



RETAIL MANA

AN INTRO





RETAILING IS.....

- DERIVED FROM FRENCH WORD RETAILLER
- BERMANS AND EVANS STATES THAT

“IT ENCOMASSES THE BUSINESS ACTIVITIES INVOLVED IN SELLING GOODS AND SERVICES TO CONSUMERS FOR THEIR PERSONAL, FAMILY, OR HOUSEHOLD USE. IT INCLUDES EVERY SALE TO FINAL CONSUMER RANGING FROM CARS TO APPAREL TO MEALS, RESTAURANTS TO MOVIE TICKETS. RETAILING IS THE LAST STAGE IN DISTRIBUTION CHANNEL.”



Concept in Retail management

- Retail
- Consumer Vs Customer
- Retailer
- Retail Store

- 2 types of retail
 - Organised
 - Unorganised



RETAIL MANAGEMENT

- What is retail management:
- **Retail management.** The various processes which help the customers to procure the desired merchandise from the **retail** stores for their end use refer to **retail management**.
-



Four pillars of retail

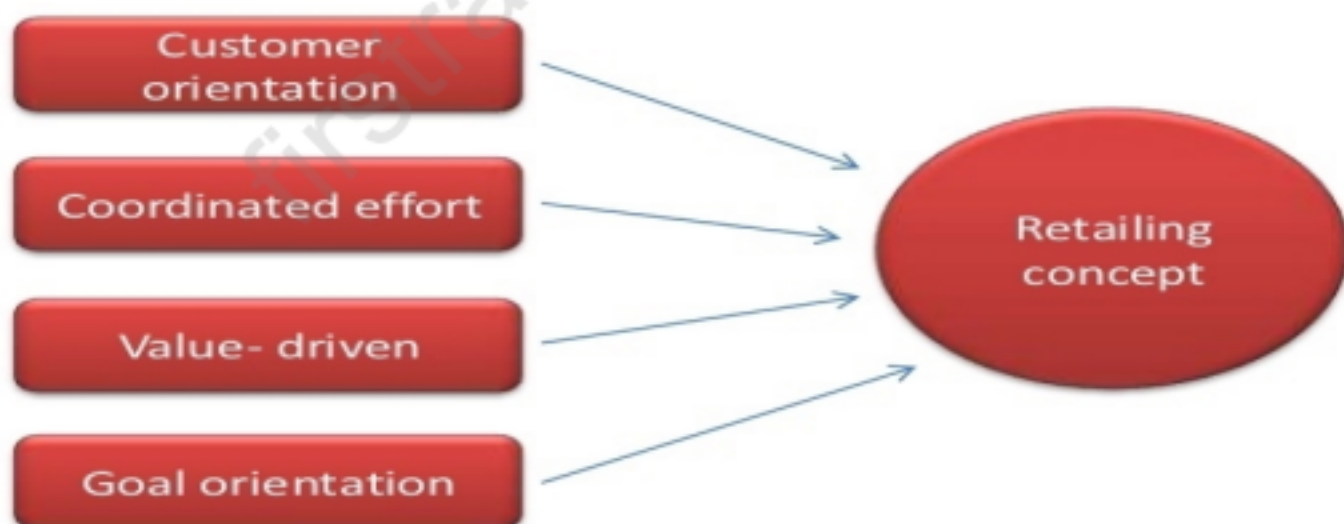
- Customer service orientation
- Co-ordinated effort
- Value –Driven
- Goal orientation

Why retailing has become a popular method of conducting business?

- ✓ Ease of variety of products
- ✓ Freedom of choice
- ✓ Customer service

FOUR PILLARS OF RETAILING

The Retailing Concept



- **Customer orientation** - The retailer determines the attitudes & needs of customers & endeavors (take action) to satisfy these needs.
- **Coordinated effort** - The retailers integrates all plans & activities to achieve efficiency.
- **Value-driven** - The retailer offers good value to the customers (expensive) or discount i.e., “appropriate pricing” for products.
- **Goal oriented** - The retailer sets goal & uses its strategies to achieve it.

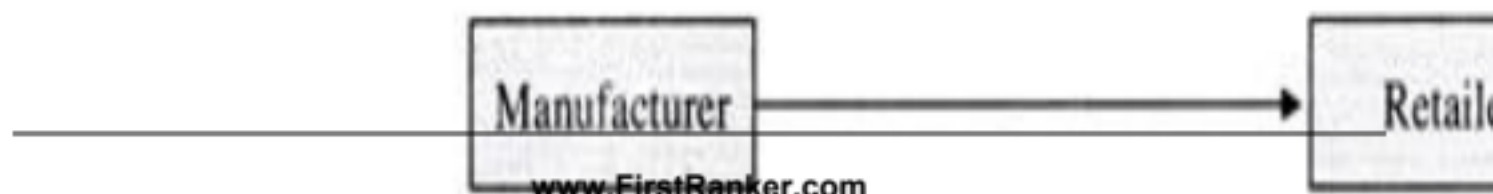
CHANNEL LEVELS IN DISTRIBUTION

- Two types of Channel-
- Direct –Zero level channel



Indirect:

- One level





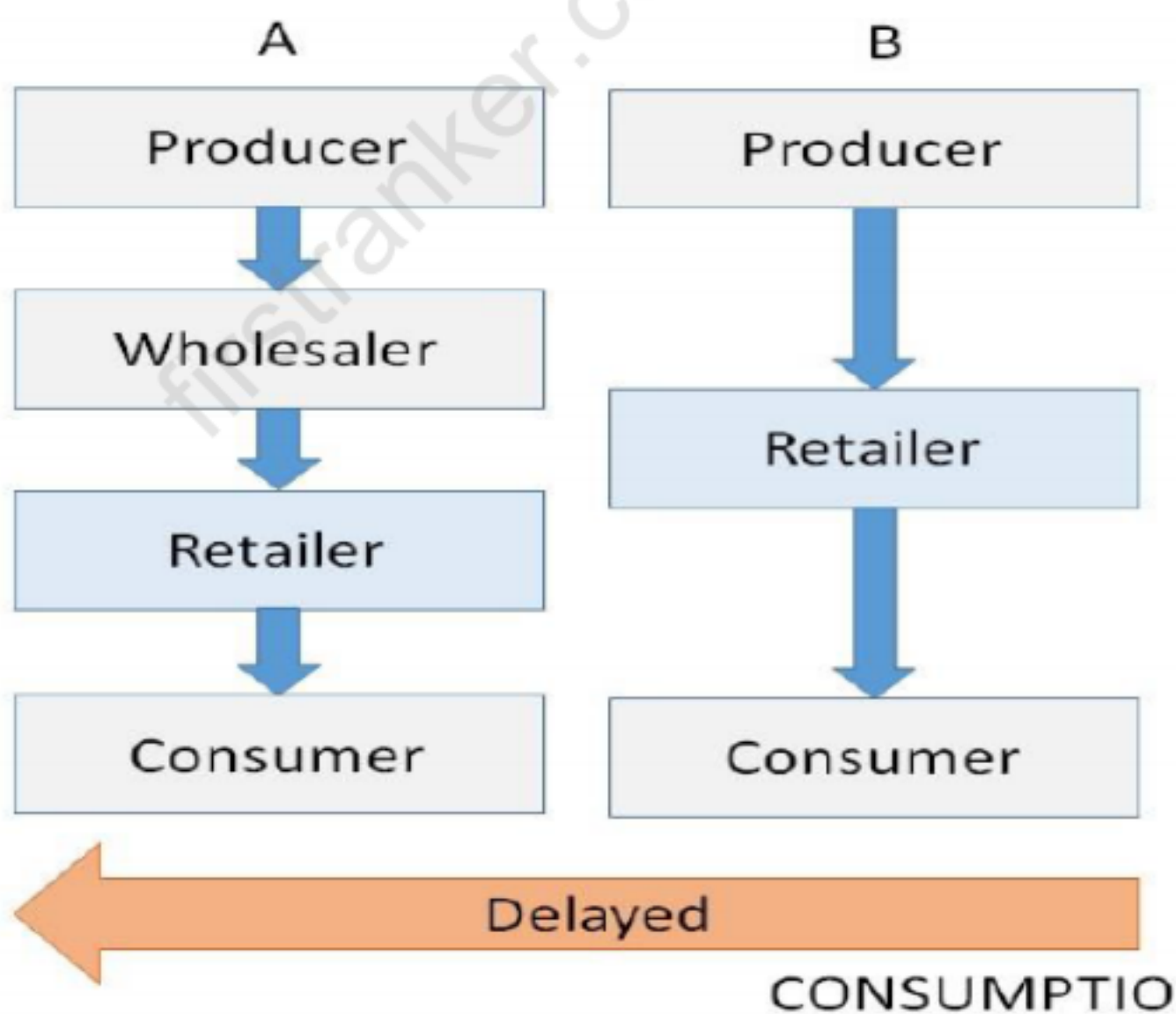
Channel levels

- Two level



Three level:







CHARACTERISTICS OF RETAIL

- Direct interaction with customers/end customers.
 - POP display and promotions
 - Lower average amount of sales transaction
 - Customer service plays a vital role
 - Sales promotions are offered at this point only
 - Retail outlets are more than any other form of business
 - Location and layout are critical factors in retail business
- ✓ Factors of production
 - ✓ Market
 - ✓ Potential demand
 - ✓ Store image

POS displays & P





Definitions

- Point of Sale (POS) Displays
- They are Ads placed **near the checkout or bill** on-the-fly purchase that the customer make

Point of Purchase (POP) Displays

- They are Ads placed **near the merchandise** where the customer makes buying decision.

FUNCTIONS AND ACTIVITIES OF P

- **SORTING:** The retailers offer an assortment, specialize in market to which the offering is made.
- **ARRANGING AN ASSORTMENT OF OFFERINGS:**
Retailers selection of merchandise
Assortment should contain:
 - Substitute items of multiple brands
 - SKU's
 - Prices
 - Physical dimensions and attributes
- **BREAKING BULK:**
☐ according to customers convenience and stocking requirements
- **HOLDING STOCK**
- **CHANNEL OF COMMUNICATION**
- **EXTENDING SERVICES**



Category wise major

Category	International Retailers	Indian Retailers
Food & Beverages	MC –Donald, Dominos, Pizza-hut Pizza-Corner, TGIF, Ruby Tuesday, Subway, Baskin Robbins	Nirulas, Haldiram, ratna, Wimpy, MTR
Apparel & sporting goods	Benetton, Lee Cooper , Nike, Levis, Reebok, Marks & Spencer, Lacoste	Raymond's, Wood Pantaloon, S. Kumar
Durables	Sony, Philips, LG, Samsung, Electrolux, Nokia,	Videocon, BPL, Si
Grocery	Metro Cash&Carry, Shoprite holdings	Food WMD, Nilgiri
Luxury	LVMH, Swatch, Esprit, Bulgari, Cartier	Tanishq, Titan, DT



Role of retailer

- Link between Producer and consumer:
- Serves the consumer by acting as an intermedia
 , place and ownership utility
- Serves as a channel member:
- Image Creator
- Managing Merchandise
- Store operations and Management
- The category role identifies the importance of the
 This is the role the retailer wants the category to



Emergence of Organized Retailing

- **Ancient retailing –**

- **Cretans**

- Phoenicians**

- Romans**

- **Dark ages:**

- ☐ Peddlers,

- ☐ Fairs & flea market

- ☐ Specialized shops during Greek and Roman

- ☐ Small stores-special line of goods-18th century

- **Social development and their impact**

- ☐ First department store in Paris-Bon Marche(1852)

- ☐ 1800's-rise of 5 & 10 – cent stores

- ☐ 1870-Montgomery Ward launched the first mail order catalogue –

- **Industrial revolution**

- ☐ Increase in urbanisation –emergence of shops

- ☐ Emergence of co-operatives to cater to working class



Emergence of Organisations

Emergence of self service:with Piggly Wiggly store by Clarence

- **Development of super markets and convenience stores**

- ☐ 1920-convenience stores

- ☐ 1926-Tote'm stores-7 eleven

- ☐ 1930 –emergence of supermarkets and discount stores

- Speciality stores, malls, formats

- Rise of web

- Speciality stores-80's

- Shopping malls-late 20th century

- Rise of web:

- ☐ 1995-Amazon.com



Types of retail formats

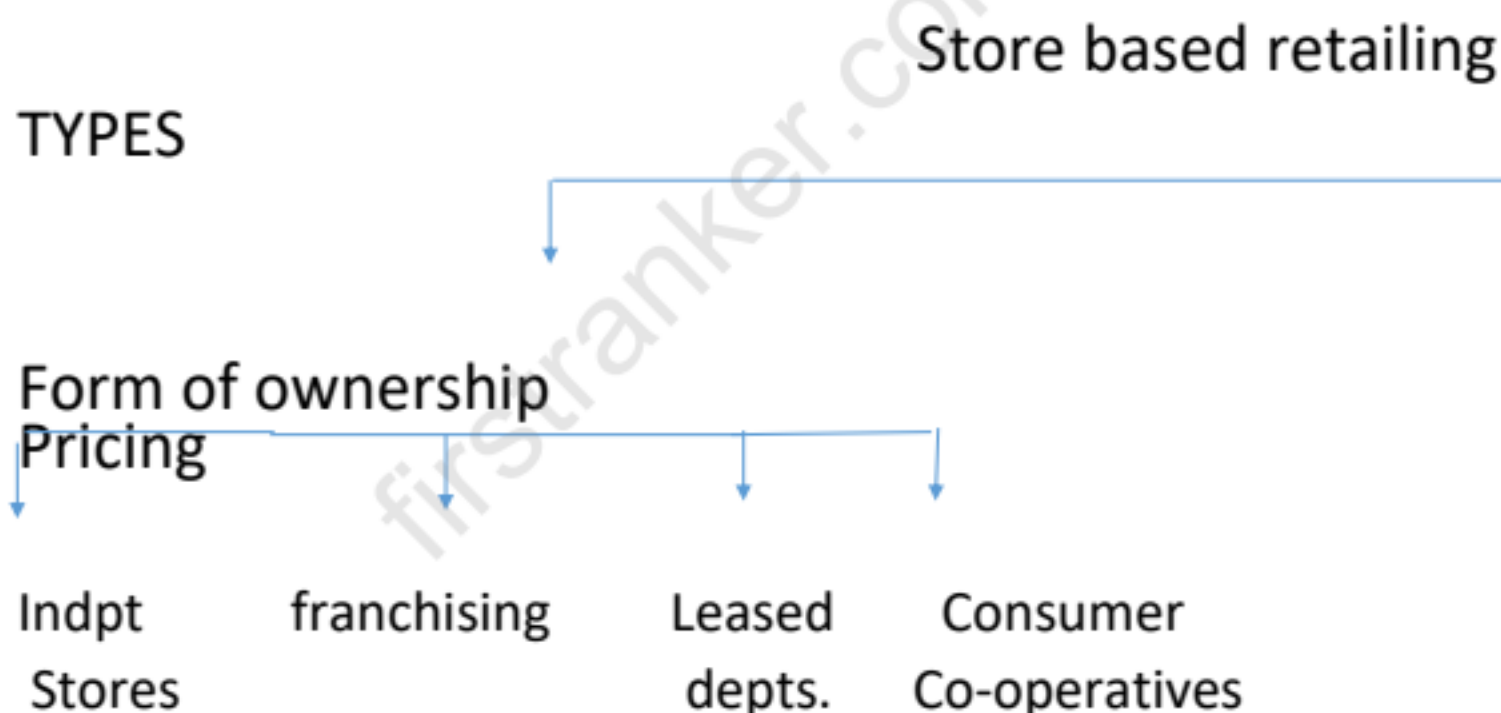


Retail types

- Three types of retailing:
- market
- Shop or store trading
- Virtual retail

Classification based on size, shape, product line

- Store based
- Non store based
- Service retailing



- ❖ Vision regarding the nature and size of present and
- ❖ Degree of control he wishes to have
- ❖ Legal and regulatory provisions
- ❖ Tax provisions of various structure
- ❖ Finance
- ❖ Locality/ region/country

Independent stores: An independent retailer or retail establishment.

It is family managed business

Franchise: “Franchising is a long-term cooperation between two entities—a franchisor and one or more franchisees—that is based on an agreement in which the franchisor licenses the privilege to the franchisee to do business under the franchisor's name.

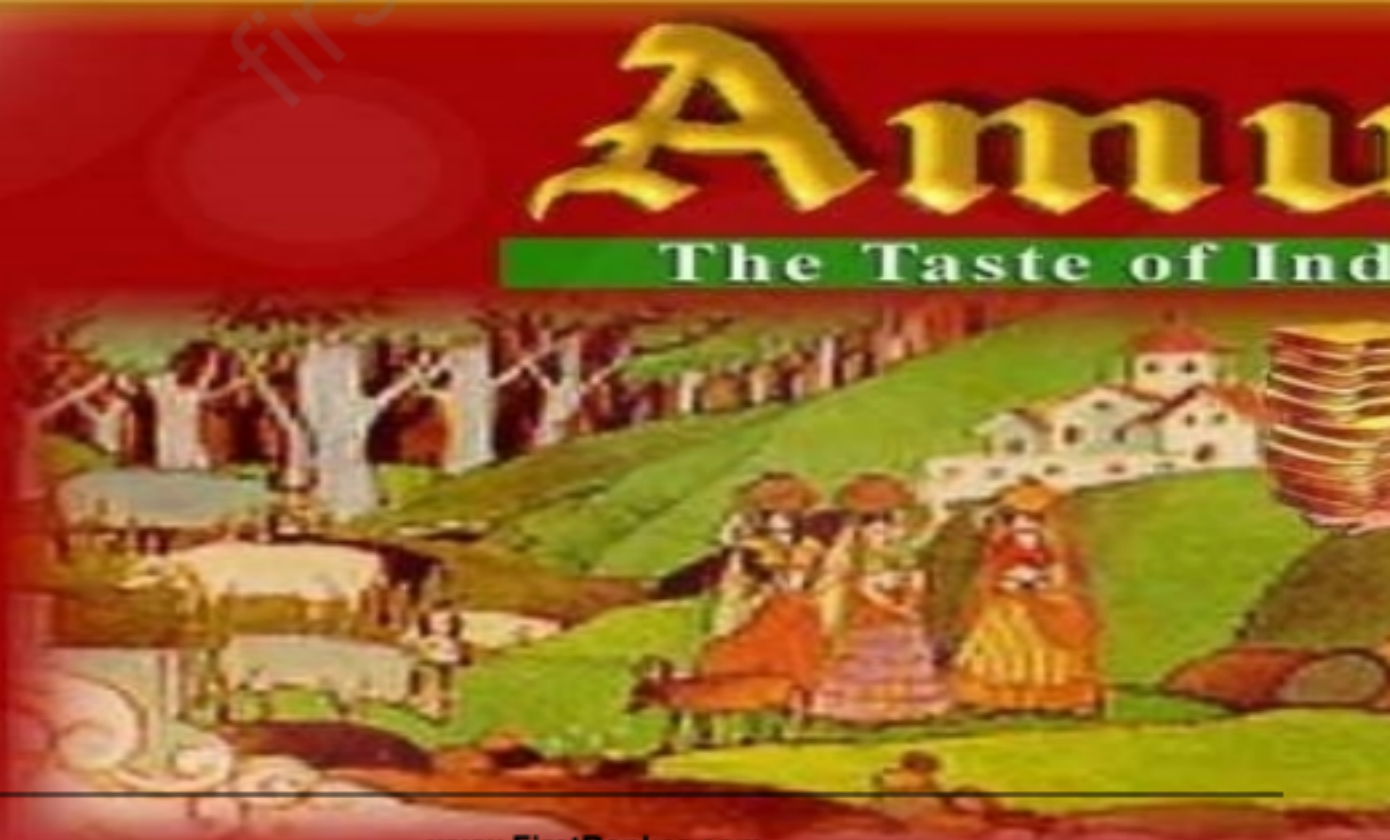
Eg;Mc Donald,Louis phillippe,Arrow

Leased department (SIS)

A leased department consists of space in a large store rented to an outside vendor.

Cooperatives: is an organisation which achieves economies of scale on behalf of its members, gets a discount from manufacturers and to provide

Amul
(Anand Milk Union)



Consumers' Co-operatives

- For protecting interest of general public
- by making consumer goods available at a reasonable price;
- Source goods directly from the manufacturers;
- eliminates middlemen in the distribution process.
- Some examples:
 - Kendriya Bhandar,
 - Apna Bazar
 - Sahkari Bhandar
 - Employees consumer co-operative societies; Etc.





Store based Retailing:

General Merchandise retailers:

Departmental stores – are retailers that offer a wide variety and deep assortment, offer some services, are organised into separate departments, and displaying merchandise.

Speciality Stores: Specialty stores are retailers that focus on specific product categories such as toys, supplies, men's or women's clothing, or electronics.

Convenience stores: Stores located in close proximity to the customers.

Supermarket: A retail that sells food, consumer goods, household merchandise arranged in aisles for self display.



Pricing based:

Off price retailer: Off-price retailers are owned and operated by manufacturer and manufacturer or by a speciality/department store. Irregular goods are sold. They sell merchandise at every day low price. Examples include factory outlet.

Discount stores: department stores with special offers. High volume turnover outlet selling a broad merchandise line for less than conventional prices. One day low price.

Factory outlet: Manufacturer himself operates in certain areas and sells at low price to clear inventory.



Factory outlet: is a manufacturer owned store selling manufacturer closeouts, discounted merchandise, irregular and cancelled orders.

Category killers:

Speciality retailers who offer a large selection of a chosen product category. Nalli's in Chennai is a category killer in sarees.

Price clubs(Cash and carry): business transactions at an extremely simplistic level. One has to pay a membership fee. Once the product is purchased, the customer is responsible for carrying their products to the place of purchase.

Hypermarket is a format combining a supermarket and a department store.

Mall



Non store retailing:

- In non store retailing, customers do not visit the store
- Direct selling
- Direct response marketing
- Catalogue retailing
- Television shopping
- Automated vending

- **Direct Response Retailing:** marketers advertise products/ services in magazines, newspapers and/or television offering an address and phone number so that consumers can write or call to order.
- **Automatic Vending:** is the ultimate in non store retailing. Products are sold to customers/buyers from machines. These machines dispense products which enable customers to shop during closing hours.
- **Electronic Retailing/E-Tailing:** retailers communicate with customers and offer products and services over the internet. EBAY, Rediff Shopping



Service Retailing

- **Consignment shops:** a shop that sells second-hand items on behalf of the original owner, who receives a percentage of the selling price.

The sender of goods is known as the "*consignor*" and the agent entrusted with the custody and care of the goods is known as the "*consignee*".

- **Concept store**

It offers shoppers multiple types of items with one centralized theme. Examples of themes for a concept store are eco-friendly, street and high-end luxury.

Concept store

All the products in a concept store add to the theme of the establishment, even though they might be different categories altogether.

Many concept stores offer customers the chance to pick up food, clothing, electronics, perfumes, books and other items that are connected to the concept the shop promotes. These stores focus on creating a personalized shopping experience around the chosen theme





CONSUMER BEHAVIOUR

- Behaviour that consumers display in searching, evaluating, disposing of products and services to satisfy their needs.
- It helps us understand why, when, where and how a purchase decision is made.



- **FACTORS AFFECTING CUSTOMER DECISION**
- **CULTURAL FACTORS**
- Consumer behavior is deeply influenced by a buyer's culture, subculture and social class.
- **Culture**
- Essentially, culture is the share of each component of the person who wants and behavior. The purchasing behavior varies from country to country. Marketers have to be very careful in the analysis of different groups, regions or even countries.
- **Subculture**
- Each culture has different subcultures, such as geographical regions, racial, etc. Marketers can segment the market in several small groups, segmenting the market in several small groups. For example, marketers can design products according to a specific geographical group.



Social Class

- Every society has some kind of social class is because the buying behavior of people in a p similar. Thus marketing activities could be ac classes. Here we should note that social class by income, but there are several other factors education, occupation etc.

SOCIAL FACTORS

- Social factors also influence the purchasing b Social factors are: the reference groups, fam



- **Reference groups**

- Reference groups have the potential for the or behavior of the individual. The impact of r across products and brands. For example, if t clothing, shoes, car etc., the influence of refe Reference groups also include opinion leader influences others by his special skill, knowled characteristics).

- **Family**

Buyer behavior is strongly influenced by a fam are trying to find the roles and influence of the children. If the decision to purchase a particular by the wife of then sellers will try to target wo should note that the purchase of roles change of consumers.



- **Roles and Status**

- Each person has different roles and status in social clubs, family, etc. organization to which it belongs. Working in an organization as manager of financial roles, one of the chief financial officer and the purchasing decisions will be influenced by their

PERSONAL FACTORS

- Personal factors may also affect consumer behavior. Important factors that influence personal buying are economic status, occupation, age, personality and

- **Age**

Age and life cycle have a potential impact on the consumers. It is obvious that consumers change their services over time. Family life cycle consists of different stages: singles, married couples, unmarried couples etc. They develop suitable products for each stage.

- **Occupation**

The occupation of a person has a significant impact. For example, a marketing manager of an organization will buy business suits, while a low level worker in the same organization will buy resistant clothing work.



- **Economic situation**

economic situation of the consumer has a great influence on their buying behavior. If income and savings a customer is high, they will buy expensive products. Moreover, a person with low income will buy cheap products.

- **Lifestyle**

Lifestyle is another factor affecting import and export consumers. Lifestyle refers to the way a person lives and the things in their environment. It is determined by their beliefs, opinions, etc and activities shapes their whole pattern of life and interacting in the world.

- **Personality**

Personality changes from person to person, time to time. Therefore, it can greatly influence the buying behavior. Personality is not what one has, but is the totality of one's characteristics in different circumstances. Has different characteristics like aggression, confidence etc that may be useful to consumers to the product or service.

4. PSYCHOLOGICAL FACTORS

There are four major psychological factors that affect the purchasing behavior of consumers. These are motivation, learning, beliefs and attitudes.

Motivation

The level of motivation also affects the purchasing behavior of customers. Each person has different needs. The nature of the requirements is that some are pressing, physiological needs, biological needs, social needs, and others are less pressing. Therefore, a need arises when it is most urgent.



HISTORICAL PERSPECTIVE

- CLASSICAL SCHOOL OF THOUGHT:
- Classical schools of marketing are identified as commodity School, and the institutional School.
- The commodity school focused on the objects of marketing and generated the specialty - shopping - convenience goods which are popular in marketing practice.
- The functional school focused on the activities inherent in marketing and generated a classification of functions such as goods, physical distribution.
- Finally, institutional school focused on the agents of marketing, wholesalers and retailers which resulted in channels of distribution and added services provided by tire middlemen. (Sheth, 1973)
- , case studies, market surveys, and use of census data as new methods of understanding consumer behavior.



MANAGERIAL SCHOOL OF THOUGHT

- it generated such concepts as the four Ps of marketing mix, product differentiation and market segmentation
- Tire managerial schools of marketing thought from the social sciences but borrowed the more recent concepts from it eagerly borrowed Concepts and methods of managerial economics Which shifted focus from production to the theory of the firm, and especially the theory of competition and product differentiation. Similar to the diffusion of innovations



BEHAVIOURAL SCHOOL OF TH

- behavioral sciences could contribute more to the study of individuals than the social sciences.
- Various branches of psychology as more relevant to business
- economic psychology with its emphasis on consumer behavior
- clinical psychology with its emphasis on nonfunctional behavior and services,
- organizational psychology with its emphasis on behavior within organizations,
- social psychology with, its emphasis on cognitive aspects of human behavior became more exciting and important in marketing.



ADAPTIVE SCHOOL OF THOUGHT

- the marketing discipline is shifting its focus to consumer behavior by focusing on the environmental changes generated by technology, regulation and globalization
- Concepts taken from business strategy, business process and stakeholder analysis as well as the social and global markets

CUSTOMER DECISION MAKING



NEED RECOGNITION

The first stage of the buyer decision process is need recognition; the consumer recognizes a problem or a need that must be satisfied.

INFORMATION SEARCH

The stage of the buyer decision process in which the consumer aroused to search for more information; the consumer may simply have heightened attention or may go into active information search.

The consumer can obtain information from any of several sources:

- ❑ **Personal Sources:**
(family, friends, neighbors etc)
- ❑ **Commercial Sources:**
(Advertising, Sales people, Dealers etc)
- ❑ **Public Sources:**
(Mass Media, Consumer Rating Organizations etc)
- ❑ **Experimental Sources:**
(Handling, Examining, Using the product etc)

EVALUATION ALTERNATIVE

The stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the market.



PURCHASE DE

The stage of the buyer decision process in which the consumer actually buys the product.

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- ❖ Personality
- ❖ Lifestyle
- ❖ Culture
- ❖ Social class
- ❖ Family & household influences



POST-PURCHASE BEHAVIOUR

The stage of the buyer decision process which the consumer takes further after the purchase, based on their satisfaction or dissatisfaction.



FDI

- What is FDI?

Definition:

A **foreign direct investment (FDI)** is an [investment](#) a [controlling ownership](#) in a [business](#) in one country in another country.!

Direct investment reflects the aim of obtaining a resident of one economy in an enterprise in another economy.



Current FDI in retail

- There are 2 routes an FDI is possible:
- Automatic route: no prior approval is required
- Prior Government approval route: Proposals for limited category of sectors

YEAR	POLICY ACTION
1991	FDI UPTO 51% ALLOWED -AUTOMATIC ROUTE
1997	FDI UPTO 100% ALLOWED -WHOLESALE
2006	FDI UPTO 51% ALLOWED -SINGLE BRAND RETAIL
	NO FDI -MULTI BRANDING
	100%-E-COMMERCE ACTIVITIES



Need for FDI in Indian retail

- On 7 December 2012, the Federal Government of India allowed multi-brand retail in India.
- India in 1997 allowed (FDI) in cash and carry wholesale trade.
- automatic permission was granted in 2006.
- Between 2000 to 2010, Indian retail attracted a very small direct investment, representing a very small 1.5% of FDI into India.
- 30% of food staples and perishable goods produced in India, poor infrastructure and small retail outlets prevent the movement of the goods from the farmer to the consumer.
- A 25% market share, given the expected growth through 2021, is estimated to be over \$250 billion.



Need for FDI in Indian retail

- FDI encourages firms to bring about:
 - Improvements in supply chain
 - Investment in technology
 - Manpower and skill development
 - Greater sourcing from India
 - Benefit to Government



Current trends in retailing

- New retail formats have emerged
- Internet age, increased computer awareness has
- Specialty stores
- Sales promotions
- Retailers targeting not only tier 1 but also tier two
- Use of plastic money
- Improvement in infrastructure
- Partnerships and tie-ups among retailers
- Government support
- Sophisticated customers

Problems of retailing

- High cost for unorganized sector
 - Specialisation
 - Poor infrastructure
 - Lack of trained workforce
 - Multiple and complex taxation system
 - Threat of substitutes
 - Bargaining power of suppliers
 - Bargaining power of buyers
 - Intense of rivalry
 - Lack of data integrity
 - Inability in selecting the right location
 - Excessive shrinkage
-
- Poor merchandise mix



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