

Ethics

Retail audit and ethics in retail

Chapter 7



- Study of a selected sample of retail outlets provided as subscription-based service by market research firms. Retail-audit service providers gather information on a brand's sales volume, sales trends, stock levels, effectiveness of in-store display, promotion efforts, and other associated aspects.

Categories:

- Retail audit - Sales to final consumer
- Wholesale audits – product movement from warehouse to retailers

Types of Retail audit:

- Retail process audit
- Mystery customer audit



Steps in retail audit:

- Determining who does the audit
 - Company audit specialist
 - Company department manager
 - Outside auditor
- Determine when and how often the audit is conducted
- Determine areas to be audited
- Develop audit forms
- Conduct audit
- Reporting the result
- Management's response to an audit

Problems in conducting a retail audit:

- Lack of cooperation
- Incomplete and inadequate data
- Consumers behaviour
- Expensive process



Customer audit: Describing consumer behavior in retailing:

- Areas of customer audit-
 - Market segmentation
 - Product
 - Pricing
 - Distribution strategy
 - Promotion strategy
 - Product position
 - Customer satisfaction



Ethic, social responsibilities and consumerism

- Ethic – a set of moral principles, especially relating to or affirming a specified group, or form of conduct.
- CSR – decision of firm to conduct business with interest in society as a whole as well as its own interest
- Consumerism - the protection or promotion of the interests of consumers.

Unethical practices of retailer:

- Duplicate if original products
- Inadequacy and inefficiency in warranty off
- misleading and deceptive advertisement
- Creation of artificial scarcity
- Defaming competitors
- Lower the dignity of women
- Selling information about the customer etc.

Decision areas :

- Ethical behaviour in buying merchandise
 - Product quality
 - Sourcing
 - Slotting fees
 - Bribery
- Ethical behaviour in selling merchandise
 - Product sold
 - Selling process practices





Ethical behaviour in the retailer – employee relationship

- Misuse of company asset
- Job switching
- Employee theft



Ethical Norms and values for retailers:

- Responsibility of the retailers
- Honesty integrity and quality
- Rights and duties in the retailing exchange process
- Organizational relationship
- Conduct business as to build long term relationship
- Avoid harmful tactics



Social responsibility in retailing:

Social responsibility is an ethical framework suggests that an entity, be it an organization or individual, has an obligation to act for the benefit of society at large. Social responsibility is a duty every individual has to perform so as to maintain a balance between the economy and the ecosystems.

Three issues:

Social issues

Green issues

Economic issues



- Social issues :
 - Ethical trading practices
 - Strategic CSR
 - Community investment
 - Corporate governance
 - Information sharing and collaboration





Green issues:

- Promotion of green consumerism
- Increasing transportation fuel efficiency use
- Investment in sustainable technology
- Energy efficient green store
- Zero waste



People



Environment



Eth

Consumerism in retailing:

Consumerism is a social force within an environment designed to aid and protect consumers by exerting legal, moral, and economic pressures on business.



Need for consumerism:

- Less literate and aware population
- Economically weak consumer
- Vast variety of goods and services
- Deceptive advertising
- Feedback for business
- Responsive environment



"HAPPINESS"