 360-Degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills.

RetailLogistics-:

Meaning–

Retaillogisticsinvolvesplanning,implementingandcontrollingthephysicalflowsofmaterials andfinalgoodsfrompointsoforigintopointsofuse.Ithelpsto meetcustomerrequirementsataprofit.

Itinvolvesseveralactivities.Itistheplanningprocessaswellastheimplementationofefficient andeffectivestorageofrawmaterials,inventory,finishedgoodsandservices.Italsoreferstotheflowand transportation of product from the warehouse to the consumer.

ComputerizedReplenishmentSystem-:

Meaning–

It is a powerful strategic weapon for retailers. It is the preparation of order by computer integrating information about product movement (asrecorded by point of sale equipment), outside factors thataffect demand(such as seasonalchanges), andactualinventory levels,productreceipts andacceptable safety stock levels. Inventory data integrity is maintained by cycle-counting.

In other words, it is an operation that consists in making the stock full again in order to avoid stock-out.Replenishmentistypicallyinitiatedbyabackgroundpassedtoasupplierortomanufacturer, possibly sent through EDI.

BenefitsofComputerizedReplenishingSystem–

1.   Eliminatestheneedforweeklyordering–

Auto–replenishmentcreatesweeklypurchaseorderautomatically.

2.   Reduces administrativeCosts–

Thereisnoneedofdateanalysisregardingthelevelofinventory.Allsuchanalysisisdonebythe system automatically and purchase order decisions are made by the system itself.

3. Allowsthecompanytofocuson coreactivities–

No need to waste lot of time in just tracking the level of inventory. As these activities are efficientlyhandledbythesystem,companycanconcentrateonitscorebusinessoperationsandplanfor customer satisfaction and value creation.

4. Keepsstorelocationsorganized–

Thesystemautomaticallyindicatesthenon-sellingitems.Thishelpscompanytotakenecessary actionsto clearthemat theearliest,ortakenecessary actionsto improvethe sales.Thisavoidsunnecessary wastage of store places.

5. ProvidesFlexibleReporting–

Retailercangeneratedifferenttypesofreportsonperformanceofeachcategory,andeachitemof inventory. These comprehensive reports can be used for proper decision making.

6. Simplifiesentireprocurementprocess–

Thereisaminimumhumanintervention.Itavoidshumanerrors.Therefore,itensuresminimal human intervention, maximum attention to details, and avoids costly human errors.

7. Increasessalesbyhavingtherightstock –

Reducesstockoutssinceordersbasedoncustomerdemandforecastsandpromotionalplanning.

8. Increases cashflowbygiving controlofinventory –

By combining actual sales trends with predetermined minimum and maximum values the company can control the return on investment.

9. Increasesmarginbyreduceobsoleteinventory–

It helps in knowing slow moving or non-moving inventory in the store. Company can take necessary to sell these inventories before they become obsolete.

CorporateReplenishmentPolicies–

An inventory policy is a standard set of rules / boundaries and guidelines that provide the frameworkforanorganizationtomakebetterinformedandtimelydecisionsonwhichstocktopurchase or manufacture, how much stock to purchase or manufacture and where to store and distribute to customers.

MODULE–5

IMPACTOFINFORMATIONTECHNOLOGYINRETAILING

Introduction-:

Technologyplaysa keyroleintoday'sbusinessenvironment.Many companiesgreatlyrelayon computersandsoftwaretoprovideaccurateinformationtoeffectivelymanagetheirbusiness.Onwaythat any corporations have adopted information technologyon alarge scale is by installing Enterprise Resource Planning(ERP)systemstoaccomplishtheirbusinesstransactionanddataprocessingneeds.

The importance of information technology in retail stem from the importance of data. Data is nothing but information that aids decision making. The right data, in the right form to the right setoff peopleattherighttime,isonethegreatest toolsinthehandsoftheretailer.Informationisalwayswith reference to a particular time frame.

Let usconsideran exampleofacustomerat adepartment store. Afterselectingsomegoodshe proceedstowardsthebillingcounter.HerethebillingclerkscanseachproductatthePOS(PointofSale) terminalthetotalnumberofitemsandthebillamountisaddedup.Whiledoingsohehassochecked with customerifheisamemberofthestore's loyaltyprogram.Thecustomerconfirmsthathe is,giveshimthe storecardforentrymakesthepaymentbywayofcreditcardandexitsthestorewithhispurchases.The retail industry is one that lives and dies on margins.

Non-StoreRetailing-:

Meaning–

Non-store retailing is a form of retailing in which sales are made to consumers without using stores.Therefore,theselling of goods and serviceswithoutestablishinga physicalstoreisknownasNon- Store Retailing.

It includes such services are vending machines, direct-to-home selling, telemarketing, catalog sales, mail order, and television marketing programs. In case of non-store retailing retailers use such methodsto sell productsthat do not havecustomers physically visiting aretailoutlet.

ElectronicRetailing(e-retailing)-:

ElectronicRetailingisthesaleofgoodsandservicesthroughtheinternet.Electronicretailingor (e-tailing), can include business-to-business and business-to-consumer sales.

Features/AdvantageousofElectronicRetailing–

01.   RoundtheClockBusiness–

With this distinct mechanism of commerce, the merchant can sellround the clock, everyday of the week, 24 hours aday and 365 daysayear. There is no need to hire a clerk to run the store. Thismakes potential business for the merchants and organizations.

02.   ConsumerConvenience–

Trading online makes it easy for people to buy from merchants online. The convenience of shoppingfromanywhereandat anytime,fromhomeorofficeisthemajorreasonforconsumerstobuy online.Internetprocessing, credit card processing softwarepointorsales etc., made it more convenientfor the consumer to buy online.

03.   LevelPlayingField–

E-commerceisopentooneandallregardlessofsizeandshape.Ontheinternetnooneknowsyou are a small business. As long as you have product to sell or buy, you are on the Net. It does not matter whetherthebusinessissmall, mediumorsmall. Youcancompetewiththebigplayersalso.

04.   CostEffective–

Asnewamediumofbusiness,theNetaffordthelowesttransactioncostamongallothermethods ofdoingbusiness.TheWWWhelpstopromoteservicesandideasforafractionofthecostoftraditional advertisingand marketing.Thereisno printingcost andnopostagecost.It iscost effectivebecausethereis no maintenance cost, stationery cost and other costs.

05.   Simplicity–

Itiseasyforcustomertobuyandsellproductsonlinewithfastapplications.Webpagescaneasily beupdated.Theprocessofe-commerceissimplifiedbyaddingproductsorservices,productinformation, viewing orders, downloading order and other administrative tasks are made easy.

06.   AccesstoAllMarkets–

Awebmarketercanattractcustomerslocatedallovertheworld,competefortheglobalmarket,   build global chain and operate with global strategies. Opening website is the equivalent of opening branches everywhere in the world.

07.   Reductioninsetupcost–

With web marketing, marketercan conduct hisoperations without decorativeshowroomsor retail shops.Itreduceswarehousecostandstaffcost.Marketercanoperatewithjustonecentralwarehouseand   a small team of staff.

08.   Manyproductsandservicesfromasinglestop –

Awebmarketcanofferavarietyofservicesandproductstothecustomerfromasinglewebsite,a singlestoponthenet.Heisabletodothisbecausethewebprovidesdirect   andinteractiveaccesstothe customer.

09.   QuickService–

Inmoderntimes,speedhasbecomeamajoringredientofsuccessfulmarketing.Themarketing processcanbecompletedwithinashortestpossibletime.Thishelpsthemarketertoenhancecustomer value.

10.   Transparency–

Webmarketingprovidesforveryhighdegreeoftransparencyaboutbusinesstransaction,which   was unknown in business transactions hitherto. There is no suppression of information. By browsing throughtheweb,buyerscanbecomeawareofjustaboutallsellerssellingtheparticularproductandtheir   prices and terms.

11.   Creatingnewbusinessmodels–

With e-commerce, one can create completely new business models. In mail order companies, there is a high cost of printing and mailing catalogues. There is also high cost of staffing including the order-taking department that answers the phone.

12.   SecurityandPrivacy–

Today, secure encryption technology is available to provide high security to the data. Protocol securitiesarenowavailablewhichassuresthecustomersthattheirpersonalsensitivedataisprotectedby   most sophisticated systems.

13.   InstantPayment–

Inrecentyears,marketsdonotliketoacceptcashorcheques.Theproblemwithachequeisthatit maygetbouncedsometimes.Inacreditcard(smartcard)andATMthemerchantscangetnearlyinstant approval and goods can be sent out immediately.

14.   IncreaseMarketShare–

The internet is everywhere. It is changing the business environment in a great way. Small businesses are it to reach wider section of consumers. Retailers on the internet are doing potential businesses on groceries, books,toys, music,electronic goods and sending e-greeting to the customers. Customersareaccessingwebsitesovertheworld,allattheclickofthebutton.Itincreasesmarketsizeand   has become electronically enabled.

15.   AccuracyofInformation–

Accuracy of information regarding schemes, discounts etc are all available accurately. This actuallymakeshimwanttobuymore.Thisisonethereasonsastowhywebmarkingissopopulartoday.

16.   Consumercan'get moreforless'

Withthewebmarketing, consumerscan get morevaluefortheirmoney. Webmarketers make competitive offers to the customers. Because of the exhaustive information, wide range of goods, interactivecommunicativeandmorehashelpedcustomerstogetmorethan   whattheypayforgoodsor services.

17.   LowerTransactionCost–

Ifan e-commerce site isdeveloped well,theweb can significantly lower bothordertakingcost and customer services costs.

TheImportantChallenges/ImpactofInformationTechnologyinRetailing(e-retailing)-:

01.   LackofAwareness–

Mostofthebusinesspeopledonotunderstandthesignificanceandimportanceoftheelectronic businessmediumorareunsureofthequality anddeliveryschedule, physicaldelivery ofgoodsand mode of payment.

Lackofawarenessofthetechnology and itspotentialbenefitsarealso equally responsiblefor the poorgrowthofe-retailing.Lackofinterestandwillingness tomakeaparadigm shifthasbecomeacrucial issue. Many companies are not willing to accept that their business needs a revolutionary change to subsist in the potentially digital world.

02.   LackofConfidence–

The people in India still show hesitancy in buying through the Net. Lack of quality products, timely delivery of products as some of them tend to go out of stock, lack of solutions security are the potential reasons for not developing e-retailing. People don't understand this new way of buying and selling productsi.e., the services in a digitalenvironment which areavailable online.

03.   SkepticAttitude–

ThoughtheInternetiscontinuingtogrowatrapidrate,alongwith   e-retailingtransactions,the shoppersarestillskepticalaboutsafety andhavenotbeen quickto trustsendingpersonalinformation such as credit card numbers or address over the net.

04.   CreditCardFrauds–

InIndia,distributionchannelsarejustonepartoftheproblemrelatedtoe-payments.Thebigger problem is that of security. All credit card related transactions are approvedoffline and given the high incidence of frauds. In fact, there are some unconfirmed reports of a multi-national bank refusing to approve credit card transactions carried out by a large Indian portal.

05.   AbsenceofTaxLaws–

E-retailing over the net has effectively eliminated national borders. Net business posed many peculiartechnologicalandlegalproblemsmakingitdifficulttoimposetaxandformulateasoundtaxation policy. The following are the various tax implications e-commerce;

- Thereisnotfixed physicallocationfortheinternet.
- Itisdifficulttomonitororpreventtransmissionsofinformationorelectroniccashacrossthenet.

06.   Cyber Laws–

Thereshouldnotbeanylegalregulations,orbarrierstofasterandincreaseddevelopmentofe-retailing.Thecryingneedofthehourisurgentactiontobetakenbythegovernmenttoenactcyberlaws including electronic fund transfer, and amendments of Official Secrets Acts.

07.   StockDilemma–

Manypeoplearenottoohappywithe-retailingtrends.Thoughonlineshoppingmaybegrowing   but so is frustration with it. A key source of dissatisfaction is the out of stock dilemma. In most cases, advertised productsor services arenot available.Theoptionsof feedback and not receiving suggestionsare also reasons for annoyance.

08.   LackofSkillsandExpertise–

Lack of skilled and trained personnel impedes the growth of implementation of IT related e-retailing.Theuseofthe Netfortraderequiresacomplexintroduction ofservers,browser softwareand knowledgeofwebdesign,hosting,promotionandmanymoreskills.Itrequiresunderstandingmanynew things. Many Indian businesses are not prepared to approach electronic commerce.

09.   InadequateGovernmentRole–

The government is not taking a serious view of e-commerce related information technology in termsofitspromotion.Governmentisnotplayinganactiveroleofbyenactingdifferentcomprehensive cyberlaws,bringingamendmentstotheexistingbusinesslaws,notformulatingafavourableITpolicyand   not making positive intervention whenneeded and ensuring adequate infrastructure.

10.   PreferringForeignSites–

OnlineshoppersinIndiadonotpreferIndianwebsitestoalargeextentandpreferUSandother foreignwebsites.Therearemanyreasonsforthisas theyprovidebetterselection, prices, stock, quality products,paymentprocesssecurity,customerserviceandwidevarietyofsitesamongotherthings.

IntegratedSystemsandNetworking-:

MeaningofSystemIntegration–

Systemintegrationistheprocessofbringingtogetherthecomponentsubsystemsintoonesystem and ensuring that the subsystems function together as a system.

MeaningofNetworking–

Networking is creating a group of acquaintances and associates and keeping it active through regular communication for mutual benefit.

ImportanceofIntegratedSystemsandNetworkinginRetail

01. MerchandiseManagement–

Theitemspurchasedprovideinformationon merchandise soldin thestore.Thisisthebasisof sales analysis and decisions on replenishment, re-ordering and merchandise planning. This is information helps to reduce production time. This helps to avoid situation of stock out.

02. ManagingFinance–Ithelpsin;

➢ Strongexpense management
➢ Revenuemanagement
➢ Ensurescompletereal-timevisibility
➢ Financialperformanceoftheentirebusiness

03. CollectingInformation–

Theuseoftechnologyaidsinformationcollection.Itcanbeaboutconsumers,frequencyoftheir buyingandthetypicalbasketsizeetc.Thisinformation helpstheretailerdistinguishthecustomerwho shopsat hisstorefrequentlyand alsorewardthem. Thedataonpurchasemadeisalso passedontothe creditcardorganizationforpaymenttothemerchantestablishmentandalsoforbillingthecustomer.

04. OperationsEfficiency–

Theinformationtechnologyisthebasisforintegratingthe functioningofvariousdepartments.A retailerhastoinvestintechnology.Howeverthebenefitsoftheuseofinformationtechnologyaremany. As the process gets automated the time involved in particular task is reduced. For example, billing manually takes a longertime comparedto usinga technology atthe pointof sale systems.

05. EffectiveCommunication–

Communicationwithintheorganizationcanbefasterwiththeuseofsoftware.Retailstorescan communicatewitheachotherandwithwarehouses.ElectronicDataInterchange(EDI)canalsousedfor communication withsuppliers andvendors.The information needsofthe retailers largely dependon the size and the spread of the organization.

06. BusinessIntelligence–

It helps to improve business agility, visibility and decision-making. Analyze sales and item movement datato understanddemand,optimizestaffing levels andimproveinventoryturn.

ElectronicDataInterchange(EDI)-:

Meaning–

EDIisanelectroniccommunication system. Itprovides standards for exchanging data via any electronic means. By adhering to the same standard, two different companies, even in two different countries,can electronicexchange documents.For example: purchase orders,invoices, shippingnotices etc.

Definition–

In 1996,theNationalInstituteofStandardsandTechnologydefinedEDI as "the computer-to-computer interchange of strictly formatted messages that represent documents other than monetary instruments.

EDIcanbeformally definedas"The transfer ofstructureddata,byagreedmessage standards, fromonecomputersystemtoanotherwithouthuman intervention."

StepsInvolvedinEDI–
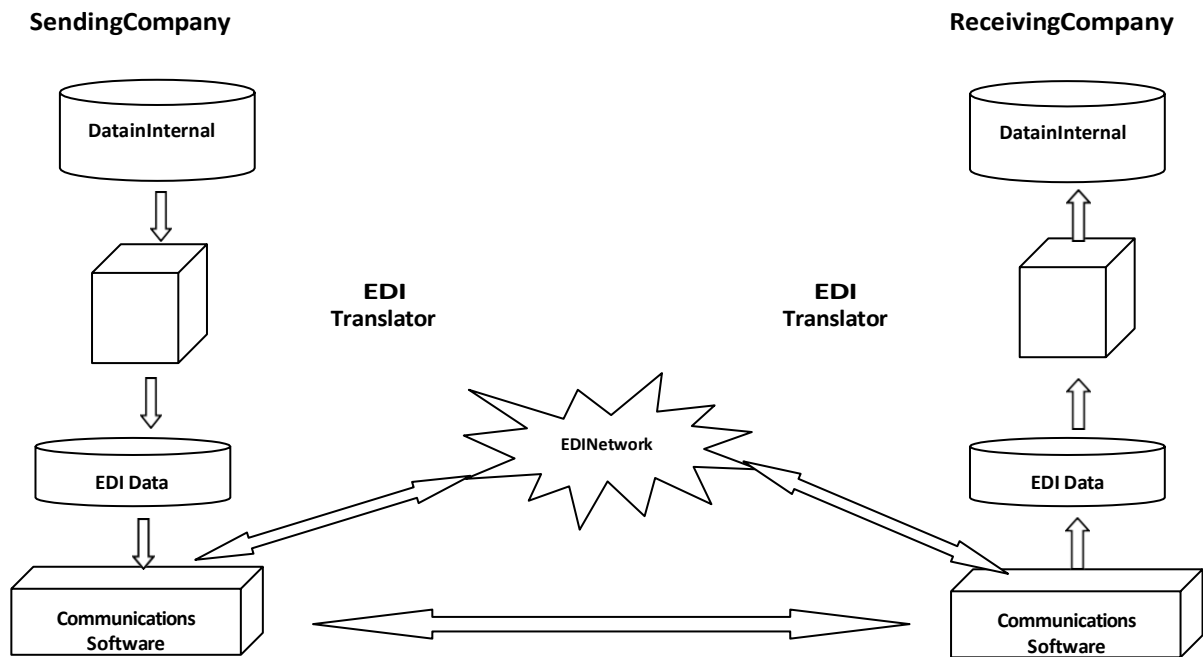

Fig:ProcessofDataflowinEDI

I.   StepstheSenderMust Take

➤ **Document Preparation:** Informationnecessary toproduceabusinessdocument(purchaseorder, invoice, etc.,) is collected in an electronic file.

➤ **OutboundTranslation –**Theelectronicfileisconvertedbythesender'stranslationsoftware into thestandardformat(followingASCX12standardsandRailIndustryGuidelines)

➤ **Outbound Communication –** The sender's computer connects to a VAN – Upon successful receipt,theVANprocessesandroutesthetransactiontotheelectronicmailboxofthereceiver.

II.   StepstheReceiver MustTake

➤ **InboundCommunication–**Thereceiver'scomputerconnectswiththeVANandreceivesany fileswaitinginitselectronic'in' box.

➤ **Inbound Translation –** The receiver's translation software 'maps' or translates the electronic file fromtheASC X12standardmessageformatinto aformat that thereceiver'sfinancialsystemcan understand.

➤ **DocumentProcessing–**Thereceiver'sinternaldocumentprocessingsystemtakesoverandthe newlyreceiveddocumentishandledaccordingtonormalinternalprocedures.

TransmissionEDI-:

Trading partners are free to use any method for the transmission of documents. The transmission of EDI includes;

01.   Value-AddedNetworks–

Toaddressthelimitationsinpeer-to-peeradoptionofEDI,VANs(value-addednetworks)were established. A VAN as a regional post office. It receives transactions, examines the **'from'** and the **'to'** information, and routesthetransaction to the finalrecipient. The usesof VANs are;

• Itprovidesretransmittingdocuments
• Itprovidesthirdpartyauditinformation.
• Itactsasagatewayfordifferenttransmissionmethods.
• Ithelpsinhandlingtelecommunicationssupport.

02. SerialCommunications–

At onetime a common methodof transmitting EDI messages was using a Bisync modem; one partner would have oneor more modems set up to receive incoming calls, andother would call it with their own modem.

03. Internet–

Asmoreorganizationsconnectedtotheinternet,eventuallymostorallEDIwaspushedontoit. Initially, thiswasthroughad-hocconventions, suchasunencrypted FTPof ASCII text filesto acertain folder on a certain host, permitted only from certain IP addresses.

04. Peer-to-Peer–

EDIstandardsarewrittensuchthattradingIUpartnerscouldconnectdirectlytoeachother.

FeaturesofElectronicDataInterchange –

1) Itimpliesasequenceofmessagesbetweentwoparties,eitherofwhomayserveasoriginatoror recipient.
2) Theformatteddatarepresentingthedocumentsmaybetransmittedfromoriginatortorecipient via telecommunications or physically transported on electronic storage media.
3) Itdistinguisheselectroniccommunicationordataexchange.
4) InEDI,theusualprocessingofreceivedmessagesisbycomputeronly.
5) EDI message and are not normally intended for human interpretation as part of online data processing.
6) Itisthetransferofstructureddata,byagreedmessagestandards,fromonecomputersystemto another without human intervention.
7) It provides a technical basis for commercial conversations between two entities, either internal or external.
8) EDIstandarddescribestherigorousformatofelectronicdocuments.
9) HumanInterventionintheprocessingofareceivedmessageistypicallyintendedonlyfor;
   a. Errorconditions
   b. Qualityreview
   c. Specialsituations
10) Itconstitutestheentireelectronicdatainterchangeparadigm.Itincludes:
   a. Transmission
   b. Message flow.
   c. Documentformat
   d. Softwareusedtointerpretthedocuments

BarCoding-:

Bar Coding is a series of parallel vertical lines (bars and space), that can be read by bar code scanners.Itisusedworldwideaspartofproductpackages,aspricetags,cartonlabels,oninvoicesevenin credit card bills.Whenthesebarcodesare read by scanners, thedetailsofthe data re madeavailableto the users.

Factors ofBarCodeSystemforRetailBusiness

01. EvaluateProductLine–

Barcodescanhelptomanageinventory.Itmakesadministrationmucheasier.Whensettingupa barcode system the retailers need to;

• Considerthesizeofactualproducts.
• Requirementsoftagsforclothingitems.
• Requirementsoflabels.
• Identifyingbarcodingsystemsuitableforbusiness.

02. DecideonBarCodingNeeds–

Somewholesalersandretailershavetheirownbarcodingsystems.Itispossibletogetasystem that allows to printown barcode labels or tags which canthen place on products.The retailers need to consider how they incorporate the barcode system.

03. IndustrySpecializations–

Whenitcomesto actuallypricingandshoppingaroundbetween different barcodesystemsthe retailers needs to use the resources at disposal to find out which one is best for business. Contact an industry association and ask for their recommendations.

04. CostConsiderations–

Retailers have the impression that barcode systems are expensive and will just push up their operatingcosts.Whenconsideringbarcodesystems,theyneedtoalso evaluatethelong-termbenefitsfor business. Agreatadvantageofbarcodingis theaddedefficiency thatit providesto business.

AdvantagesofBarCoding–

01. Barcodeseliminatethepossibilityofhumanerror–

Theoccurrenceoferrorsformanuallyentereddataissignificantlyhigherthanthatofbarcodes.A barcode scan is fast and reliable, and takes lesstimethan entering data by hand.

02. Usingabarcodesystemreducesemployeetrainingtime–

Itonlyminutestomasterthehand-heldscannerforreadingbarcodes.Thisalsomakesemployee traininglessexpensive, sincetheydo nothaveto bepaidforextratrainingtime,andanotheremployee does not have to be compensated for training them.

03. Barcodesareinexpensivetodesignandprint–

Generallytheycostmererupees,regardlessoftheirpurpose,orwheretheywillbeaffixed.They can be customized economically, in a variety of finishes and materials.

04. Barcodesareextremelyversatile–

They can be used for any kind of necessary data collection. This could include pricing or inventoryinformation.Thiscouldincludepricingorinventoryinformation.Additionally,barcodescanbe attached to just about any surface, they can used to track not only the products themselves, but also outgoing shipments and even equipment.

05. Inventorycontrolimproves–

Barcodesmakeitpossibletotrackinventorysoprecisely,inventorylevelscanbereduced.This translatesintoaloweroverhead.Thelocationofequipmentcanalsobetracked,reducingthetimespent searching for it, and the money spent replacing equipment that is presumed lost.

06. Barcodesprovidesbetterdata–

Barcodescanbeusedforinventoryandpricinginformation,itispossibletoquicklyobtaindata on both. They provide fast, reliable data for a wide varietyof applications.

07. Dataobtainedthroughbarcodesisavailablerapidly–

Since the information is scanned directly into the central computer, it is ready almost instantaneously.Thisquickturnaroundensuresthattimewillnotbewastedondataentryorretrieval.

08. BarcodesPromotebetterdecisionmaking–

Dataisobtainedrapidly and accurately, itispossibleto makemoreinformed decisions.Better decision making ultimately saves both time and money.

ElectronicArticleSurveillance(EAS)-:

EAS is a technological method for preventing shoplifting from retail stores, pilferage of books from libraries or removal of properties from office buildings. Special tags are fixed to merchandise or books.Thesestagsareremovedordeactivatedbytheclerkswhentheitemisproperlyboughtorchecked out. At the exists of the store, a detection system sounds an alarm or otherwise alerts the staff when it senses active tags.

Therefore,EASsystemsaredesignedtohelpretailersboosttheirsalesandprotecttheirprofitsby increasingopenmerchandisingopportunitieswhilereducingshopliftingandinternaltheft.

ElectronicShelfLabels-:

Itis amodern system used by retailers for displaying product pricing on shelves and these are attached to the front edge of retail shelving. ESL units are typically compact credit-card sized devices designed to replace traditional paper shelf labels or individual sticker pricing.

Theprocessinvolvestheuseofliquidcrystaldevice(LCD)thatreplacespapershelflabelsat the retailer'sshelfedge.Changingthousandsofpapershelflabelsperweekisacostlyandalengthy exercise.

In today'scompetitive market environment,retailers arepromotedto lookfor meansof increasing theirprofitabilityandproductivity.Asaresult,theyarepursuingmoreeffectivemanagement,focusedon both the purchasing function and control over selling prices.

CustomerDatabase ManagementSystem-:

CDM embraces a range of software or cloud computing applications designed to give large organizationsrapidandefficientaccesstocustomerdata. Surveyanddatacanbecentrallylocated and widelyaccessiblewithinacompany,asopposedtobeingwarehousedinseparatedepartments.

CDM encompasses the collection, analysis, organizing, reporting and sharing of customer informationthroughoutanorganization.Businessesneedathoroughunderstandingoftheircustomers' need if they are to retain and increase their customer base.

EfficientCDMsolutionsprovidecompanieswiththeabilitytodealinstantlywithcustomerissues and obtain immediate feedback. As a result, customer retention and customer satisfaction can show dramatic improvement.

LegalAspectsinRetailing-:

Legislationgovernstheretailfirm'soperationsandrelationswithitschannelpartners.Itsrelations withsuppliers,competitors,consumersandemployeesaregovernedbyappropriatelaws.Legalrestrictions are imposed on practices concerning pricing, product, promotion, distribution, trademarks and HR policies.

Legalcompliances to be looked into by retailorganizations can be discussed from the Perspectives of People and Operations.

I.   PeoplePerspective–

1.   Employees'StateInsuranceAct–1948:

The Employees' State Insurance Act, 1948 (ESI Act) provides for health care and cash benefit paymentsinthecaseofsickness,maternityandemploymentinjury.TheActappliestoallnon-seasonal factories run with power and employing 10 or more persons and to those factories which run without power and employing 20 or more persons.

UndertheAct,cashbenefitsareadministeredbytheCentralGovernmentthroughEmployment StateInsuranceCorporation(ESIC),whereasthestategovernmentandUnionTerritoryAdministration are administering medical care.

2.   PaymentofBonusAct–1965:

ThepaymentofBonusAct, 1965istheprincipalactforthepayment ofbonusto theemployees which was formed withan objective for rewarding employees for their goodwork for theorganization. Therefore, The Payment of Bonus Act, 1965, gives to the employees a statutory right to a share in the profits of his employer.

This Act applicable to every factory where in 10 or more persons are employed with the aid of poweroranestablishmentinwhich20ormorepersonsareemployedwithouttheaidofpowerofanyday duringanaccountingyear.Theactisapplicableto employeesdrawingwagesuptoRs. 10,000/-PM.

3.   PaymentofGratuityAct,1972:

The act provides for the payment of gratuity to workers employed in every factory, shop and establishmentsoreducationalinstitutionemploying10   ormorepersonsonanydayofthepreceding12 months. All the employees irrespective of status or salary are entitled to the payment of gratuity on completionof5years of service. Themaximumamount ofgratuity payable isRs. 3,50,000/-

4.   EmployeesProvidentFundAct,1952:

The employees' Provident Fund Act, 1952 is an important piece of Labour Welfare legislation enactedbytheParliamenttoprovidesocialsecuritybenefitstotheworkers.TheobjectoftheActin1952   was the institutionofthe compulsory contributory Provident Fundto the employees to whichboththe employeeandtheemployerwouldcontribute.Atpresent,theEmployeecontributes12%ofhis/herBasic   Salary & the same amount is contributed by the employers.

5.   TheMinimumWagesAct–1948:

ItisanActofParliamentconcerningIndianLabourLawthatsetstheminimumwagesthatmust   be paid to skilled and unskilled labours. The Indian Constitution has defined a 'living wage' that isthe levelofincomeforaworkerwhichwillensureabasicstandardoflivingincludinggoodhealth,   dignity, comfort, education and provide for any contingency.

In India, minimum wages are declared at national, regional, sectoral and occupational or skill level. Minimum wages in India is declared on daily, hourly, and monthly basis.

6.   WorkmenCompensationAct,1923–

TheWorkmen'sCompensationAct,1923providesforpaymentofcompensationtoworkmenand theirdependantsincaseofinjuryandaccident(includingcertainoccupationaldisease)arisingoutofand in the course of employment and resulting in disablement or death.

7.   ThePaymentofWagesAct,1936–

TheCentralGovernmentisresponsibleforenforcementoftheActinRailways,Mines,Oilfields and Air Transport Services, while the State Government are responsible for its in factories and other industrial establishments.

II.   OperationsPerspective–

Theperson responsible forrunningaretailstorehasto beawareofvarious lawsandregulationsto be followed.

1.   TheShopsandEstablishmentAct–

ThisActwasintroducedtoprovidestatutoryobligationandrightstoemployeesandemployersin   the unorganized sector of employment, i.e., shops and establishments. This was done to regulate the conditions of work and employment in shops, commercial establishments, and residential hotels, restaurants, eating houses, theatres and other places of public entertainment.

2.   ThePreventionofFoodandAdulteration License(1954)–

The Act strictly says that import, manufacture, storage, sale or distribution of any food article which is adulterated by allowing its quality or purity to fall below the prescribed standard, or is misbranded,orincontraventionofanyprovisionoftheActorRules.Penaltyisminimumimprisonment of six months that may extend upto 3 years and minimumfine of Rs. 1,000/-

3.   IndustrialDisputeAct,1947–

Anindustrialdisputemaybedefinedasaconflictordifferenceofopinionbetweenmanagement   and workers on the terms of employment. It is a disagreement between an employer and employees' representative; usually a tradeunion,overpay and otherworkingconditionsand can resultin disturbances in the relationship between management andworkers. It, not only includes the disagreement between employeesandemployers,butalsoemphasizesthedifferenceofopinionbetweenworkerandworker.

4.   ConsumerProtectionAct,1986 –

The Consumer Protection Act, 1986 was enacted to provide a simpler and quicker access to redressalof consumergrievances. It makes provision forthe establishment of consumercouncils and other authoritiesforthesettlement of consumers'disputesand for mattersconnected therewith.

5.   EssentialCommoditiesAct,1955–

The Essential Commodities Act, 1955 was enacted to ensure the easy availability of essential commoditiestoconsumers andtoprotect themfromexploitation by unscrupuloustraders.

The Act provides for the regulation and control of production, distribution and pricing of commoditieswhichare declared as essential for maintainingorincreasingsuppliersor for securingtheir equitable distribution and availability at fair prices.

6.   TheStandardsof WeightsandMeasurementAct,1976–

It was established to prescribe specification of measuring instruments used in commercial transaction,industrialproductionandmeasurementinvolvedinpublicHealthandHumansafety.

Social Issuesin Retailing-:

The way business is done by retail organization has a big impact on the lives of customer, communities and colleagues. Following are the ways in which retail organization can become a social acceptable entity.

- **Keeping Clean and Green –** Keeping the environment clean. It also involves waste management and working on green management. This principle advocates that every retailorganization should maintaintheirsurroundingsneatly.Organizations'shouldnotunnecessarydumpwastesi nthe environment.

- **ShoppingforTomorrow–** Thisprinciplestatesthataretailorganizationshouldsupplygoodsfor more sustainable lives of the consumers.
- **Sourcing with care –** This principle states that retail organizations should source the best products, while minimizing social and environmental impacts.

- **Building agreatplace towork –** Thisprinciple states thatevery retail organizationshould create acongenialworkingenvironmentfortheemployeesinsuchawaythattheyshouldfeelprou dto work for the organization.

- **Being a good neighbor –** This principle states that every retail organization should support the communitiesinwhichtheyoperate.Theyshouldundertakesocialresponsibilityactivities.

EthicalIssuesinRetailing-:

MeaningofEthics–

The Ethics means a set of moral principles, standards or values which govern a person's behaviour. It is a branch of Social Science. It deals with good and bad with reference to a particular culture.

Ethics is derived from the Greek word **'ethos'** which means character. Ethics is a branch of philosophythatdealswithvaluesrelatingtohumanconduct,withrespecttorightorgoodandwrong or bad actions. Here ethics relates to retailers moralprinciples and values.

SomeoftheEthicalIssuesinRetailing–

1.   EthicalPracticetowardsConsumers–

Theretailersshouldchargefairpricefortheproductsofferedtothem.Theconsumershavet he right to get correct and precise knowledge about the products sold to them in respect of warranty, guaranty,price,usage,ingredientsetc.Ethicalbusinessisessentialintoday'scompetitiveand dynamic environment.

2.   EthicalPracticetowardsInvestors /Shareholders–

Theshareholdersaretheownersofthebusiness.Shareholdersmustbegivenfairreturnsont heir investmentatregularintervals.Theshareholdersshouldbedisclosedwithcorrectinformationabout the financial status of the business organization. The business organization must act in the interest of the shareholders.

3.   EthicalPracticestowards Employees–

Ethicalpracticesmustalsobefollowedtowardstheemployees.Theretailindustryemploysla rge volume of retail staff. Therefore proper policies and procedures must be framed for the employees regarding recruitment, selection, training, promotion, welfare etc.