

RETAIL MANAGEMENT

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Received Feb. 16, 2015

Accepted March. 01, 2015

ABSTRACT

Retailing encompasses the business activities involved in selling goods and services to consumers for their personal, family, or household use. While retailing can be defined as including every sale to the final consumer (ranging from cars to apparel to meals at restaurants), we normally focus on those businesses that sell “merchandise generally without transformation, while rendering services incidental to the sale of merchandise. Retailing today is at an interesting crossroads. On the one hand, retail sales are at their highest point in history. Wal-Mart is now the leading company in the world in terms of sales ahead of ExxonMobil, General Motors, and other manufacturing giants. New technologies are improving retail productivity. There are lots of opportunities to start a new retail business or work for an existing one—and to become a franchisee. Global retailing possibilities abound. On the other hand, retailers face numerous challenges. Many consumers are bored with shopping or do not have much time for it. Some locales have too many stores, and retailers often spur one another into frequent price cutting (and low profit margins). Customer service expectations are high at a time when more retailers offer self-service and automated systems. At the same time, many retailers remain unsure about what to do with the Web; they are still grappling with the emphasis to place on image enhancement, customer information and feedback, and sales transactions. Retail is the sale of goods to end users, not for resale, but for use and consumption by the purchaser. The retail transaction is at the end of the supply chain. Manufacturers sell large quantities of products to retailers, and retailers sell small quantities of those products to consumers. A person who wants to obtain a product for his/her own personal use will usually purchase it at a retail store or from some other retail marketing channel. Thus, retailing refers to the sale of goods or commodities in small quantities sold directly to ultimate consumers.

Key words : Retail Management, Factors Influencing Retail Management, Career Opportunities Are Available in Retailing, Need for Retail Management, Retail Management In India.

*A research paper presented at National Seminar held at Department of Commerce, M. K. Bhavnagar University on 14th February.

Introduction:

Retailing is an important field to study because of its impact on the economy, its functions in distribution, and its relationship with firms selling goods and services to retailers for their resale or use. It encompasses 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 at restaurants to movie tickets. Retailing is the last stage in the distribution channel. The various processes which help the customers to procure the

desired merchandise from the retail stores for their end use refer to retail management.

Retail management includes all the steps required to bring the customers into the store and fulfill their buying needs. Retail management saves time and ensures the customers easily locate their desired merchandise and return home satisfied.

Retail management is to rightly manage all the activities needed to carry out to make products or services available to customers from vendor for personal or family use. It carries all the activities that are being done in

a business like raising capital, buying products and services, deploying accounting and management information system for control activities, managing warehouses and distribution, developing new products and also the marketing activities. Managing all these activities in retail is what we call retail management.

Objectives

Retailing may be understood as the final step in the distribution of merchandise for consumption by the end consumers. Retailing is responsible for matching final consumer demand with supplies of different marketers. Retailing is high intensity competition industry, The reasons for its popularity lie in its ability to provide easier access to variety of products, freedom of choice and many services to consumers. The Indian retail is dotted by traditionally market place called bazaars or hats comprises of numerous small and large shops, selling different or similar merchandise

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

The wheel keeps on turning and department stores, supermarkets, and mass merchandise went through this cycles. From the customer point of view, the retailer serves him by providing the goods that he needs in the required assortment, at the required place and time. From an economic standpoint, the role of a retailer is to provide real added value or utility to the customer. This comes four different perspectives

What is Retail Management?

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

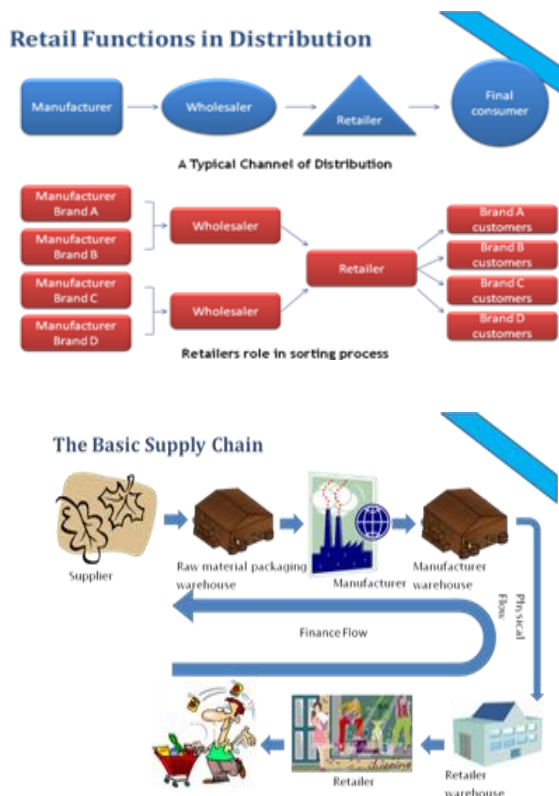
Retail management makes shopping a pleasurable experience and ensures the customers leave the store with a smile. In simpler words, retail management helps customers shop without any difficulty.

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

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It includes every sale to the final consumer – ranging from cars to apparel to meals at restaurants to movie tickets.

Retail Function in Distribution



Factors Influencing Retail Management

❖ Social

How consumers, households and communities behave and their beliefs. For instance, changes in attitude towards health, or a greater number of pensioners in a population.

❖ Legal

The way in which legislation in society affects the business. E.g. changes in employment laws on working hours.

❖ Economic

How the economy affects a business in terms of taxation, government spending, general demand, interest rates, exchange rates and European and global economic factors.

❖ Political

How changes in government policy might affect the business e.g. a decision to subsidise building new houses in an area could be good for a local brickworks.

❖ Technological

How the rapid pace of change in production process and product innovation affect an organization.

Career Opportunities Are Available in Retailing

Although the typical entry-level positions in retailing for a postsecondary graduate include retail management trainee, department/sales manager, and assistant buyer, it is generally difficult to classify retail career opportunities—because there are so many of them. Most large retail organizations can be described as “small cities.” As such, these retailers offer career paths in almost every aspect of business, such as buying, store operations, accounting, financial management, human resources, advertising, public relations, marketing research, and so on.

The ideal candidate pursuing a retail career should possess the following qualities:

- Be a “people person” to understand customer needs and be an effective team member.
- Be flexible to be able to perform a variety of tasks throughout the workday.
- Be decisive to make quick decisions that are well thought out.
- Have analytical skills to analyze data and predict trends.
- Have stamina to be able to work under pressure for long time periods.

What makes retailing so fascinating is the constant change that a retail executive must understand and manage. Among the areas of retailing that are now undergoing rapid change are the increased importance on nonstore retailing, the focus on customer satisfaction, and the application of technology to all areas of retailing. These changes represent both opportunities and challenges.

Need for Retail Management - Why retail management ?

Peter wanted to gift his wife a nice watch on her birthday. He went to the nearby store to check out few options. The retailer took almost an hour to find the watches. This irritated Peter and he vowed not to visit the store again.-An example of poor management.You just can't afford to make the customer wait for long. The merchandise needs to be well organized to avoid unnecessary searching. Such situations are common in mom and pop stores (kirana stores). One can never enjoy shopping at such stores.Retail management saves time and ensures the customers easily locate their desired merchandise and return home satisfied.

Last decade has seen tremendous changes in Retail Business – from made to order to ready to wear, from counter sales to self service, emphasis on value addition and cost reduction.Retail improving inventory management through systems – faster turnover, better profitability, fast changing customer preferences for assortment of goods and services.

- The retailer must keep a record of all the products coming into the store.
- The products must be well arranged on the assigned shelves according to size, colour, gender, patterns etc.
- Plan the store layout well.
- The range of products available at the store must be divided into small groups comprising of similar products. Such groups are called categories. A customer can simply walk up to a particular category and look for products without much assistance.
- A unique SKU code must be assigned to each and every product for easy tracking.
- Necessary labels must be put on the shelves for the customers to locate the merchandise on their own.
- Don't keep the customers waiting.
- Make sure the sales representatives attend the customers well. Assist them in their shopping. Greet them with a smile
- The retailer must ensure enough stock is available at the store.
- Make sure the store is kept clean. Don't stock unnecessary furniture as it gives a cluttered look to the store. The customers must be able to move freely.
- The store manager, department managers, cashier and all other employees should be trained from time to time to extract the best out of them. They should be well aware of their roles and responsibilities and customer oriented. They should be experts in their respective areas.
- The store manager must make daily sales reports to keep a track of the cash flow. Use softwares or maintain registers for the same.
- Remove the unsold merchandise from the shelves. Keep them somewhere else.
- Create an attractive display.
- Plan things well in advance to avoid confusions later on.
- Ask the customers to produce bills in case of exchange. Assign fixed timings for the same. Don't entertain customers after a week.

The Framework of Retailing

Suppose we manage a manufacturing firm that makes vacuum cleaners. How should we sell these items? We could distribute via big chains (such as Future Shop) or small neighborhood appliance stores, have our own sales force visit people in their homes (as Aerus formerly Electroluxdoes), or set up our own stores (if we have the ability and resources

to do so). We could sponsor TV infomercials or magazine ads, complete with a toll-free phone number.

Suppose we have an idea for a new way to teach first graders how to use computer software for spelling and vocabulary. How should we implement this idea? We could lease a store in a strip shopping centre and run ads in a local paper, rent space in a Y and rely on teacher referrals, or do mailings to parents and visit children in their homes. In each case, the service is offered "live." But there is another option: We could use an animated Web site to teach children online.

Suppose that we, as consumers, want to buy apparel. What choices do we have? We could go to a department store or an apparel store. We could shop with a full-service retailer or a discounter. We could go to a shopping centre or order from a catalogue. We could look to retailers that carry a wide range of clothing (from outerwear to jeans to suits) or look to firms that specialize in one clothing category (such as leather coats). We could zip around the Web and visit retailers around the globe.

Retailing does not have to involve a store. Mail and phone orders, direct selling to

consumers in their homes and offices, Web transactions, and vending machine sales all fall within the scope of retailing. Retailing does not even have to include a “retailer.” Manufacturers, importers, nonprofit firms, and wholesalers act as retailers when they sell to final consumers.

Retail Management In India

A dose of reforms in India have been changed the entire economy of super power house of Asia. India is a sleeping lion in Asia. A lion appearance is enough to control the situation in its environment. Incredible but true, way back in 1700, India was actually the world's largest economy accounting for 22.6% of world income, second only to china. Three hundred years on, it is among the handful at the bottom and just chips in with just around 5% of the world's income. India and china are the locomotives of the global village. They are powerhouses of digital global economy. They pull the economy in the right direction with competing each another. China is a friendly enemy and throwing challenges towards other nations. India and china are the two demographic giants of the planet. Together they count close to 250 crores of inhabitants, representing more than 37% of the world population. They are about to become economic giants and are shaking traditional power relations in the global arena India has the second largest population of able-bodied men and women in the world.

The estimated workforce is 46 crores in overall population of about 108 crores. The unemployment present rate is 9 % in India. Market is a reflection of the customer's needs and desires. The customer is king in the market. India and china are the two biggest global markets for all business enterprises. Globalization is a worldwide battle for the commercial enterprises. An expanded international flow of goods, capital and labor creates significant opportunities for improving the material welfare of the most disadvantaged people in the poorer countries of the world. Promoting greater global integration by simply eliminating trade barriers and subsidies that discriminate

against the products of the poorer countries would significantly reduce poverty.

Reforms are not accidental but they are incidental. The wave of reforms yields in different ways to our digital economy. The traditional economy has been changed. Now the digital economy stimulates higher level of gross domestic product and the stock markets crosses 18,000 points of sensex which is a memorable journey in the Indian stock markets. The strong dose of reforms, good A dose of reforms in India have been changed the entire economy of super power house of Asia. India is a sleeping lion in Asia. A lion appearance is enough to control the situation in its environment. Incredible but true, way back in 1700, India was actually the world's largest economy accounting for 22.6% of world income, second only to china. Three hundred years on, it is among the handful at the bottom and just chips in with just around 5% of the world's income. India and china are the locomotives of the global village. They are powerhouses of digital global economy. They pull the economy in the right direction with competing each another. China is a friendly enemy and throwing challenges towards other nations. India and china are the two demographic giants of the planet. Together they count close to 250 crores of inhabitants, representing more than 37% of the world population. They are about to become economic giants and are shaking traditional power relations in the global arena India has the second largest population of able-bodied men and women in the world. The estimated workforce is 46 crores in overall population of about 108 crores. The unemployment present rate is 9 % in India.

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The strong dose of refonns, good press the consumer exploitation by the multination companies. The share of organized retailing is less than 1 % in India, compared to 80% in USA, 40% in Thailand and 20% in china. As per some estimates, there are over 200 retail mall projects under construction or under active planning stage spanning over 25 cities. The existing supply chain in India for most goods is woefully inefficient, and built around obsolete warehousing, logistics and transportation technology. Furthermore, the omnipresent middleman compounds this problem. India was now part of the global economy and that the economy was riding on the back of middle class consumption. Finally the impression was that large foreign companies were poised to invest in large shopping centers as the Indian market is now reputed to be the fastest growing retail market in the world. (Sridhar 2007). According to a survey by at Kearney, an overwhelming proportion of the Rs. 4, 00,000 crores Indian retail market constitutes the unorganized sector. In fact only rs. 20,000 crores of segments of the market are organized. India has been called a nation of shopkeepers due to the existence of a large number of enterprises in the country which totaled over 12 million in 2003. About 78% of these are small family business utilizing only household labor. Even among retail enterprises that employ hired workers, the bulk of them use less than three workers. India's first true shopping mall complete with food courts, recreation facilities, and large car parking space called "Cross Roads" was inaugurated in 1999 in Mumbai.

The report in media indicated that a tie-up between Walmart and Bharati Enterprises has been made and this venture is significant in the Indian retail management market. As per their agreement, BHARATI will run the front end of the business and Wal-Mart the supply chain. Reliance industry was also made collaboration with Britain's Tesco and France's Carrefour. It plans to invest 5.6 billion dollars in 4,000 stores in 1,500 towns across India. As per the report of financial express, dated 4-10-07, A V Birla has announced investment of Rs.8, 000 crores in retail via super markets and hypermarkets and presently has 16 more stores in Pune 7 stores in Mumbai. As per this report Delhi is to be retailer's paradise, since it is the hot bed of retail consumption with a high annual household consumption expenditure of Rs.9511 crores.

Conclusion

Retail Strategy is largely information based. The gathering and analysis of data relevant to the retailer is done by market research. From the retailer's perspective, market research needs to be done prior to the setting up of a retail store and after setting up the retail store. The information needed at both the stages varies significantly. In the world of increasing competition, research can aid the retailer in satisfying the customer and hereby building loyalty Consumer understanding or an understanding of the consumer buying behavior is the starting point of strategy creation. It is not important to understand consumers know about a product, but also what they do not know. Shopping is an activity that everybody perform with high level of regularity ad involvement. It has been found that shoppers behave differently depending on the type of shopping situation. They tend to change their information search process depending on the type of store and product The buying function plays a very important role in trade companies. In retail companies buying policy is much more integrated with sales and marketing policy, Company policy is primarily focused on improving turnover and margin whilst

reducing working capital. Retail today is a truly international business.

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