

# **RETAILING MANAGEMENT**

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# UNIT I

## **INTRODUCTION TO RETAIL MANAGEMENT**

# RETAIL MANAGEMENT

## RETAILING

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

It is responsible for matching individual demands of the consumer with supplies of all the manufacturers.



## 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.



# EVOLUTION OF RM

## EVOLUTION OF RETAIL IN INDIA

### **Traditional Formats**

- Haats
- Melas
- Mandis etc.

### **Established formats**

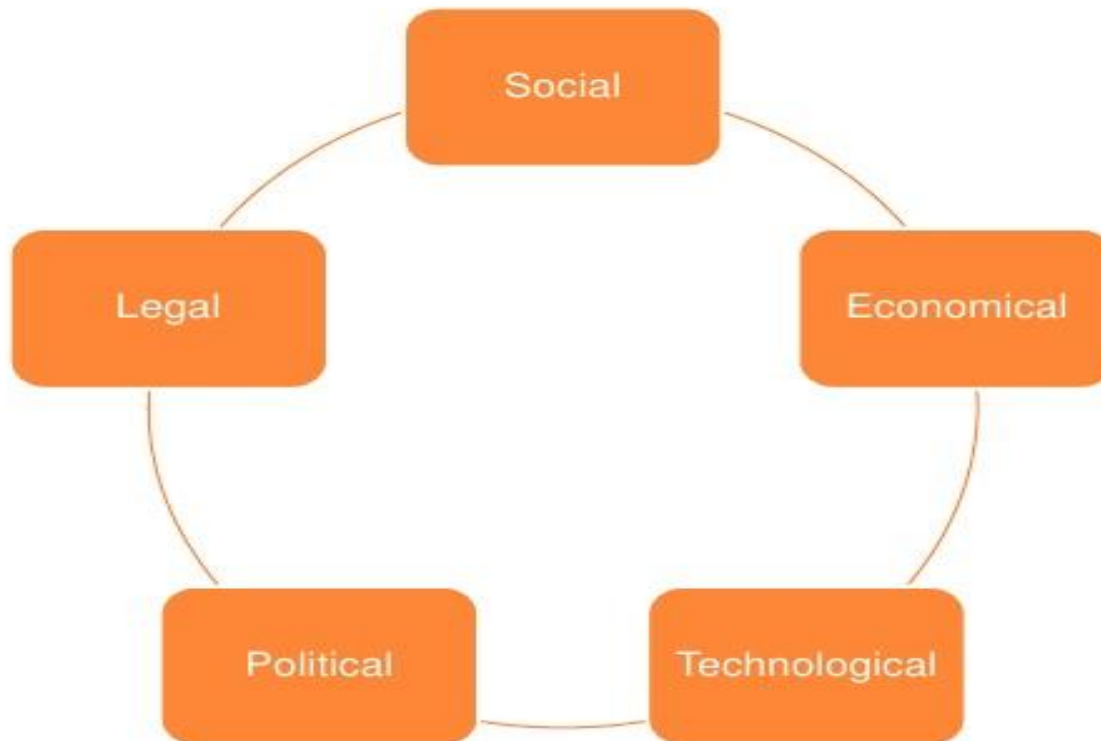
Kirana shops  
Convenience/  
department stores  
PDS/  
fair price shops  
Pan/ Beedi shops

### **Emerging Formats**

Exclusive retail outlets  
Hypermarket  
Internal retail  
Malls / Specialty Malls  
Multiplexes  
Fast food outlets  
Service galleries

# FACTORS OF RM

## FACTORS INFLUENCING RETAIL MANAGEMENT



# "WHEEL OF RETAILING"



# **TYPES OF RETAILERS**

**Department Store**

**Supermarkets**

**Warehouse retailers**

**Specialty Retailers**

**E-tailer**

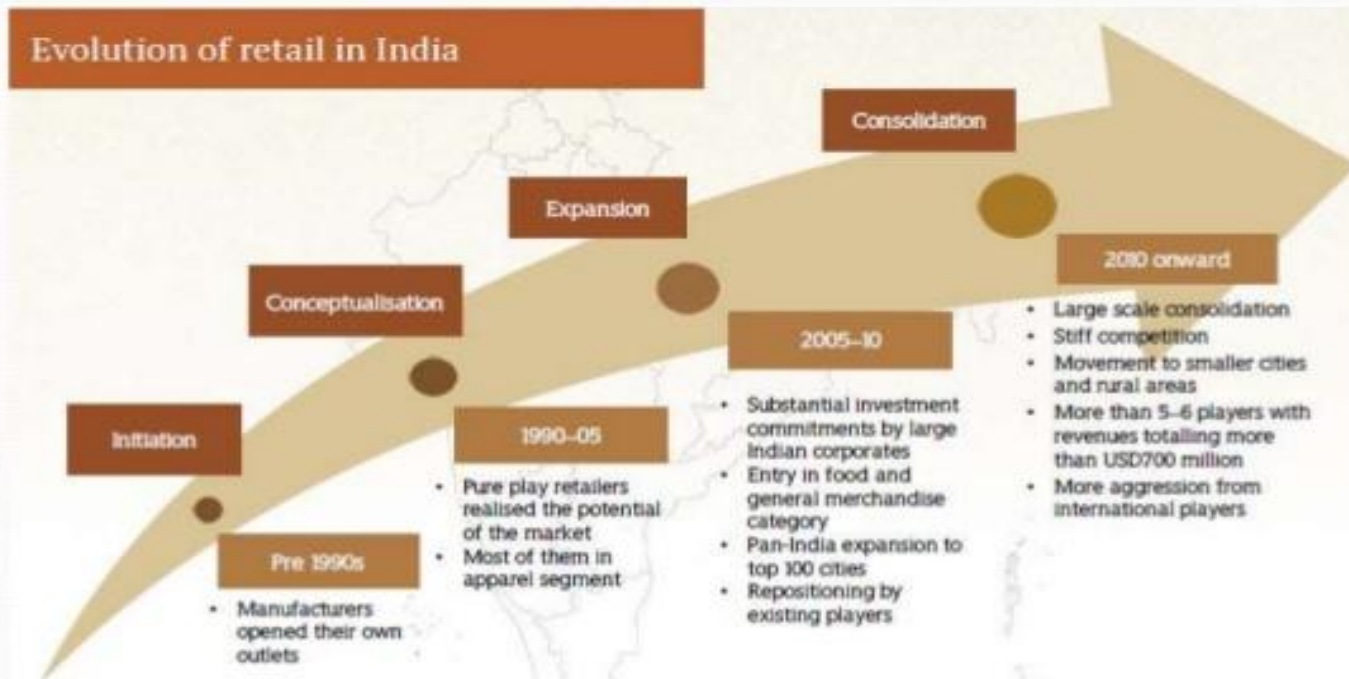
**Convenience Retailer**

**Discount Retailer**



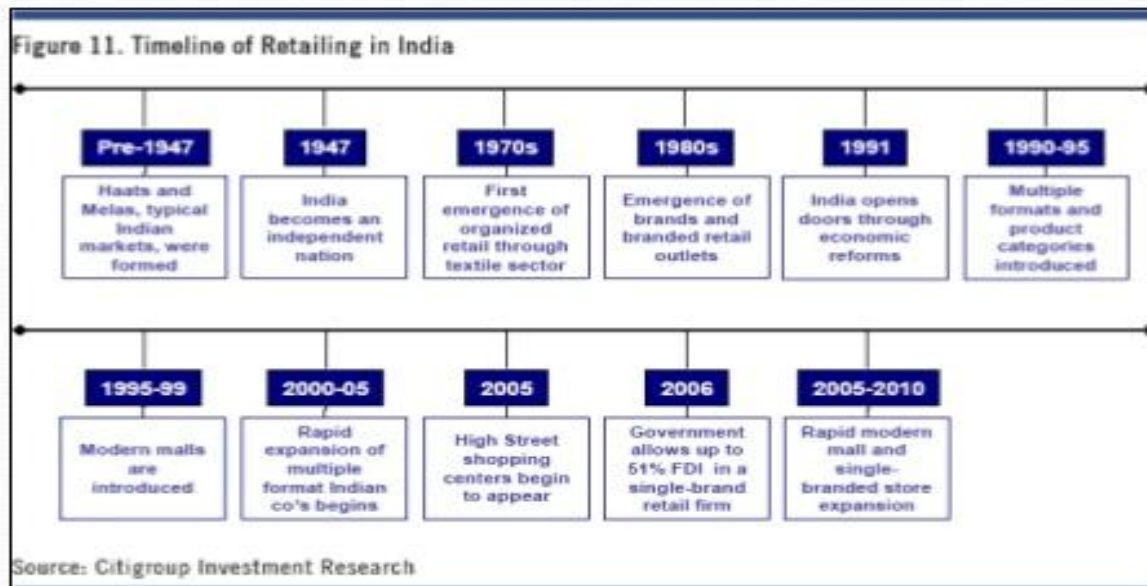
# INDIAN RETAIL INDUSTRY

## Evolution of Indian Retail



# INDIAN RETAIL INDUSTRY

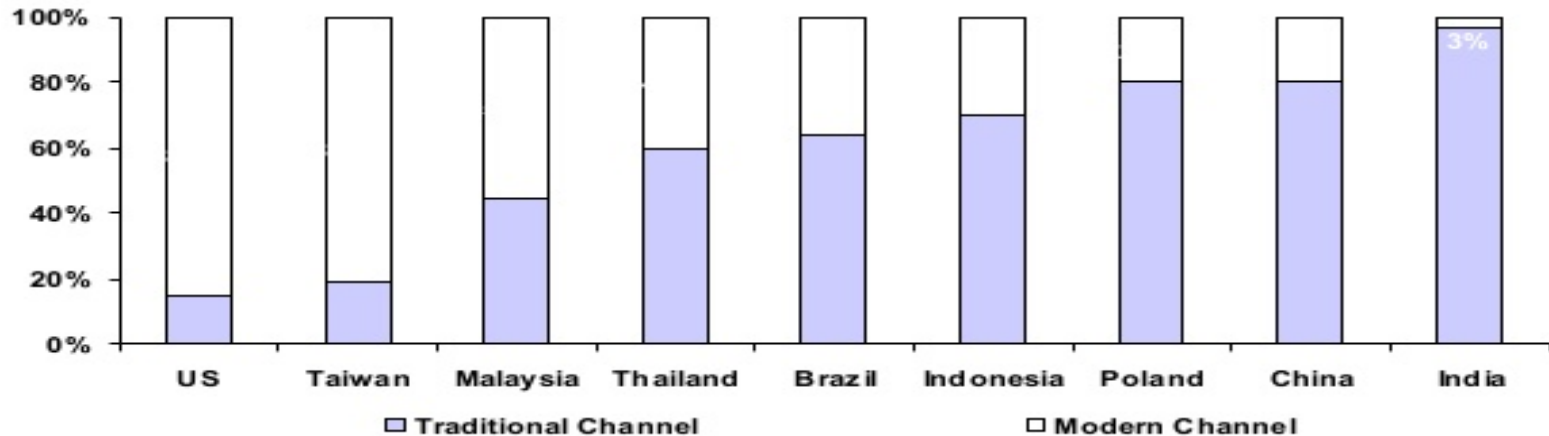
## Timeline of Retailing in India



# GLOBAL RETAILING

## Modern Retail – Organized Channels

- The share of organized retail is less than 3% of the total retail market
- The size of modern retail is about US\$ 8 Billion and has grown by 35% CAGR in last five years



# RETAILING IN ASIA

- UNITED KINGDOM
- GERMANY
- FRANCE
- BRAZIL
- RUSSIA
- CHILE

# SERVICE RETAILING



# SERVICE RETAILING

Well-groomed  
Friendly Punctual Reliable  
Mature  
Retail  
Customer-Service  
Approachable



# RURAL MARKETING

## EVOLUTION

PHASE	ORIGIN	FUNCTION	MAJOR PRODUCT	SOURCE MARKET	DESTINATION MARKET
Phase I	Before mid1960(From independence to Green revolution)	Agricultural marketing	Agricultural produce	Rural	Urban
Phase II	Mid sixties (Green revolution to Pre-liberalization period)	Marketing of agricultural inputs	Agricultural inputs	Urban	Rural
Phase III	Mid nineties(Post-liberalization period in 20th century)	Rural marketing	Consumables and durables for consumption and production	Urban and rural	Rural
Phase IV	21 <sup>st</sup> century	Developmental marketing	All products and services	Urban and rural	Urban and rural

# ETHICS IN RETAILING

Ethics in Retailing Ethical Challenges fall into three interconnected categories:

- **Ethics**
- **Social Responsibility**
- **Consumerism**

Ethics Ethics relates to retailer's moral principles and values. Social Responsibility A retailer exhibiting social responsibility acts in the best interests of society – as well as itself. The challenge is to balance corporate citizenship with a fair level of profits for stock holders, management, and employees. Consumerism Consumerism relates to the activities of government, business and other organizations that are designed to protect individuals from practices infringing upon their rights as consumers.



# UNIT II

## **UNDERSTANDING SHOPPERS & SHOPPING**

## **Unit- II**

# **UNDERSTANDING SHOPPERS & SHOPPING**

The concept of shopping can be understood from a number of different perspectives. In order to develop a conceptual framework and a holistic view of shopping and shopping behavior, shopping could be viewed from three dimensions:

- a) The shopping environment**
- b) Shopping in a socio-cultural context, and**
- C) Shopping and the individual.**

# SHOPPING PROCESS

## The Consumer Buying Process

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# SHOPPING BEHAVIOUR

- Physical setting
- Social setting
- Temporal perspective
- Task definition

# THE CUSTOMER DECISION MAKING PROCESS

**NEED**



**INFORMATION GATHERING/SEARCH**



**EVALUATION OF ALTERNATIVES**



**PURCHASE OF PRODUCT/SERVICE**



**POST PURCHASE EVALUATION**

# INDIAN SHOPPERS

## **DEMOGRAPHIC OF INDIAN SHOPPERS:**

**Population growth**

**Life expectancy**

**Age segmentation**

**The middle class**

**Rural shoppers**

**Socio cultural profile**

# DEMOGRAPHICS OF INDIAN SHOPPERS

## DEMOGRAPHIC OF INDIAN SHOPPERS:

- **Population growth**
- **Life expectancy**
- **Age segmentation**
- **The middle class**
- **Rural shoppers**
- **Socio cultural profile**

# PSYCHOGRAPHIC PROFILE OF INDIAN SHOPPERS

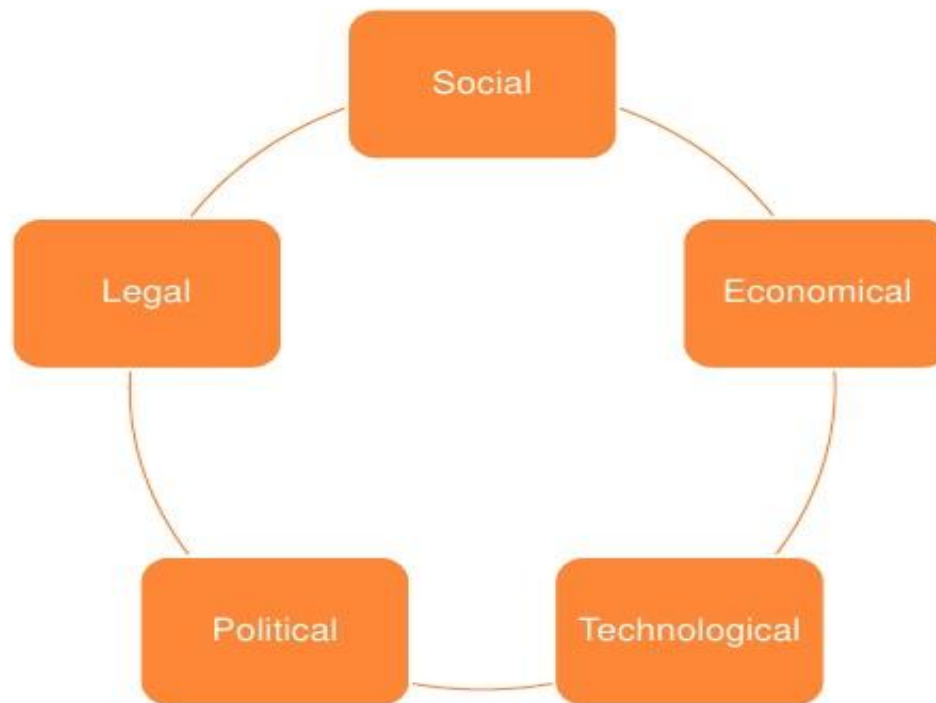
The psychographic profile of Indian shoppers as follows:

- **Segments of men**
- **Segments of women**
- **Youth Segments**



# Factors influencing the retail shopper in India

## FACTORS INFLUENCING RETAIL MANAGEMENT



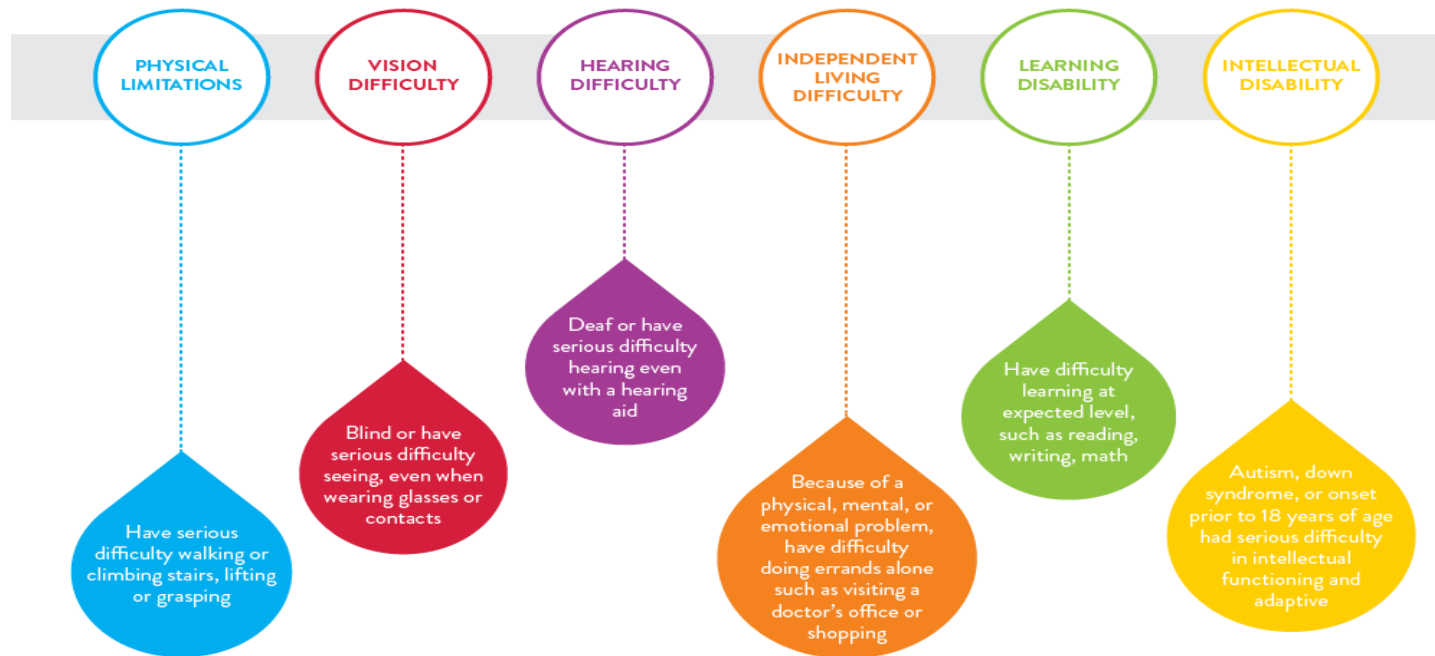
# Life style of Indian shoppers



# Shopping patterns in India

n

## DISABILITY SEGMENTS

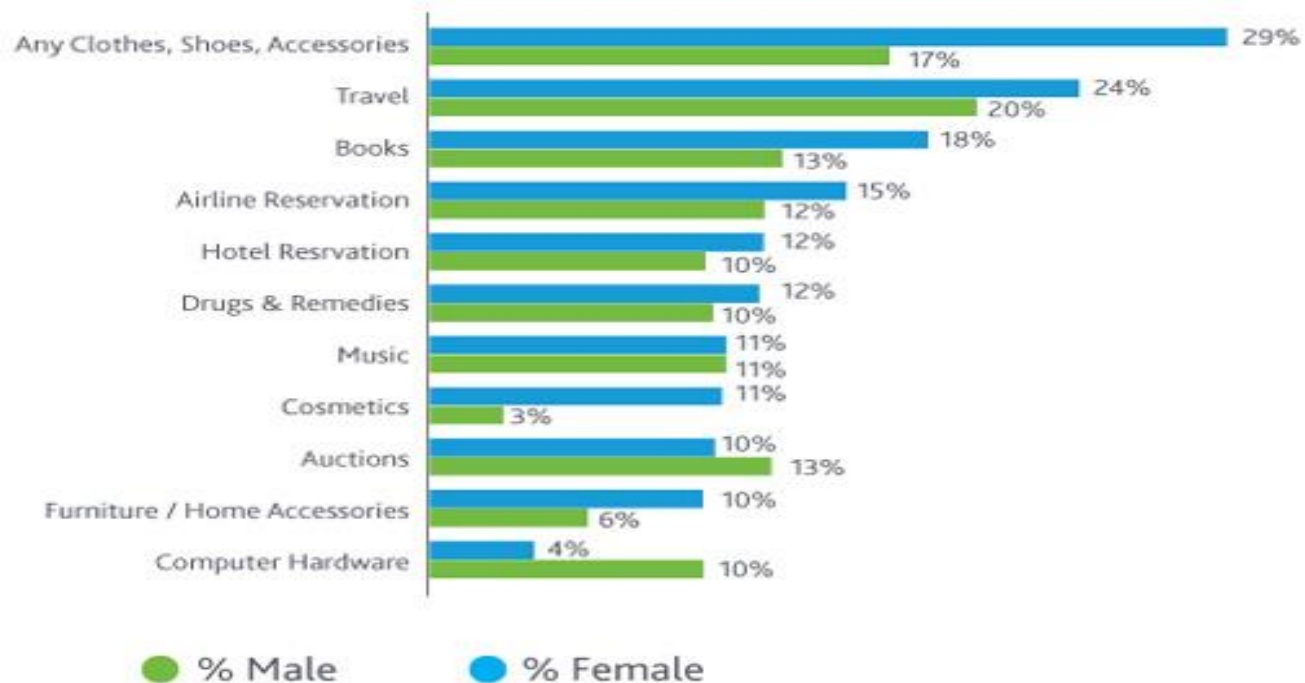


Source: Nielsen's Reaching Prevalent, Diverse Consumers with Disabilities Report, October 2016

# Shopping patterns in India

## Females more engaged in most top online purchase categories

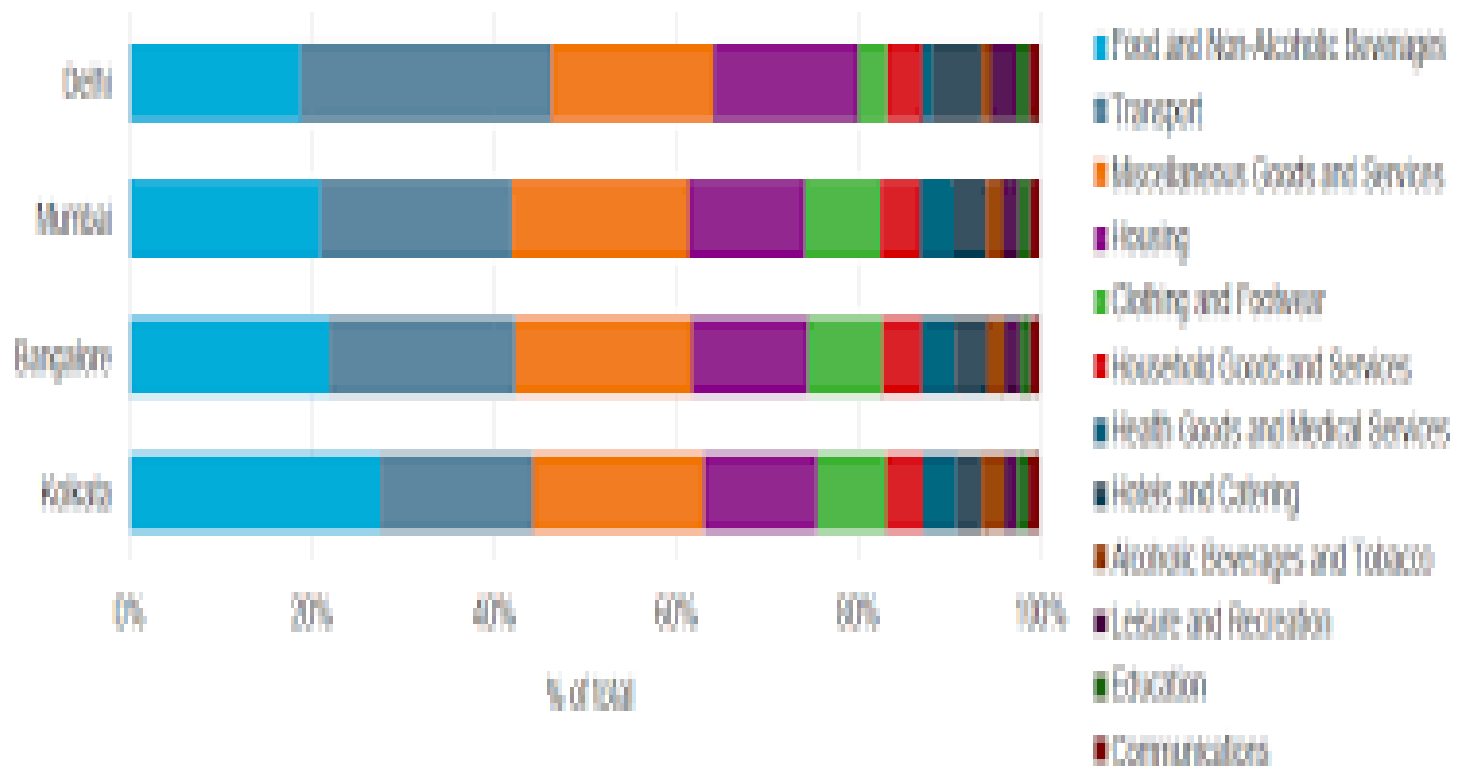
Percent of 18+ shopped online last 30 days



Source: The Nielsen Company, Q3 2010.

# Consumer spending patterns in India

## Consumer Spending Patterns in India's Key Cities: 2015



Source: Eurostat/International from national statistics/UNDESD

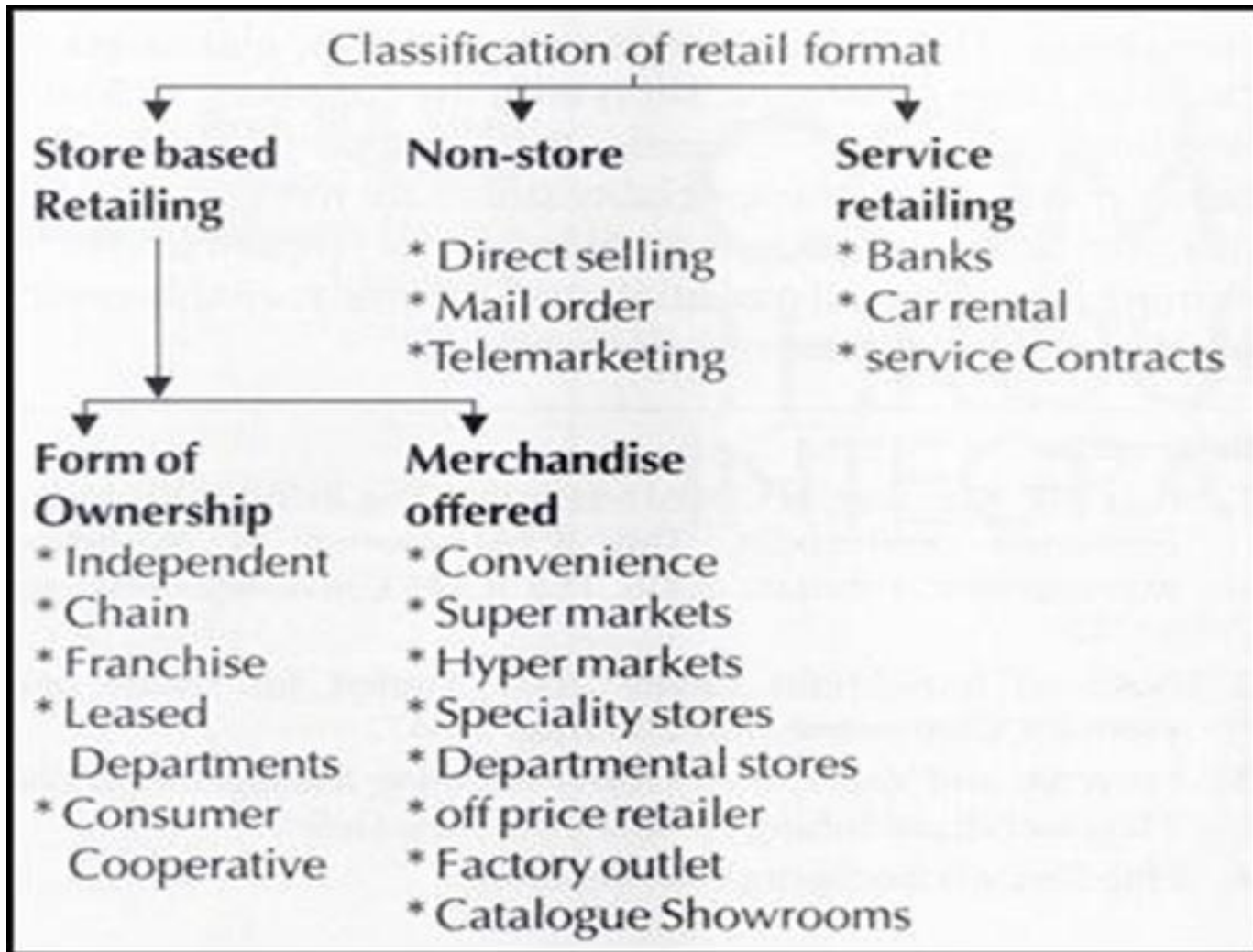
## UNIT III

# INTRODUCTION TO RETAIL FORMATS

# Unit- III RETAIL FORMATS

- The retail format is the store 'package 'that the retailer presents to the shopper .A format is defined as a type of retail mix used by a set of retailers. It is a place, physical or virtual, where the vendor interacts with his\her customer. The store format depends on the mix of variables such as assortment, price, transactional convenience, and experience that retailers use to develop their business strategies.

# CLASSIFICATION OF RETAIL FORMATS







# STORE STRATEGY MIX

**The major types of non store retailing are:**

- Direct marketing
- Tele marketing
- Online retailing
- Direct selling
- Automatic vending



# NON STORE RETAILING

## **The major types of non store retailing are:**

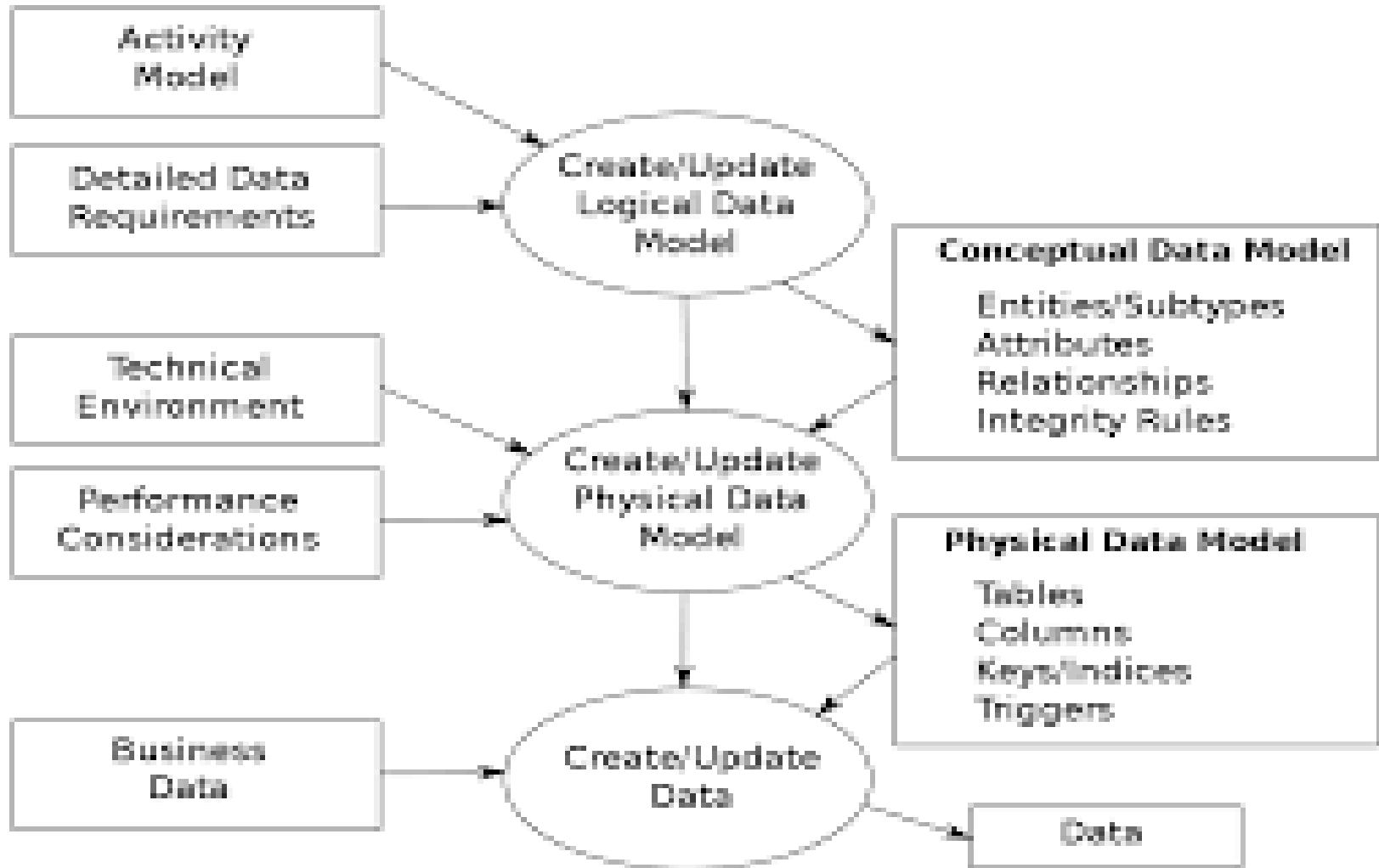
- Direct marketing
- Tele marketing
- Online retailing
- Direct selling
- Automatic vending



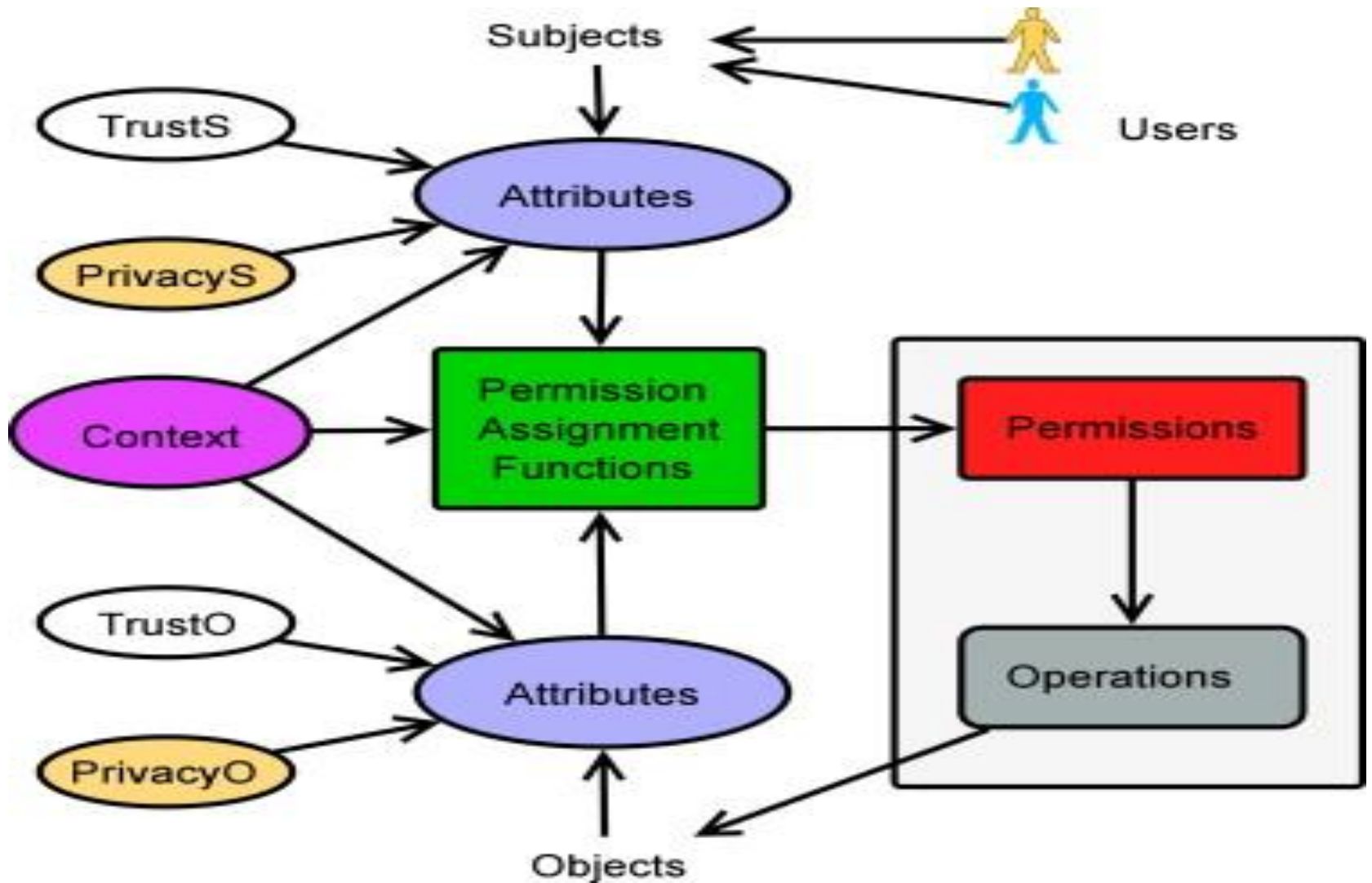
# OTHER FORMATS

- 1. Malls**
- 2. Supermarkets**
- 3. Videos Kiosks**
- 4. Hyper markets**
- 5. Discount stores**
- 6. Street Vendors**
- 7. Mom-and-pop Stores**
- 8. Category Killers**

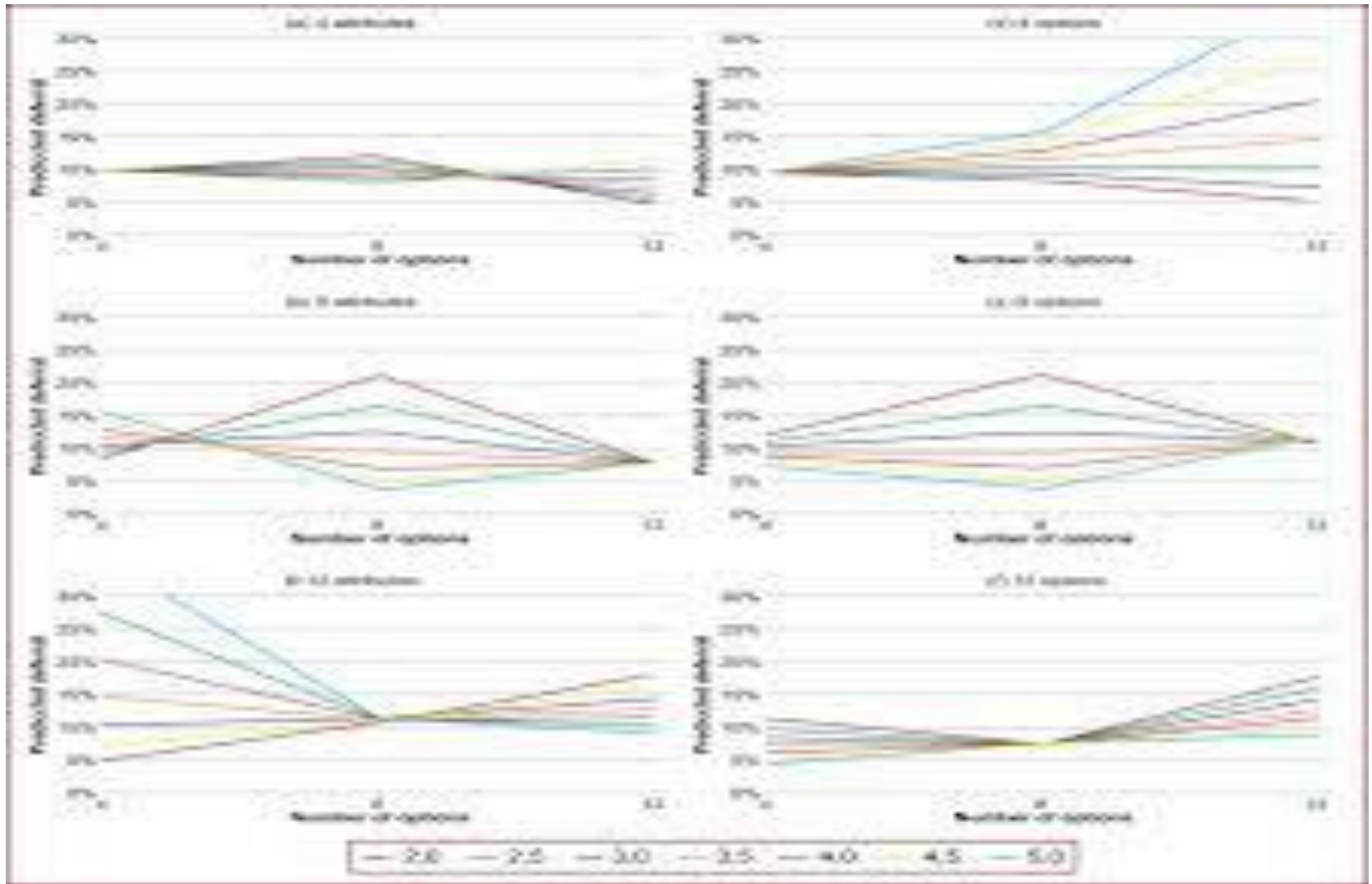
# VALUE BASED MODEL OF STORE FORMAT CHOICE



# ATTRIBUTE BASED MODEL OF STORE FORMAT CHOICE



# ATTRIBUTE BASED MODEL OF STORE FORMAT CHOICE



## Models of Retail Competition

- The competitive marketplace
- Market structure
- The demand side of retailing
- Nonprice decisions
- Competitive actions
- Suppliers as partners and competitors



## Models of Retail Competition

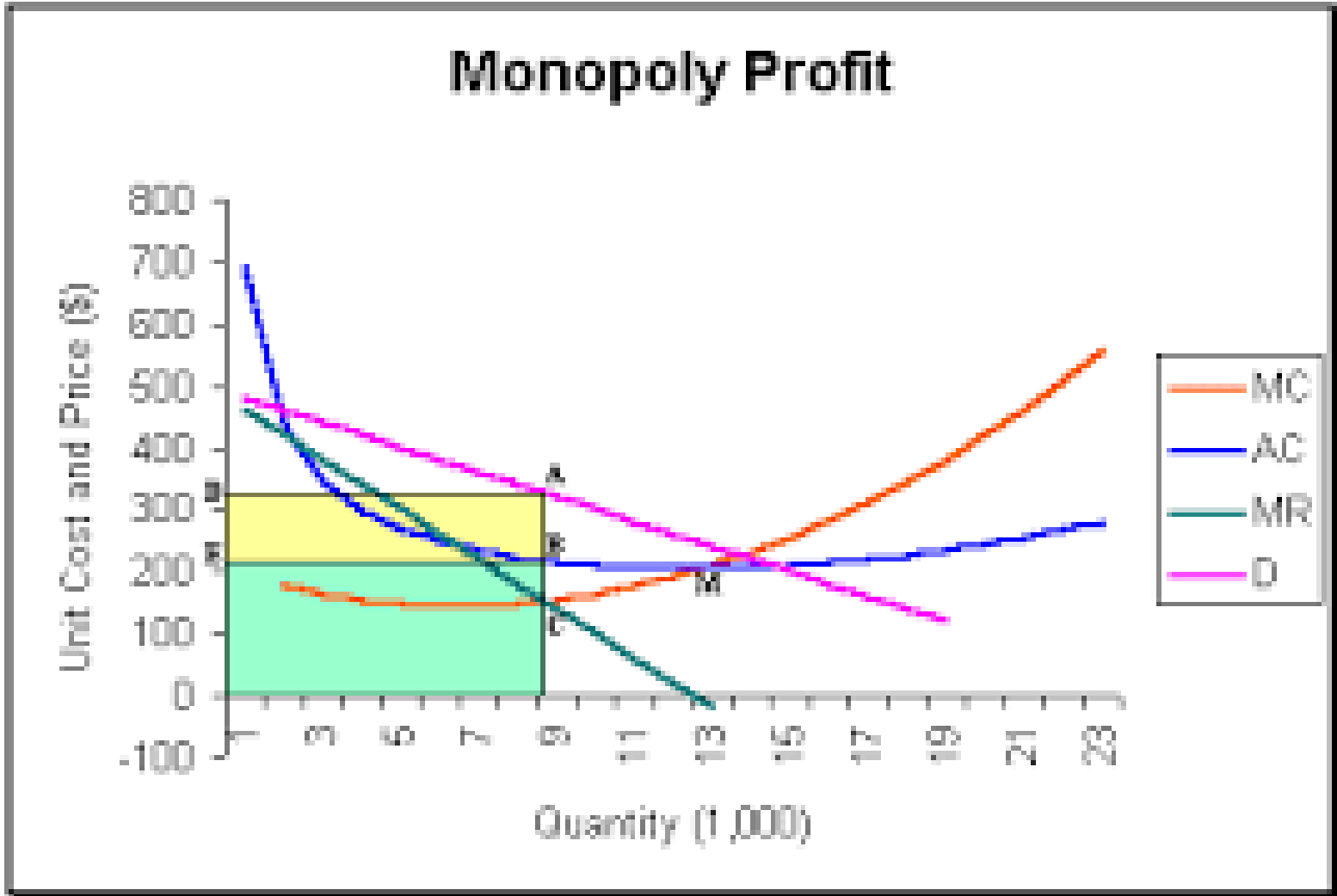
- The competitive marketplace
- Market structure
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- Nonprice decisions
- Competitive actions
- Suppliers as partners and competitors



# MARKET STRUCTURE



# PURE COMPETITION/PURE MONOPOLY



# MONOPOLISTIC COMPETITION

## Examples of Monopolistic Competition



Shoe repairs and  
key makers



Taxi and minibus  
companies



Sandwich bars  
and coffee stores



Hairdressing  
salons



Dry-cleaners and  
laundrettes



Bars and  
Nightclubs

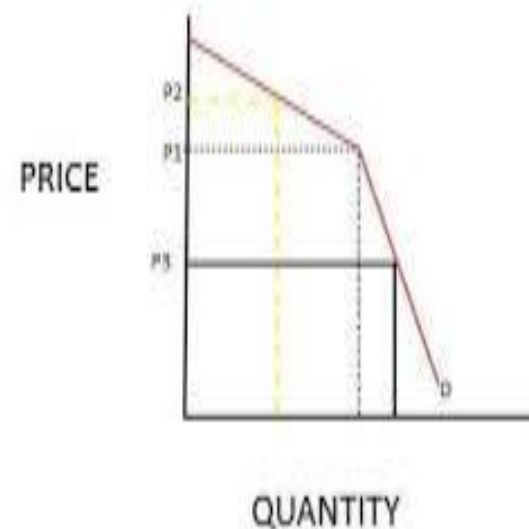
# OLIGOPOLISTIC COMPETITION



## Oligopoly

- small group of firms in a market with substantial barriers to entry
- because relatively few firms compete in such a market,
  - each firm faces a downward-sloping demand curve
  - each firm can set its price:  $p > MC$
  - market failure: inefficient (too little) consumption
  - each affects rival firms
- typical oligopolists differentiate their products

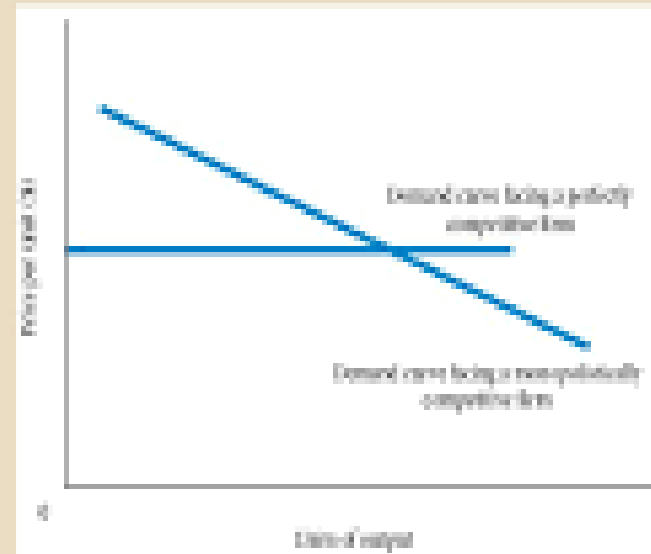
Oligopoly Curve



# THE DEMAND SIDE OF RETAILING

## The Demand Side of Retailing

- ❑ In a monopolistically competitive market, the retailer will be confronted with a negatively sloping demand curve.
- ❑ caused by —the law of diminishing returns



# NON PRICE DECISION

## Nonprice Decisions

- **Using nonprice variables**
  - **Store positioning: Identifying a well-defined market segment using:**
    - Demographic or lifestyle variables and appealing to this segment with a clearly differentiated approach
    - Offering private-label merchandise that has unique features or offers better value than competitors
    - Providing additional benefits for the customer
    - Mastering stock keeping with basic merchandise assortment
    - Becoming a destination store for certain products

# TYPES OF COMPETITION

## Direct competitors

- Same sector and same product
- Offer better value to gain customers

## Indirect competitors

- Same sector different product
- Release offers and promotions to attract customers

## Phantom Competitors

- Different sector altogether
- Difficult to compete against as not connected to our sector

# EVOLUTION OF RETAIL COMPETITION

## The Evolution of Pricing





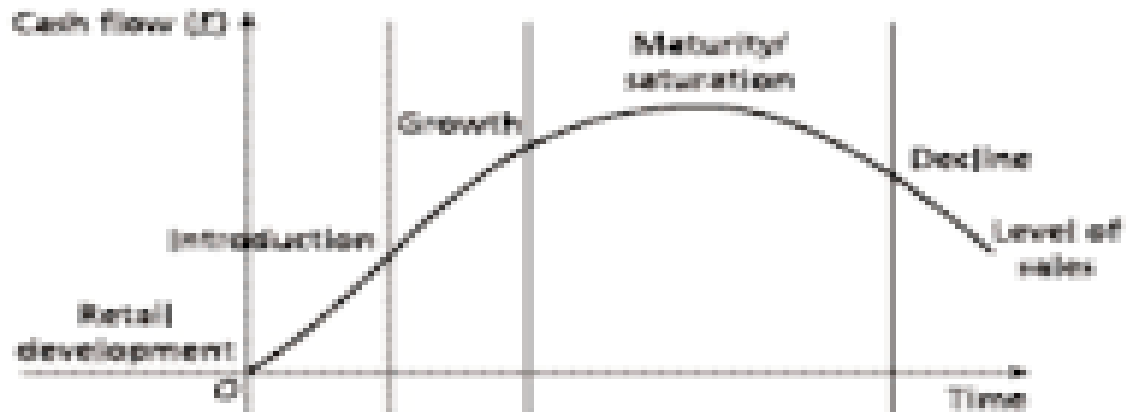
# EVOLUTION OF RETAIL COMPETITION

## Evolution of Indian Retail



# THE RETAIL LIFE CYCLE

## The Retail Life Cycle



# FUTURE CHANGES IN RETAIL COMPETITION

## Future Changes in Retail Competition

Nonstore  
Retailing

New Retailing  
Formats

Integration of  
Technology

Heightened Global  
Competition

Private Label  
Use

# FUTURE CHANGES IN RETAIL COMPETITION

## Future Changes in Retail Competition

- Nonstore retailing (e-tailing, direct selling, catalog sales)
- New retailing formats
- Heightened global competition
- Integration of technology
- Increasing use of private labels



# UNIT -IV

## **RETAIL PRICING**

# Unit- IV:RETAIL PRICING

Factors Influencing Pricing: The porter's model can help to understand the influences of retail pricing.

- **Customer**
- **Suppliers**
- **Competitor**
- **Government**

# RETAILING OBJECTIVES

There are Four Types of Pricing Objectives:

- Survival
- Profit
- Sales
- Status Quo

# RETAIL PRICING POLICIES

## A Framework for Developing a Retail Price Strategy



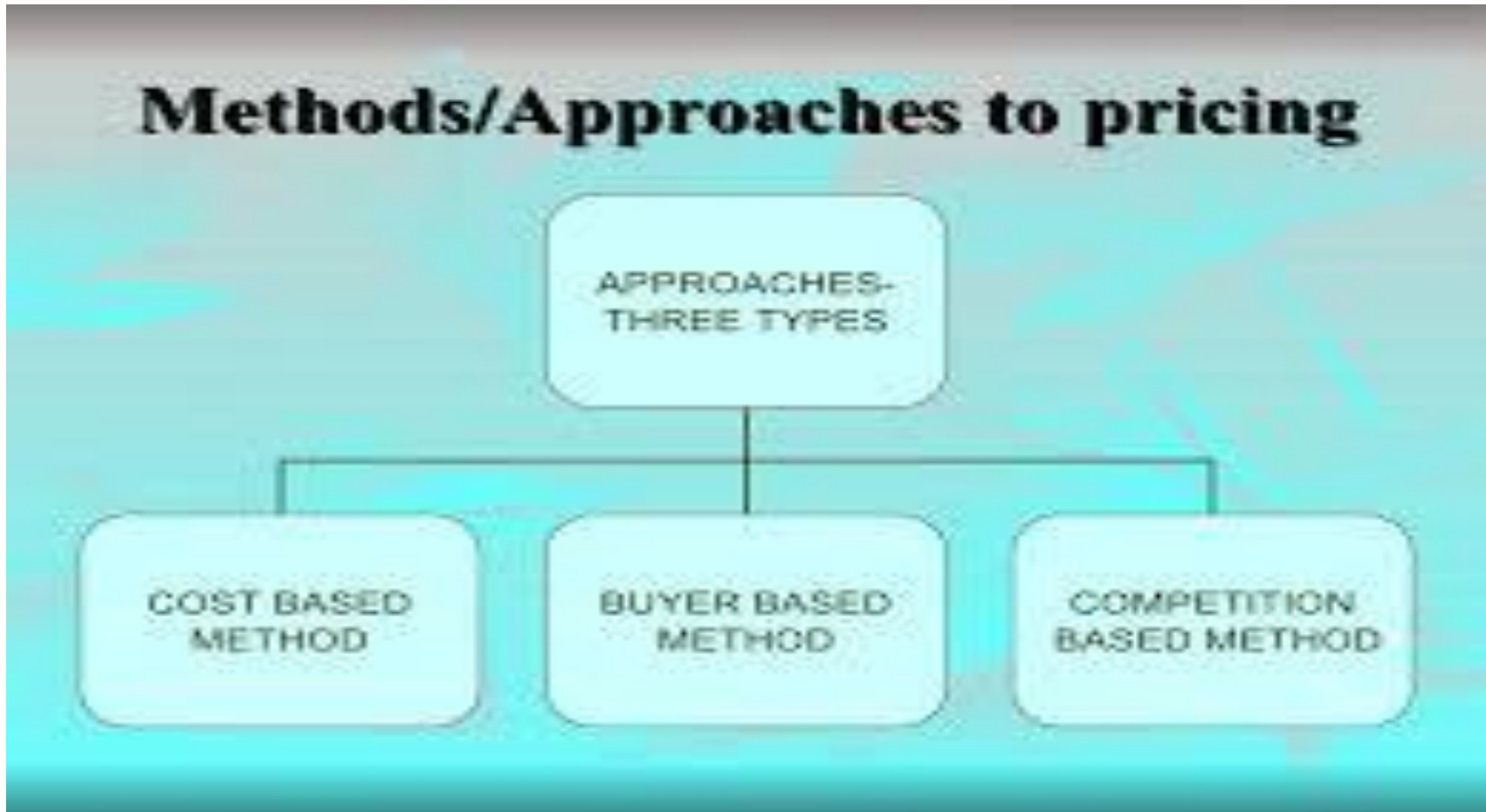


# INTERACTIVE PRICING DECISIONS

## Interactive Pricing Decisions



# DIFFERENT RETAIL PRICING STRATEGIES



# PRICE ADJUSTMENT STRATEGIES

## Price-Adjustment Strategies

Discount and allowance pricing

Segmented pricing

Psychological pricing

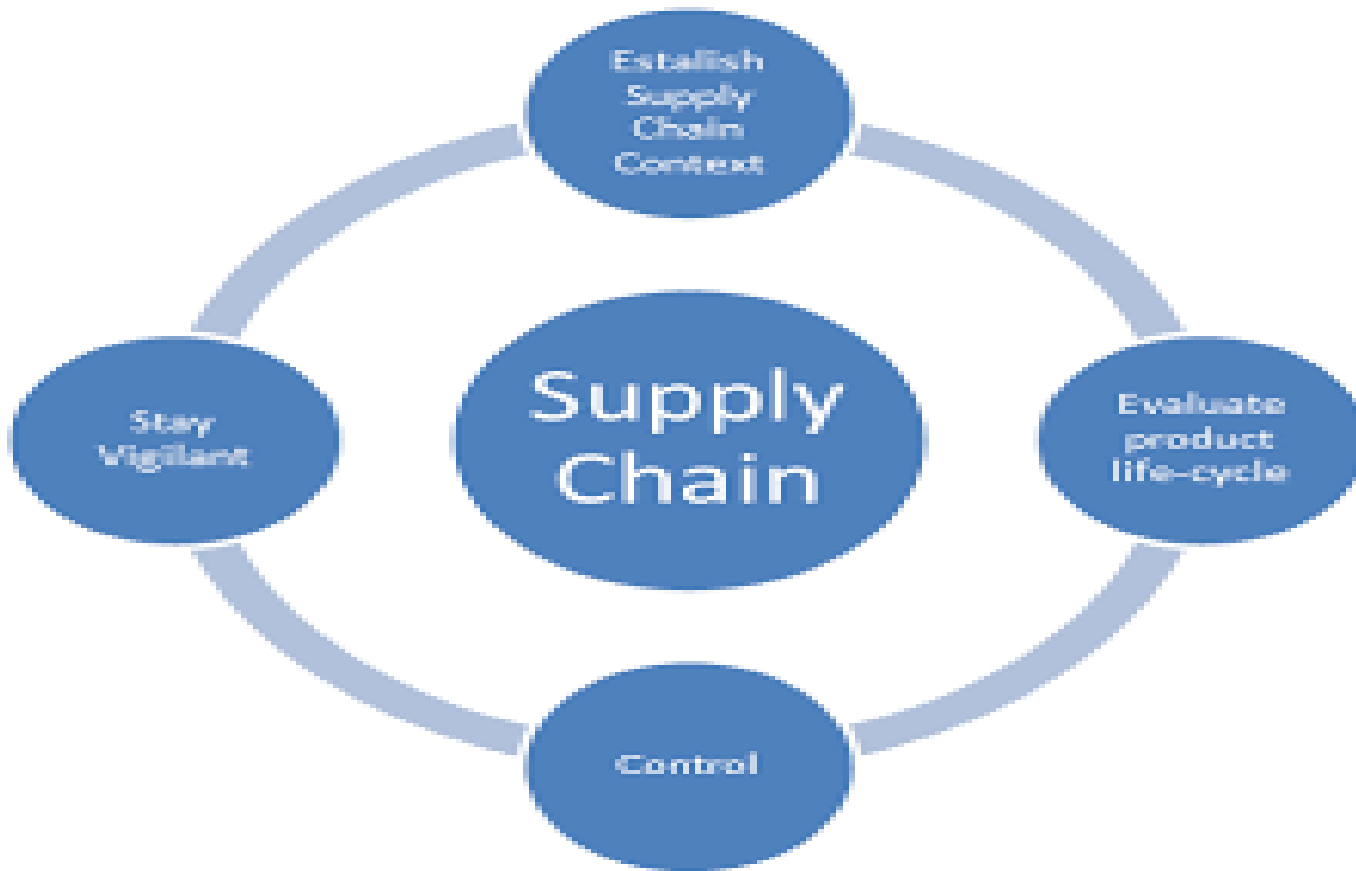
Promotional pricing

Geographic pricing

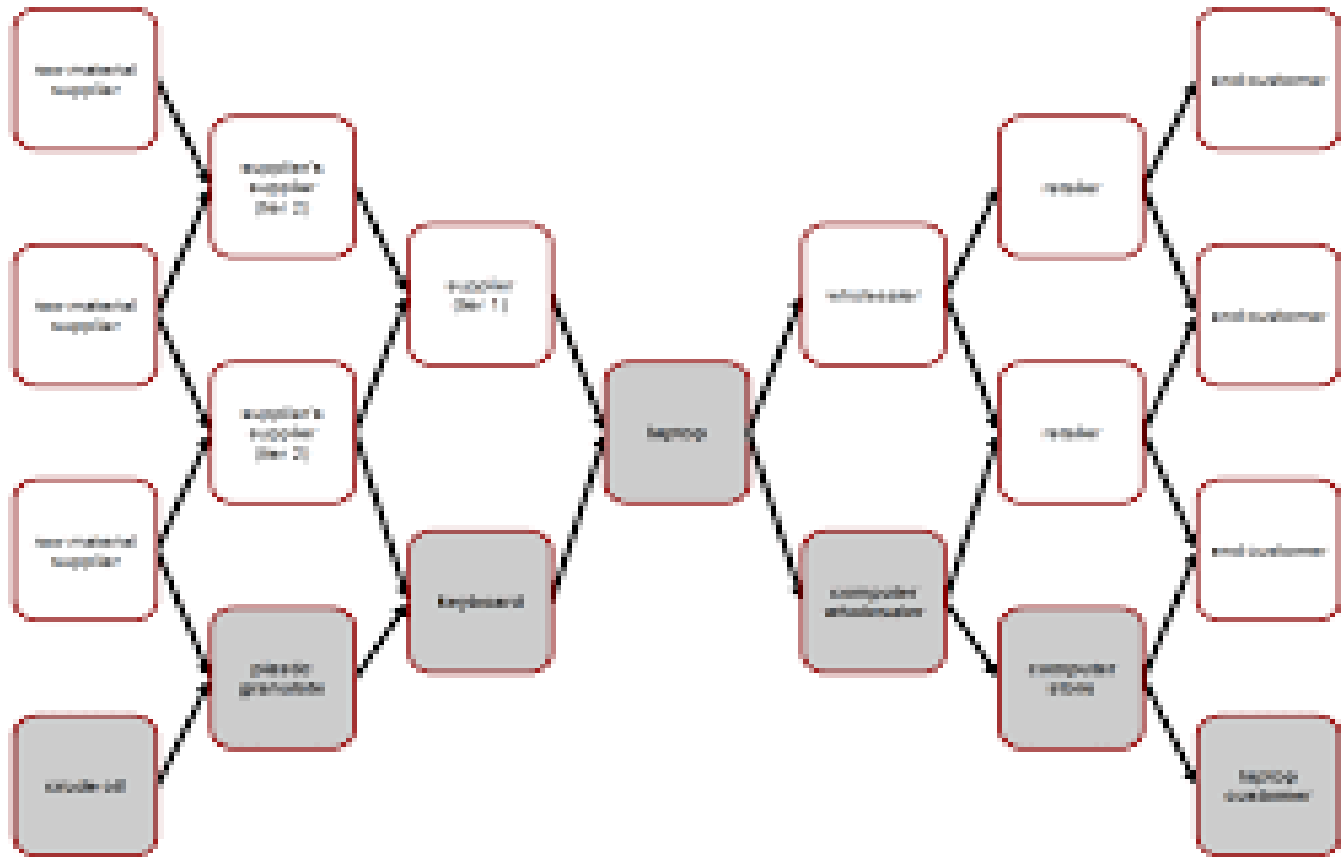
Dynamic pricing

International pricing

# SUPPLY CHAIN MANAGENT



# PARTICIPANTS IN SCM



# DECISION PHASES IN SCM

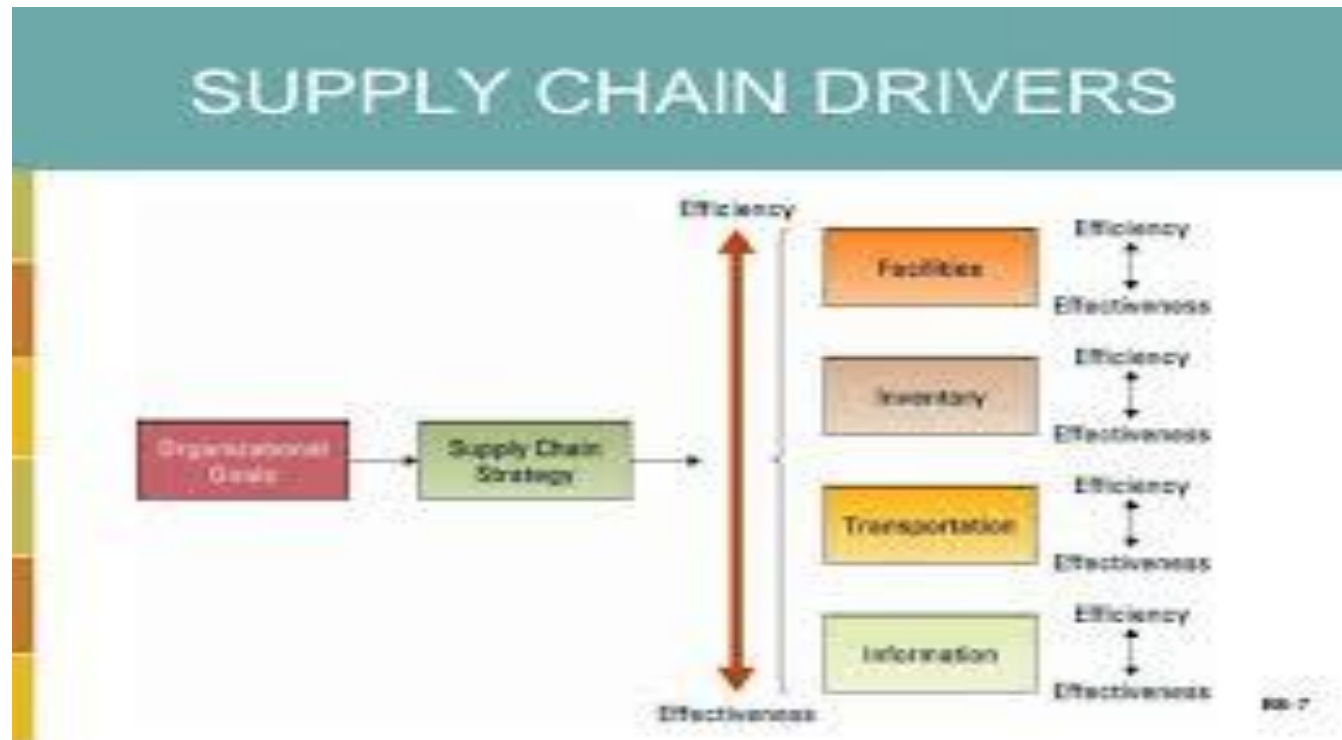
## Decision Phases in Supply Chain



# TOOLS AND TECHNIQUES OF SCM



# DRIVERS OF SCM

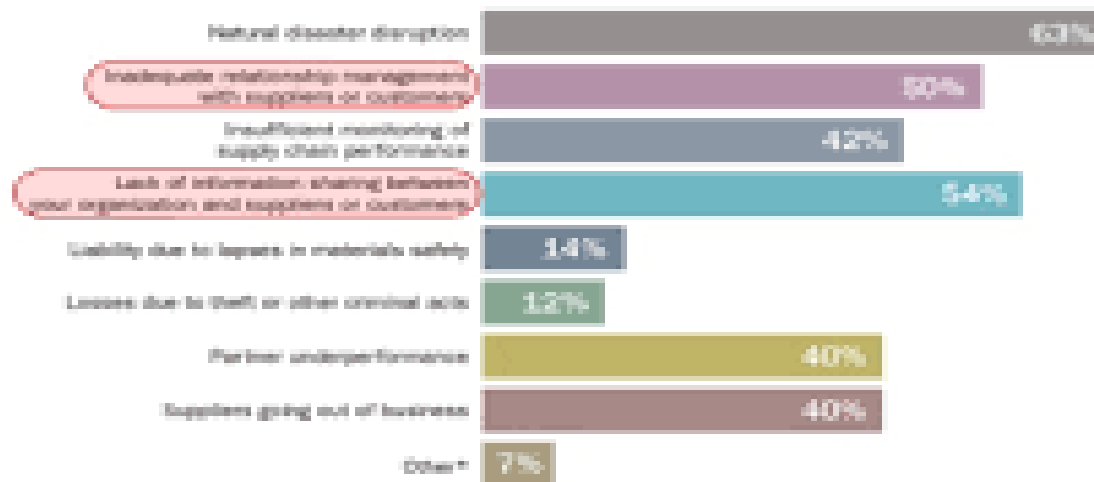




# TYPES OF SUPPLY CHAIN

## Types of Supply Chain Risk

Respondents were asked which risks are most likely to affect their supply chains.

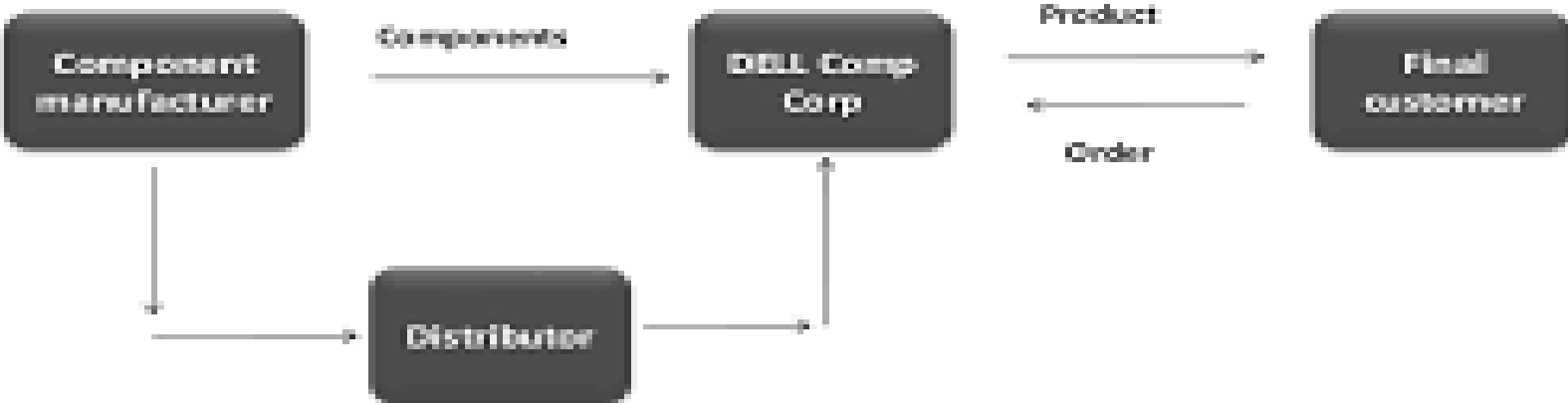


Source: APICS 2011 Supply Chain Risk Report



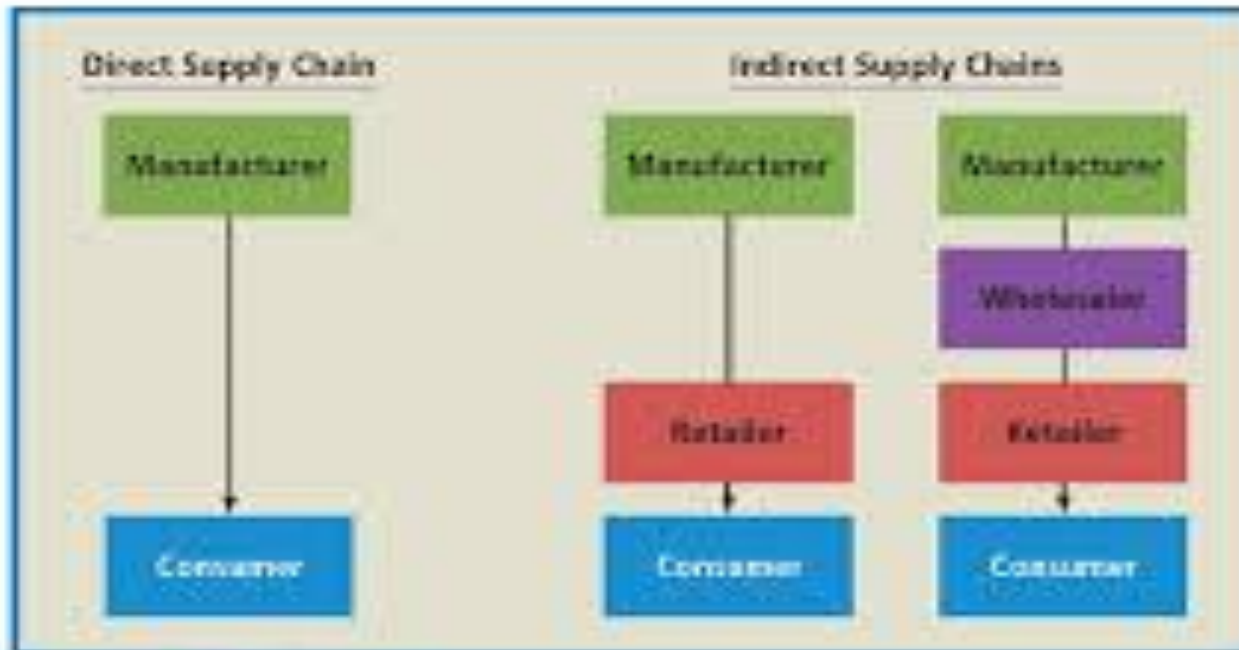
# DIRECT SUPPLY

## Direct Model



# INDIRECT SUPPLY CHAIN

Exhibit 5.4 - Direct and Indirect Supply Chains



# SUPPLY CHAIN WIDTH

## Width of Marketing Supply Chain

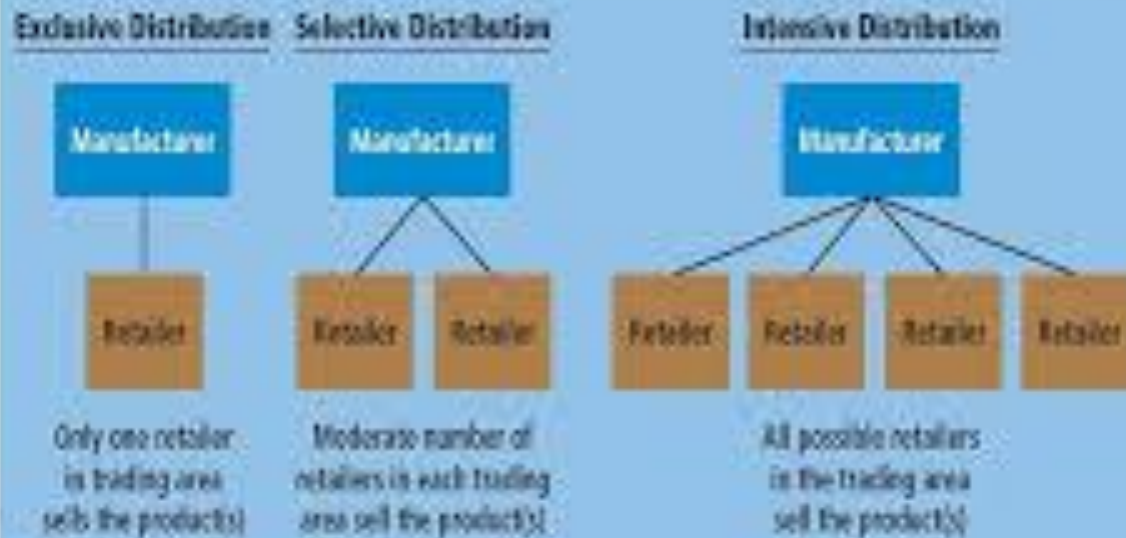
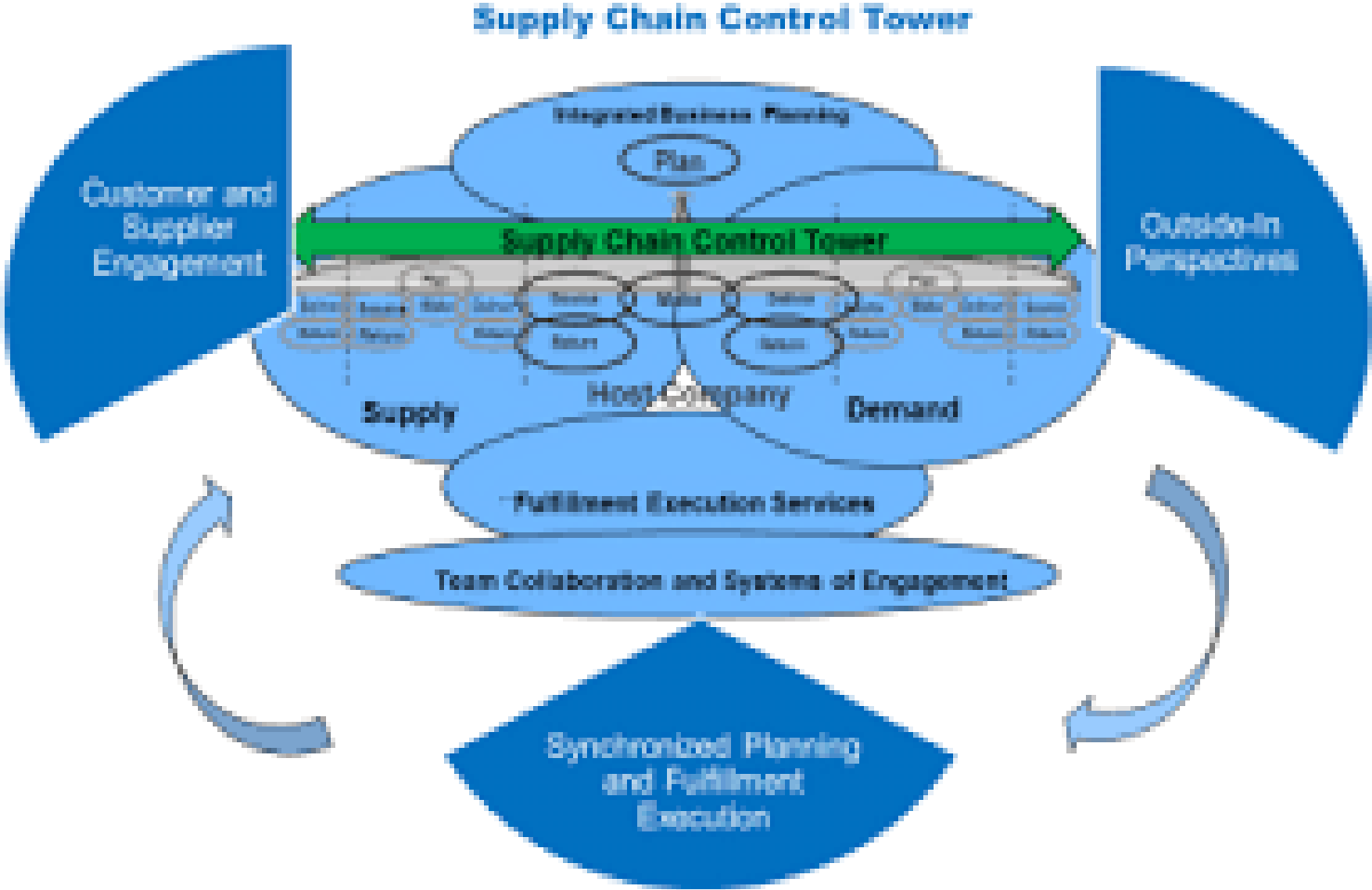


Exhibit 5.4

LO 2

# CONTROL OF SUPPLY CHAIN



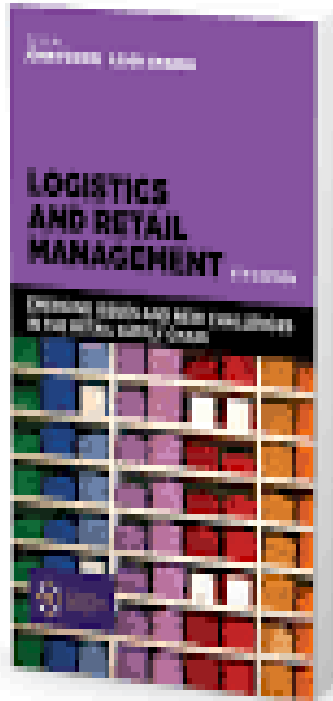
# FRAMEWORK OF SUPPLY CHAIN MANAGEMENT



# RETAIL INVENTORY MANAGEMENT



# RETAIL LOGISTICS MANAGEMENT



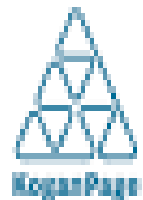
## Logistics & Retail Management

*"Extremely valuable material for any student of retail logistics... well-written and relevant... a worthwhile acquisition."* – International Journal of Logistics

This fourth edition of **Logistics and Retail Management** has been substantially updated to take account of recent developments in retail logistics. It includes new chapters on: the footwear supply chain (Schuh), supply chain strategy in the Italian fashion and luxury industry, and the international fashion supply chain and CSR.

£44.99 03/04/2014

[www.koganpage.com](http://www.koganpage.com)

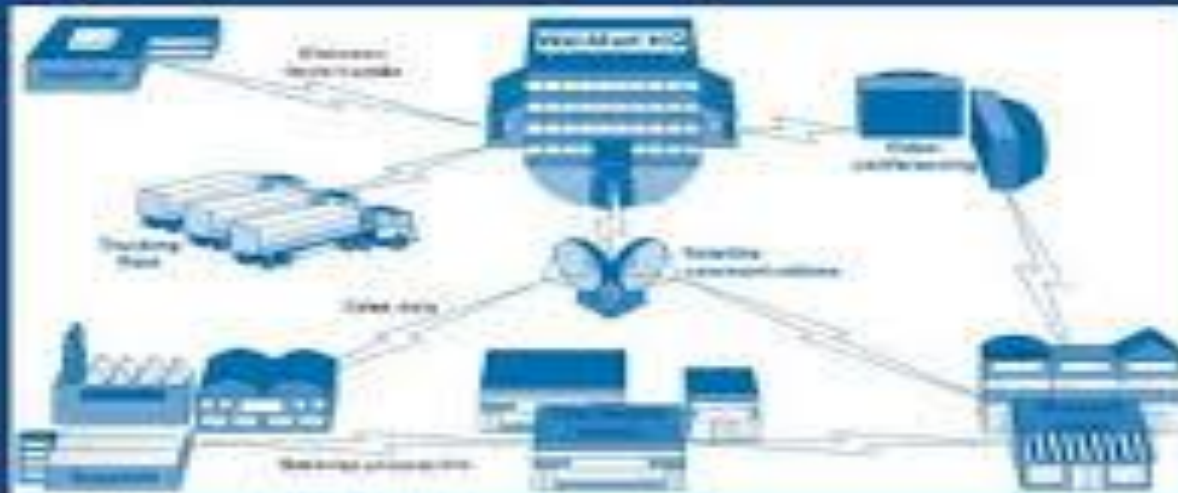




# EDI IN SCM

## EDI based Supply Chain System

In 1987, a 24 million dollar satellite communication system was introduced, which developed a Electronic Data Interchange (EDI) based supply chain management system in Walmart.



Walmart just to name ordering with its key suppliers.

# TRADE SHOWS AND CONVENTIONS

- TRADE SHOWS AND CONVENTIONS are effective to reach many customer not reached with the regular sales force.



# UNIT -V

## **RETAILING BUYING & MANAGING RETAIL OPERATIONS**



**Unit-V: RETAILING**  
**BUYING & MANAGING**  
**RETAIL OPERATIONS**

# RETAIL BUYING



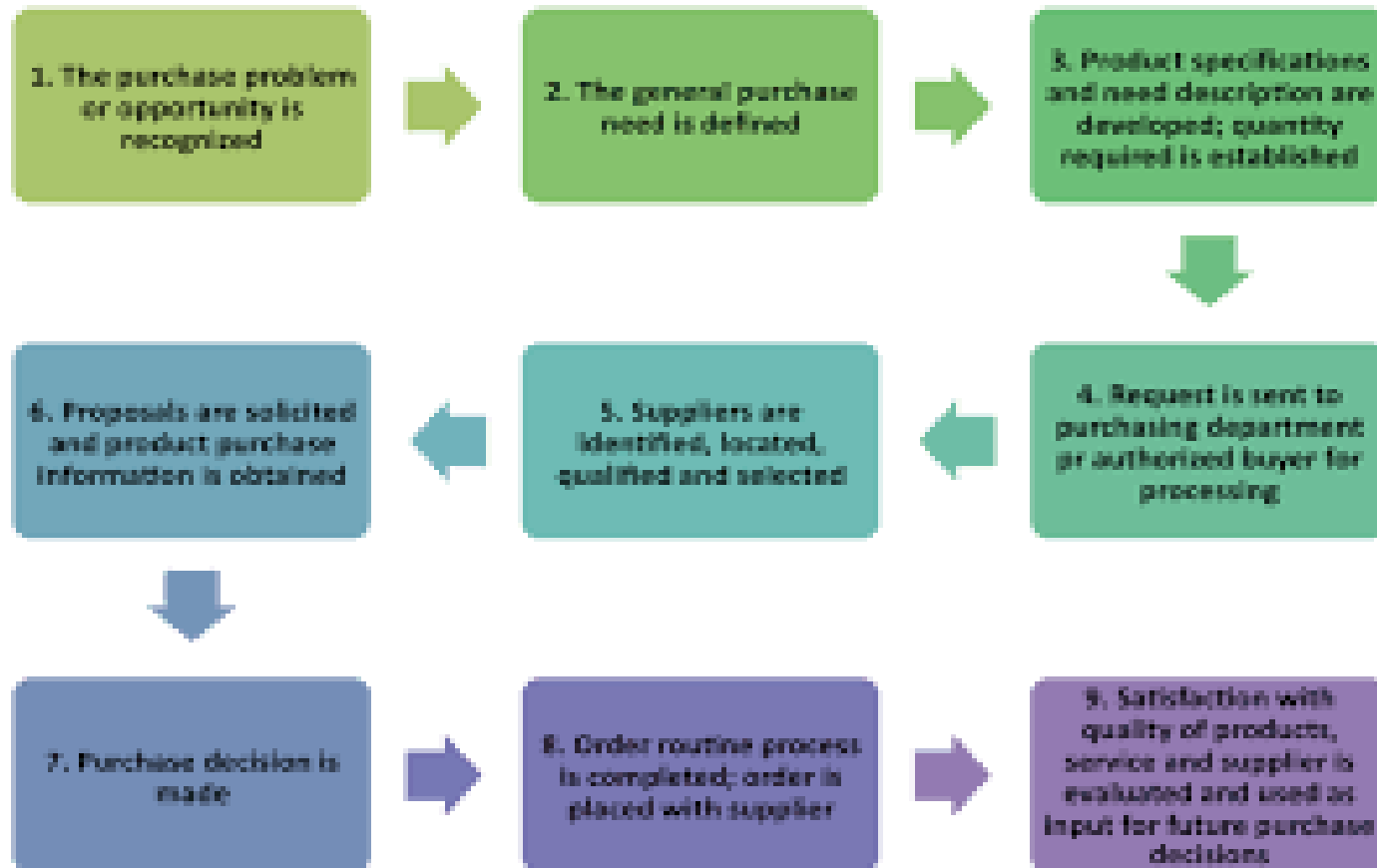
# OBJECTIVES OF BUYING

## **Buying Objectives**

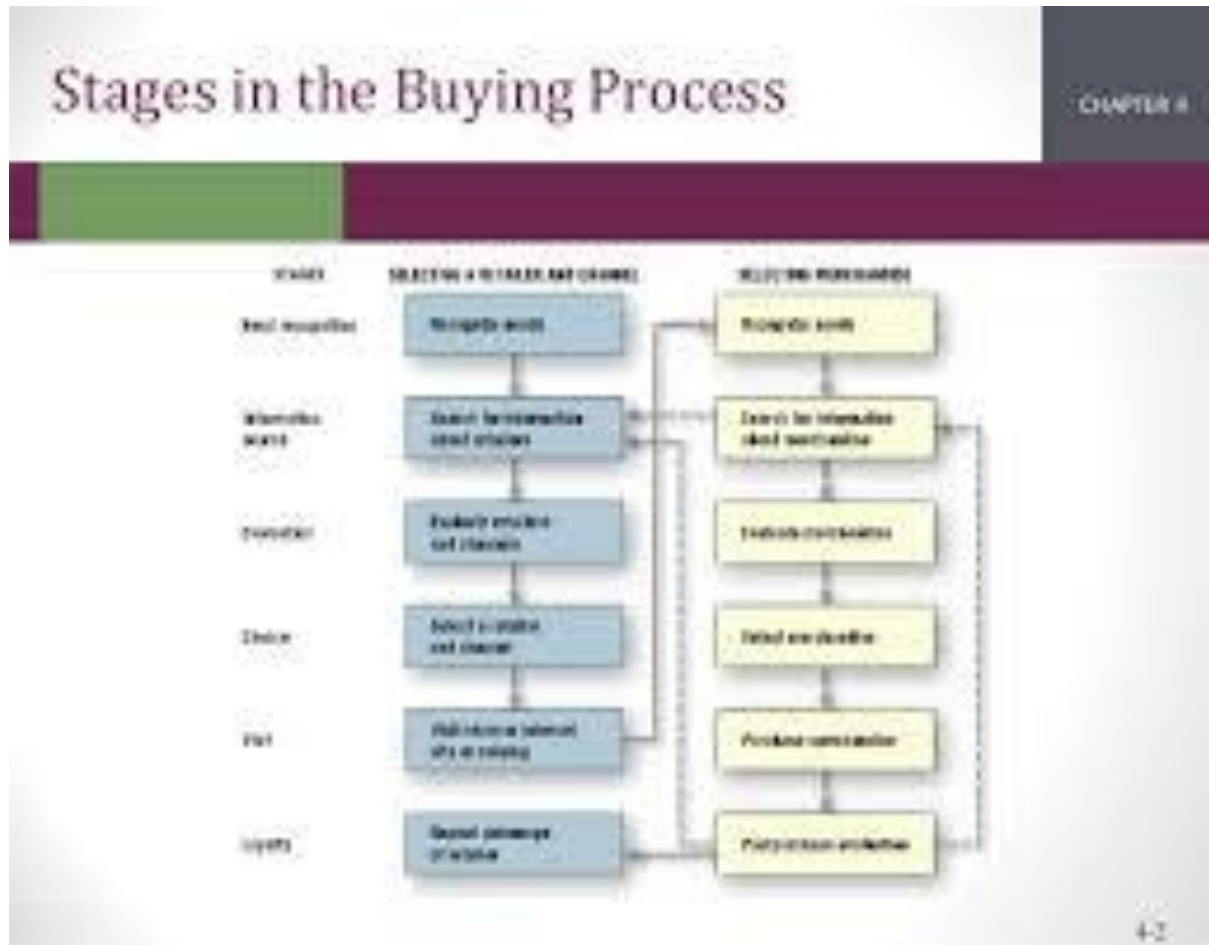
- Organizations, buy for the purpose of making profits and this is done through increasing sales or reducing costs.
- For instance, resellers anticipate the needs of their customers, and they fill up their stockrooms with products for resale.



# ORGANIZATION BUYING



# RETAILING BUYING BEHAVIOUR





# MODELS OF BUYING BEHAVIOUR

## Model of Buyer Behavior *Figure 5.1*



# MERCHANDISING AND ASSORTMENT PLAN

Plan by location and by product hierarchy

Plan revenue, margin and inventory of the location level

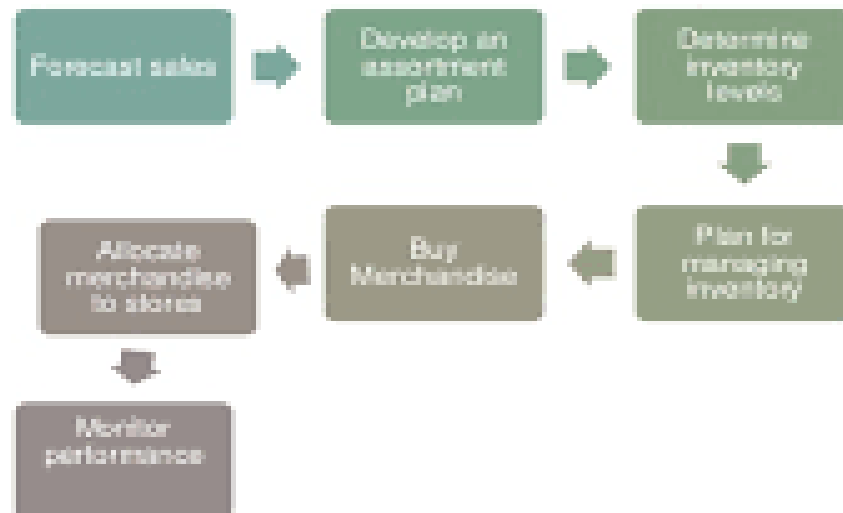
Product	Revenue	Margin	Inventory	...
Product A	10000	20%	5000	...
Product B	15000	15%	7500	...
Product C	20000	10%	10000	...
Product D	25000	5%	12500	...
Product E	30000	0%	15000	...

## Key to assortment planning



# PROCESS OF MERCHANDISE PLANNING

## Merchandise Planning process



# IMPLICATION OF MERCHANDISE PLANNING



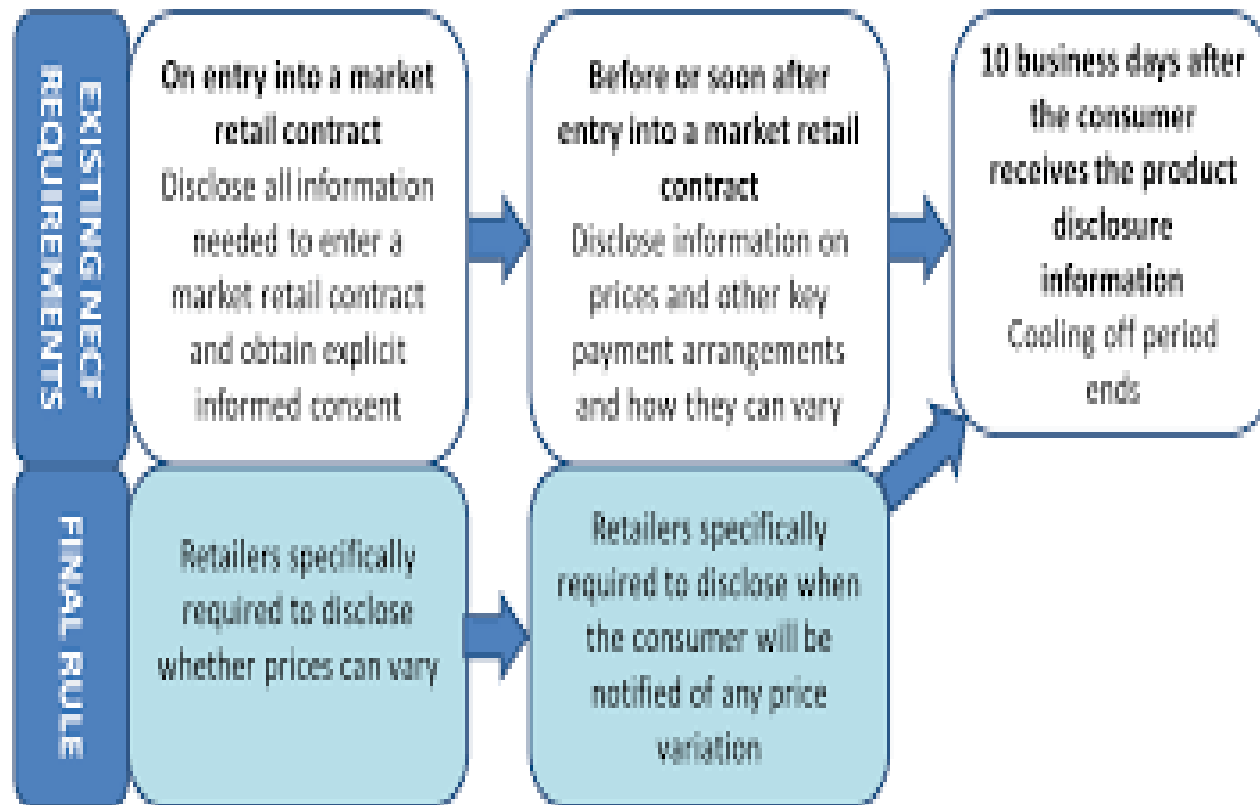
# RETAIL BUYING GROUPS

7

## Buying Group Strategy



# CONTRACT IN RETAIL



# TYPES OF LAYOUT



# GRID

## Grid View Layout Example

Item 1	Item 2
Item 3	Item 4
Item 5	Item 6
Item 7	Item 8



# LOOP

## LOOP LAYOUT

A major customer aisle begins at the entrance, loops through the store usually in the shape of a circle, square, or rectangle and then returns the customer to the front of the store.



# SPINE LAYOUT

## Spine Layout



- The major customer aisle runs from the front to the back of the store, with merchandise departments branching off to the the back side walls
- Heavily used by medium-sized specialty stores ranging from 2,000 – 10,000 square feet
- Example-: United colors of Benetton, Footwear etc

# STORE DESIGN

