

Scope:

To understand the basic concepts of Retail environment. To have an in-depth knowledge of the various forms of Retail outlets and current trends in Retail.

Objectives:

To have an exposure in retailing concept and consumer behavior in retail. To understand the retail marketing mix and Promotional measures. To evaluate, plan and choose channels of retail distribution strategies. To get an insight in IT application and international retailing trends

Unit I

Retailing – Introduction – Importance – Challenges in retailing — Consumer behavior in retail context – Process - Demographic and socio-economic factors – Strategic Retail Planning process – Opportunities and Competitive advantage

Unit II

The Evolution of retail format –Theories in retail development- environmental, Cyclical and conflict theory – The concept of life cycle in retail - Retail Models – Classification – Store Based – Non store based – Direct Marketing – Franchising – Forms - Mall Management – Mall Designs.

Unit III

Retail Marketing Mix – Product decision – Concepts. Pricing decision - Concepts - Types of Pricing - Leader pricing - Odd pricing - Promotion decision – Advertising, sales promotion – tools, Publicity

Unit IV

Application in retail - IT applications in retail – Database marketing, data mining and business intelligence – Electronic retailing, Security systems – Developing decision support systems – Visual Merchandising – Types of Visual Merchandising.

Unit V

Global retailing trends - Indian and International retailing trends – Indian Retailers in Jewellery - Textiles – Food - Music and Electronics – Ethics in retailing – Social responsibility and Consumerism.

Suggested Readings:**Text Book:**

1. Lucas, G.H., Bush, R.P and Gresham, L.G. (2011). *Retailing*. New Delhi: All India Publishers.

References:

1. Berman,B., and Evans, J.R. (2010). *Retail management: A Strategic Approach* (10th Edition). New Delhi: Prentice Hall India Publishers.
2. Gilbert, D. (2009). *Retail Marketing Management* (2nd Edition). New Delhi: Prentice Hall India Publishers.
3. Judy Strauss., and Adel El-Ansary. (2010). *E–Marketing* (3rd edition). Raymond Frost.
4. Suja Nair. (2009). *Retail Management* (4th Edition). New Delhi: Himalaya Publishing House.



KARPAGAM ACADEMY OF HIGHER EDUCATION

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Department of Management

Name: **Dr.A.Martin Jayaraj**

Department: **Management**

Subject Code: **17MBAPM401A**

Semester: **IV**

Year: **2017-19 Batch**

Subject: **Retail Marketing - Lesson Plan**

UNIT 1			
S.No	Lecture Hours	Contents	References
1	1	Retailing – Introduction	T1, Pg – 3 - 5
2	1	Importance – Challenges in retailing	R3, Pg – 1 - 6
3	1	Consumer behavior in retail context – Process	R3, Pg – 39 – 46
4	1	Demographic and socio-economic factors	R3, Pg – 57 – 70
5	1	Strategic Retail Planning process	R1, Pg – 57 – 63
6	1	Opportunities and Competitive advantage	R1, Pg – 63 - 80
8	1	Recapitulation and discussion of Important questions	-
Total Number of hours planned for Unit 1			7
UNIT 2			
1	1	The Evolution of retail format	R2, Pg – 7
2	1	Theories in retail development- environmental, Cyclical and conflict theory	R2, Pg – 8 – 11
3	1	The concept of life cycle in retail	R2, Pg – 11 – 13
4	1	Retail Models – Classification	R1, Pg – 103
5	1	Store Based	R1, Pg – 136 – 149
6	1	Non store based – Direct Marketing	R1, Pg – 155 – 168, 110 – 112
7	1	Franchising – Forms	R1, Pg – 112
8	1	Mall Management – Mall Designs	R4, Pg – 415 - 428
9	1	Recapitulation and discussion of Important questions	-
Total Number of hours planned for Unit 2			9
UNIT 3			
1	1	Retail Marketing Mix	R2, Pg – 97 – 98
2	1	Product decision – Concepts	R2, Pg – 99 – 106
3	1	Pricing decision - Concepts	R2, Pg – 107 – 111
4	1	Types of Pricing - Leader pricing - Odd pricing	R2, Pg – 111 – 121
5	1	Promotion decision – Advertising	R2, Pg – 121 – 126
6	1	sales promotion – tools, Publicity	R2, Pg – 127 – 138
7	1	Case Discussion	J1
8	1	Recapitulation and discussion of Important questions	-
Total Number of hours planned for Unit 3			8
UNIT 4			
1	1	Application in retail - IT applications in retail	R2, Pg – 267 – 275
2	1	Database marketing, data mining and business intelligence	R2, Pg – 275 – 280
3	1	Electronic retailing, Security systems	R2, Pg – 281 – 284
4	1	Developing decision support systems	R2, Pg – 285 – 288

5	1	Visual Merchandising	R4, Pg – 245
6	1	Types of Visual Merchandising	R4, Pg -246 – 249
7	1	Case Discussion	J2
8	1	Recapitulation and discussion of Important questions	-
Total Number of hours planned for Unit 4			8
UNIT 5			
1	1	Global retailing trends	R5, Pg – 9 – 11, W1
2	1	Indian and International retailing trends	R5, Pg – 28 – 31, W2
3	1	Indian Retailers in Jewellery	R5, Pg – 39
4	1	Textiles – Food	R5, Pg – 31 – 38
5	1	Music and Electronics	R5, Pg – 39 – 44
6	1	Ethics in retailing	R4, Pg – 66 – 67
7	1	Social responsibility and Consumerism	R2, Pg – 292 – 309
8	1	Recapitulation and discussion of Important questions	-
9	1	Discussion of previous year ESE Question papers	-
10	1	Discussion of previous year ESE Question papers	-
11	1	Discussion of previous year ESE Question papers	-
12	1	Discussion of previous year ESE Question papers	-
Total Number of hours planned for Unit 5 and discussion of previous year ESE Question papers			12
Total Number of hours allotted for all five units			44

Suggested Readings:**Text books:**

T1- Lucas, G.H., Bush, R.P and Gresham, L.G. (2011). *Retailing*. New Delhi: All India Publishers

References:

R1 – Berman,B., and Evans, J.R. (2010). *Retail management: A Strategic Approach* (10th Edition). New Delhi: Prentice Hall India Publishers..

R2 – Gilbert, D. (2009). *Retail Marketing Management* (2nd Edition). New Delhi: Prentice Hall India Publishers

R3 – Judy Strauss., and Adel El-Ansary. (2010). *E-Marketing* (3rd edition). Raymond Frost

R4 - Suja Nair. (2009). *Retail Management* (4th Edition). New Delhi: Himalaya Publishing House.

R5 – Swapna Pradhan (2009) *Retail Management* (2nd Edition). New Delhi: TATA McGraw Hill Publishing Ltd.

Journals:

J1 – Journal of Retailing - Elsevier

J2 – Indian Journal of Retail & Distribution Management

Websites:

W1 – <https://www.globaldata.com>

W2 – <https://www.indianretailer.com>

Seminars:

Presentation of various Retail store formats

UNIT-I-Introduction to Retailing

SYLLABUS

Retailing – Introduction – Importance – Challenges in retailing — Consumer behavior in retail context – demographic and socio-economic factors – strategic Retail Planning process – opportunities and Competitive Advantage

Introduction to Retail Marketing:

Definition:

David Gilbert has defined retail as “any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods & services as means of distribution.” Retailers are referred to as middlemen or intermediaries because they occupy a middle position in the distribution channel.

The word 'Retail' is derived from a French word with the prefix re and the verb tailer meaning "to cut again". Retail trade is one that cuts off smaller portions from large lumps of goods. It is a process through which goods are transported to final consumers. In other words, retailing consists of the activities involved in selling directly to the ultimate consumer for personal, non-business use. It embraces the direct-to-customer sales activities of the producer, whether through his own stores by house-to-house canvassing or by mail-order business.

Functions carried out by Retailers:

1. The interface between the retailer & consumer is predominantly service oriented.
2. Retailer sells small amount of goods to customer, on a frequent basis.
3. Retailers try to provide customer service through convince in terms of suitable location, payment facilities, range of merchandise after sales service etc.
4. Retailers attempt to use a pricing policy which is modified depending upon consumer demand, level of competition, etc.

Retailing:

Retailing is set of business activities which add value to the product & services sold to consumers for personal or family use.

Importance of Retailing

1. The level of economic growth throughout the twentieth century.
2. Improvement in standards of living
3. Increase or enlargement of consumer
4. A dramatic improvement in educational standard of the people
5. Increase in discretionary time of the consumers.

Challenges in retailing:

The organized retailing is still in the initial stage. Though overall environment has facilitated the growth of retailing in India yet it has initial problems.

1. Under developed supply chain capabilities:
 - a. There is hardly reliable national cold chain system. It is resulted in agricultural waste.
 - b. Supplier network in rural areas is highly fragmented which leads to multiple level of product handling. It results in deterioration of quality & increase in cost.
 - c. Lack of national distribution network & hub aggravate the problem. Prices at traditional mandis are highly erratic because of delinkage between supply & demand.
 - d. Supply chain is tax driven instead of demand driven which hampers its rational integration.
2. Inadequate utilities
 - a. Poor connectivity due to inadequate public transport
 - b. Road connectivity & rail network facilities & density needs to be improved.
 - c. Power supply , for vital maintenance of cold chains , is erratic & gap between demand & supply is very high

- d. Low penetration of telecommunication & internet facilities in small towns & rural areas.
- 3. IT Infrastructure Hurdles
 - a. The degree of automation at the point of sale system is low with most of retailers yet to adapt bar-coding.
 - b. Real time linkages between suppliers / Warehouse & retailers stores are very poor.
 - c. The online presence of retailers is still insignificant in comparison to developed countries.
- 4. Supply based hurdles:
 - a. Difficult to develop economies of scale due to fragmented supplier base.
 - b. Supplier relationship management programmes are underdeveloped.
 - c. Quality assurance process is not stringent & need lot to be desired.
 - d. No long term purchase agreement with supplier –manufacturer & farmer
 - e. Sourcing & purchase decision by Indian retailer are by & large tactical.
- 5. Inadequate human resource.
 - a. Lack of trained personnel with proper skill sets at all levels.
 - b. Stringent employment & industry laws.
 - c. Fragmented industry approach to human resource.
- 6. Limited consumer Insights.
 - a. Lack of detailed region- specific consumer data
 - b. Lack of adequate data on consumer spending pattern
 - c. Absence of central body to aggregate industry information.
- 7. Insufficient government incentives:
 - a. Lack of Industry specific incentives.
 - b. Inconsistent agriculture & fertilizer subsidy.
- 8. Policy related Hurdles.
 - a. Lack of industry status to retailer
 - b. Numerous license, permit & registration requirement
 - c. Farmers & retailers unfriendly Agriculture produce Marketing Committee Act
 - d. Poor coordination between the centre & states on various issues concerning retail.

DEMOGRAPHIC & SOCIO ECONOMIC FACTOR

Demographic Factor

The first Factor to retailers is population because people make up markets. Retailers are keenly interested in the size of the population, its geographical distribution, density, mobility trends, age distribution and social ethnic and religious structure. Demographic structure is seldom static for long and changes in its composition often test the residency of a marketing firm. These changes influence the behavior of consumers which, in turn, will have a direct impact in the retailer's business.

Socio Economic Factor

The implication of socially responsible marketing is that retail firms should take the lead in eliminating socially harmful products such as cigarettes and other harmful drugs etc. There are innumerable pressure groups such as consumer activists, social workers, mass media, professional groups and others who impose restrictions on marketing process and its impact may be felt by retailers in doing their business.

The society that people grow up in shapes their basic beliefs, values and norms. People live in different parts of the country may have different cultural values - which has to be analyzed by retail business people/firm. This will help them to reorient their strategy to fulfill the demands of their consumers.

Retail marketers have a keen interest in anticipating cultural shifts in order to spot new marketing opportunities and threats.

For example, marketers of foods, exercise equipment and so on will want to cater to this trend with appropriate products and communication appeals.

ECONOMIC FACTOR:

Retail markets consist of purchasing power as well as people. Total purchasing power is a function of current income, prices, savings and credit availability. Marketers should be cognizant of major trends in the economic environment. The changes in economic conditions can have destructive impacts on business plans of a firm. Economic forecasters looking ahead through the next decade are likely to find their predictions clouded by the recurrent themes of shortages, rising costs and up and down business cycles. These changes in economic conditions provide marketers with new challenges and threats. How effectively these challenges could be converted into opportunities depend on well-thought-out marketing programmes and strategies.

Consumer Behavior in Retail Context:

Need for studying Consumer Behavior:

When everything revolves round the consumer then the study of consumer becomes imperative. It varies across different product categories, channels & stores. Consumer behavior becomes more challenging as purchasing is becoming increasingly experience oriented. It is important for the retailer to know that:

1. What the consumer thinks of the retailer's product offering & those of its competitor?
2. How can the stores offering & shopping experience can be improved in their opinion?
3. How is the customer response towards retailer's sales promotion & advertising?

The consumer behavior guides retailer to decide about retail Mix-Product, Price, Place, & promotion. It also gives competitive edge to the retailers by adopting proactive approach instead of reactive toward meeting demands of consumer thus it helps in optimum utilization of resources.

Consumer behavior covers certain issues regarding selection of retail outlet & brand which are important for the retailers to know. Usually retail outlet & brand comes for active consideration almost simultaneously. It helps retailers to take decision about private label\

The purchase decision can be divided into four categories on the basis of purchase frequency & money involved

Buying a Need fulfillment & Problem Solving:

1. **Physiological needs:** These are most basic & vital for our survival to body & soul together. In the context of retail food & grocery retail such as super market, Kirana stores offer staple goods to satisfy the basic routine needs.
2. **Safety or security needs:** these belong to another set of basic needs. Essentially these connote physical security, but financial security is an important dimension. One implication for retailers is the need to offer safe environment so that customers tend to spend over time in the stores.
3. **Social need:** Offer of package tours by traveling agencies visiting hyper markets, malls, entertainment zones along with family & friends connote satisfaction.
4. **Esteem needs:** addressing esteem needs by retailers cannot make customers realize that their patronage is important to store. Retailing design their CRM programmes around this need.
5. **Self actualization needs:** Life style retailers such as GLOBUS, SHOPPERS STOP tend to offer product soothing the personalities of their buyer which are usually from upper strata of the society.

Stages of the Consumer Buying Process

Six Stages to the Consumer Buying Decision Process (For complex decisions). Actual purchasing is only one stage of the process. Not all decision processes lead to a purchase. All consumer decisions do not always include all 6 stages, determined by the degree of complexity...discussed next.

The 6 stages are:

1. **Problem Recognition** (awareness of need)--difference between the desired state and the actual condition. Deficit in assortment of products. Hunger--Food. Hunger stimulates your need to eat. Can be stimulated by the marketer through product information--did not know you were deficient? I.E., see a commercial for a new pair of shoes, stimulates your recognition that you need a new pair of shoes.

2. **Information search--**

- o Internal search, memory.
- o External search if you need more information. Friends and relatives (word of mouth). Marketer dominated sources; comparison shopping; public sources etc.

A successful information search leaves a buyer with possible alternatives, the *evoked set*.

Hungry, want to go out and eat, evoked set is

- o Chinese food
- o Indian food
- o burger king
- o Klondike kates etc

3. **Evaluation of Alternatives**--need to establish criteria for evaluation, features the buyer wants or does not want. Rank/weight alternatives or resume search. May decide that you want to eat something spicy, Indian gets highest rank etc. If not satisfied with your choice then returns to the search phase. Can you think of another restaurant? Look in the yellow pages etc. Information from different sources may be treated differently. Marketers try to influence by "framing" alternatives.

4. **Purchase decision**--Choose buying alternative, includes product, package, store, method of purchase etc.

5. **Purchase**--May differ from decision, time lapse between 4 & 5, product availability.

6. **Post-Purchase Evaluation** -- outcome: Satisfaction or Dissatisfaction. *Cognitive Dissonance*, have you made the right decision. This can be reduced by warranties, after sales communication etc. After eating an Indian meal, may think that really you wanted a Chinese meal instead.

Types of Consumer Buying Behavior

Types of consumer buying behavior are determined by:

- Level of Involvement in purchase decision. Importance and intensity of interest in a product in a particular situation.
- Buyer's level of involvement determines why he/she is motivated to seek information about a certain products and brands but virtually ignores others.

High involvement purchases--Honda Motorbike, high priced goods, products visible to others, and the higher the risk the higher the involvement. Types of risk:

- Personal risk
- Social risk
- Economic risk

The four type of consumer buying behavior are:

- **Routine Response/Programmed Behavior**--buying low involvement frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk etc.
- **Limited Decision Making**--buying product occasionally. When you need to obtain information about unfamiliar brand in a familiar product category, perhaps. Requires a moderate amount of time for information gathering. Examples include Clothes--know product class but not the brand.
- **Extensive Decision Making**/Complex high involvement, unfamiliar, expensive and/or infrequently bought products. High degree of economic/performance/psychological risk.

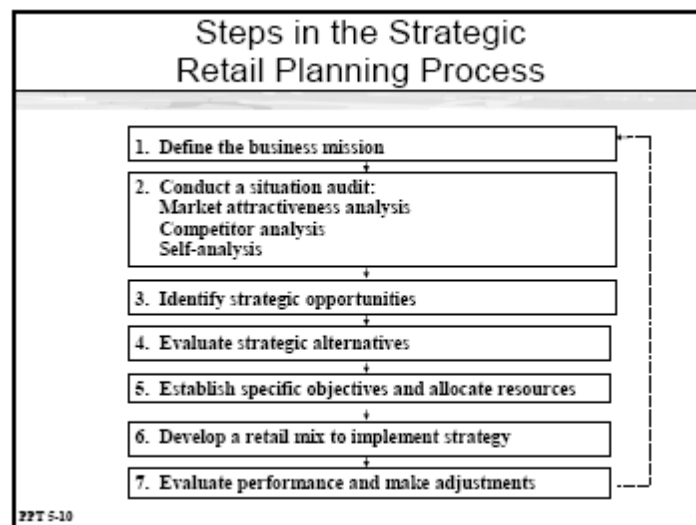
Examples include cars, homes, computers, education. Spend a lot of time seeking information and deciding. Information from the companies MM; friends and relatives, store personnel etc. Go through all six stages of the buying process.

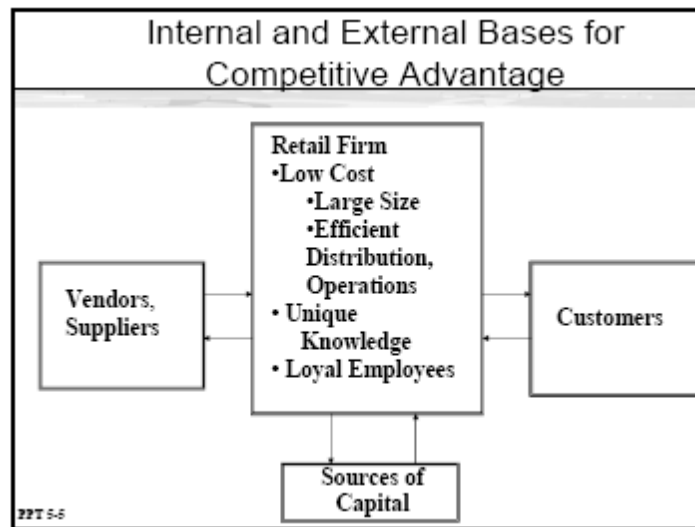
- **Impulse buying**, no conscious planning.

The purchase of the same product does not always elicit the same Buying Behavior. Product can shift from one category to the next.

For example:

Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision making.





Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. Define Retailing
2. Define consumer behaviour.
3. Define Foreign Direct Investment
4. Brief on the Challenges faced in Retailing
5. What are all the functions of retailing?
6. Write notes on Impulse buying.
7. What are all the Key concepts in retailing?
8. Distinction between Wholesaler and Retailer.

Part C (8 Marks)

1. Describe the importance of Retail management:
2. Explain the Challenges of Retail Management
3. Narrate the rise of retailing in India
4. Elaborate on Consumerism in the context of retail management
5. Describe Consumer proximity technology of Retail Management
6. Comment on the suppliers and buyers rivalry in Retailing
7. Bring out the impact of New Entrants in Retailing

Unit I					
QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
The retailer sets its own standards	Benchmarking	Policy	Strategy	Planning	Benchmarking
Money left after paying taxes	Special	Disposable	Discretionary	Other	Discretionary
The combinations of separately owned retail firms	Collaborations	Acquisitions	Mergers	Switchers	Mergers
Further purchases or re-evaluation based on a purchase	Behaviour of customers	Post purchase behaviour	Purchase behaviour	Rude behaviour	Post purchase behaviour
Lets a retailer project the future by studying factors that effect long term performance	Product analysis	Scenarios Analysis	Price analysis	Advertising analysis	Scenarios Analysis
First individual who suggests product / service should be evaluated	Initiator	Influencer	Decides	Buyer	Initiator
Provides views and advice which are valued and can influence the final decision	Influencer	Initiator	Decider	Buyer	Influencer
The individual who will take	Initiator	Influencer	Decider	Buyer	Decider
The individual who actually makes the purchase	Buyer	Influencer	Decider	Seller	Buyer
The individual who consumer or uses the service product	Buyer	User	Decider	Seller	User
Basic human requirements for warmth, covering and social status	Wants	Demands	Needs	Likes	Needs
Reasons for consumer behaviour	Wants	Motives	Needs	Likes	Motives
Potential to purchase occurs as the individual feels a driver to satisfy those needs	Needs	Wants	Demands	Likes	Wants
Those wants for which the customer is able to pay	Demand	Wants	Needs	Likes	Demand
Economic category	Income	Religion	Place	Education	Income
Young married couples with dependent children	The full nest-I	The full nest- II	The full nest -III	The full nest -IV	The full nest-I
Taxation, duty, regulation and policy	Economic	Political	Social	Technology	Political
Inflation, unemployment, fuel costs	Economic	Political	Social	Technology	Economic
Demographics and life style	Social	Economical	Political	Technology	Social

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Innovations, new retailing systems, home technology & Electronic fund transfer	Economic	Social	Political	Technology	Technology
A classification of residential neighbour hoods	Group	Society	Acorn	People	Acorn
The practice of buying a company at a lower price than its asset value	Asset stripping	Asset reduction	Asset expansion	Asset Duplication	Asset stripping
Basic commodities	Electronic products	Food products	Computer products	Durable Products	Food products
The division of a market into segment according to the types of benefits	Benefit segmentation	Demographic segmentation	Psychological segmentation	Social segmentation	Benefit segmentation
A large expensive item	Big item	Large item	Big ticket item	Small item	Big ticket item
The largest amount of money which a customer can borrow	Credit limit	Money limit	Cash limit	No Limit	Money limit
A season a company is not busy	Good season	Very good season	Slack season	Off Season	Slack season
The applying of an existing brand name to a new product	Brand equity	Brand extension strategy	Branding	positioning	Brand extension strategy
Retailers sells to consumers through multiple retail formats	Multi channel retaining	Double channel retaining	Triple channel retaining	Single channel retaining	Multiple Channel
Marketplace openings that exist because other retailers have not yet capitalized on them	Strength	Weakness	Opportunities	Threats	Opportunities
Environmental and marketplace factors that can adversely affect retailers	Strength	Weakness	Opportunities	Threats	Threats
A retailers commitment to a	Mission	Vision	objectives	procedures	Mission
Long and short term performance target that a retailer hopes to attain	Mission	Vision	objectives	procedures	objectives
Actions that encompass a retailer's daily and short term operations	Tactics	Vision	objectives	procedures	Tactics
It represents How a given retailer is perceived by consumer and others	Retail positioning	retail image	Mass Merchandising	Niche	Retail image

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
The customer group sought by a retailer	positioning	Target market	Retail image	Segmentation	Target market
Selling goods and services to a broad spectrum of consumers	Niche marketing	Myopia	Sales	Mass marketing	Mass marketing
Aiming at two or more district consumer groups	Target market	Small market	Differentiated	Large market	Differentiated marketing
The distinct competencies of a retailer relative to competitors	Strength	Competitive advantage	USP	Strategy	Competitive advantage
Store location	Controllable variables	Uncontrollable variables	Fixed variable	Ordinary variable	Controllable variables
Managing a business	Controllable variable	Uncontrollable variables	Fixed variable	Ordinary variable	Controllable variable
competition	Controllable variable	Uncontrollable variables	Fixed variable	Ordinary variable	Uncontrollable variables
Economic conditions	Controllable variable	Uncontrollable variables	Fixed variable	Simple variable	Fixed variable
Retailers identify specific customer segments and deploy unique strategies to address the desires of those segments rather than mass market	Mass retailing	Niche	positioning	Retail image	Niche
It is a way to collect store and use relevant information about customers	Net sales retailing	Data base retailing	Internet retailing	Service retailing	Data base retailing
Objective quantifiable easily identifiable and measurable population data	sociology	Geography	Demographics	Psychology	Demographics
These are the ways in which individual consumers and families (house holds)live and spend time and money	Demography	Lifestyles	culture	Personality	Lifestyles
It is a distinctive Heritage shared by a group of people that passes on a series of beliefs norms and customs	personality	culture	society	Values	culture

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
This involves an informal ranking of people based on income occupation education and other factors	Income class	Social class	Professional class	Working class	Social class
A set of group Members influence Peoples thoughts And behaviour	Reference group	Social group	Team group	Power group	Reference group
The sum total of an individual traits which makes the individual unique (self confidence, innovativeness autonomy and sociality)	perception	culture	personality	Values	personality
A cue or a drive Meant to motivate or arouse a person to act	need	stimulus	want	Likes	stimulus
Retail strategy Fine tuned for the individual shopper	Product marketing	Macro Marketing	Micro Marketing	Product strategy	Micro Marketing
Horizontal co-operative advertising agreement	Two or more retailers	Dealer & retailer	retailer	dealer	Two or more retailers
Demographic segmentation	Age & income	Marketing myopia	Sales potential	Customer	Age & income
Market potential	Total possible	Sales territory	Sales forecast	Sales report	Total possible
Customer delight	Meeting expectations	Exceeding expectations	Providing loss services	Minimal loss	Meeting expectations
BCG matrix	Star problem Child cash cow	star	Problem child	Cash cow	Star problem Child cash cow
Marketing myopia	Short-sightedness towards market	Long sightedness towards market	Sales aspect	Target market	Short-sightedness towards market
Retail marketing	arts	science	Arts science	Commerce	Arts science

UNIT-II – Retail Theory

SYLLABUS

The Evolution of retail format –Theories in retail development- environmental, Cyclical and conflict theory – The concept of life cycle in retail - Retail Models – Classification – Store Based – Non store based – Direct Marketing – Franchising – Forms - Mall Management – Mall Designs

Retailing has undergone change over a period of time. Basically there are two sets of theories to explain the dynamics of retail trade.

1. Cyclical Theories.
2. Development theories
1. Cyclical theories

a. Wheel of retailing:

The wheel of retailing is the theory or observation that new competitors come into established retail markets offering lower prices, greater selection of a limited line of products, or unique products challenging a portion of the market of established firms. The new competitors can do this (and still earn a profit by minimizing costs through limiting services, smaller stores, or control of inventories. In effect, the new firm is attempting to establish a niche market, attracting a portion of the established firm's customers.

Logically the new competitor is going to attempt to attract the segment of customers that is potentially the most profitable. The "wheel" analogy is used to suggest that this is an ongoing, circular process. The new firm becomes established by offering lower prices or added selection of a limited line of products. Once it has developed a customer base (assuming it is successful), the new firm will begin to offer additional products and services to its customers. This will require additional costs but should (it hopes) result in increased profits. Eventually the new firm becomes an established retailer, upon which new competitors will probably attempt to compete by taking away profitable segments.

b. Retail accordion:

Theory describing the evolution of retail institutions from general, broad-based outlets with wide assortments, to narrow-based institutions carrying specialised assortments, and back to general, broad-based assortments. Synonymous with general-specific-general theory.

Development theories:

- a. Dialectic process theory: As per dialect process, retail institution evolves into newer forms over a period of time. It further suggests that new retail formats emerge by adopting characteristics from another form of retailers.
- b. Theory of natural selection: Dress man was the first to apply Darwin theory of Natural Selection to the evolution of retail organization from the general stores to Specialty retail format for certain products such as infant wear & toy store decline as discount store & gained more market share an indirect influence.

CLASSIFICATION OF RETAIL STORES

Retailing has changed dramatically from the day of the general store. Retailers range in size from small, independent, owner-operated shops like the local florist, dry cleaners, or barber, to national and international giant category killers. As the Indian retail market is just beginning to evolve, one again needs to look at the formats, which has evolved over a period of time in the west. The basic classification done is store-based retailers and non-store retailers. The store-based retailers can be further classified on the basis of the merchandise that they offer, or by the manner of ownership.

1. Classification on the Basis of Ownership

On the basis of ownership, a retail store can be an independent retailer, a chain retailer or a corporate retail chain, a franchise or a consumer co-operative.

An **Independent retailer** is one who owns and operates only one retail outlet. Such an outlet essentially features the owner and proprietor and a few other local hands or family members working

as assistants in the shop. Many independent stores tend to be passed on from generation to generation.

In India a large number of retailers are independent retailers. Stores like the local baniya / kirana store and panwala, are examples of independent retailers, as are stores like Benzer, Instyle, Premsons, Amarsons, etc. The ease of entry into the retail market is one of the biggest advantages available to an Independent retailer. Depending on the location and product mix that he chooses to offer, he can determine the retail strategy. The independent retailer often has the advantage of having a one to one rapport with most of his customers. However, on the flip side, the advantages of economies of scale and bargaining power with the suppliers are limited.

A **chain retailer** or a **corporate retail chain**: When two or more outlets are under a common ownership, it is called a retail chain. These stores are characterized by the similarity in merchandise offered to the consumer, the ambience, the advertising and the promotions. Examples in India include Wills Sports (ITC), Louis Phillipe, Van Heusen (Madura Garments), Arrow (Arvind Mills), and department stores like Globus, Westside and Shopper's Stop, Foodworld, Music World, Planet M, etc. are also examples of chain retailers.

The biggest advantage that a chain retailer has is the bargaining power that he can have with the suppliers. Cost effectiveness is also possible in advertising and promotions. Since chains expand across cities and regions, it may not always be possible to take into account the regional, or rural and urban preferences. The ability to give attention to each of the stores becomes fairly restricted.

Franchising a franchise is a contractual agreement between the franchiser and the franchisee, which allows the franchisee to conduct business under an established name, as per a particular business format, in return for a fee or compensation. Franchising may be for the following:

- ✓ A product or a trade mark franchise – where the franchisee sells the products of the franchiser and / or operates under the franchiser's name. Archie's stores, which have come up all across India, are an example of product franchising.

- ✓ A business format franchise – McDonald's is perhaps one of the best examples of business format franchising.

Under the both the above-mentioned methods of franchising, the franchise may be for a single store, a multiple number of stores for a region or country. Companies like Arvind Mills, Madura Garments, Benetton have expanded in India by opening franchise outlets for their brands. International fast food retailers like Subway, Domino's, Pizza Hut and McDonald's too have started operations in India through franchising. Franchising as a method of expanding the retail business is explored in detail, later in this chapter.

Leased Departments

These are also termed as shop-in-shops. When a section of a department in a retail store is leased / rented to an outside party, it is termed as a leased department. A leased department within a store is a good method available to the retailer, for expanding his product offering to the customers. In India, many large department stores operate their perfumes and cosmetics counters in this manner. A new trend emerging in Indian retail is that of larger retail chains setting up smaller retail outlets or counters in high traffic areas like malls, department stores multiplexes and public places like airports and railway stations. These stores display only a fraction of the merchandise / products sold in the anchor stores. Their main aim is to be available to the consumer near his place of work or home.

Consumer Co-operatives

A consumer co-operative is a retail institution owned by its member customers. A consumer co-operative may arise because of dissatisfied consumers, whose needs are not fulfilled by the existing retailers. As the members of the co-operative largely run these co-operatives, there is a limitation on its growth opportunities. Examples of co-operatives in India are the Sahakari Bhandars and Apna Bazaar shops in Mumbai and the Super Bazaar in Delhi. Retail focuses on the Kendriya Bhandras operated by the government – probably one of the oldest examples of co-operative stores in India.

2. Classification on the Basis of the Merchandise Offered

If retailers are to be classified on the basis of the merchandise mix that they offer to their customers, they may be very broadly as the food oriented and the general merchandise retailers. Within this classification, we can further classify them on the basis of the target market that they cater to. Speciality stores, department stores and convenience stores cater to a very specific target market. They are hence, many a time referred to as product / service retailers. In contrast, the supermarkets, discount stores, hyper markets and off price retailers cater to a mass market and are often called traditional product retailers.

Convenience Stores

These are relatively small stores, located near residential areas. They are open for long hours, seven days a week and offer a limited line of convenience products like eggs, bread, milk, etc. The store size ranges from 3,000 to 8,000 sq.ft. and they are targeted at customers who want to make their purchases quickly. Though convenience stores per se, do not exist in India, the retail stores, which have started coming up at petrol pumps in major Indian cities, like the HP Speed Mart and In & Out, can be termed as convenience stores.

Supermarkets

These are large, low cost, low margin, high volume, self-service operations, designed to meet the needs for food, groceries & other non-food items. This format was at the forefront of the grocery revolution, and today, controls more than 30 per cent of the grocery market in many countries. Internationally, the size of these stores varies from 8,000 to 20,000 sq. ft. ASDA, Safeway, Kroger and Tesco are some of the large international players. Some retailers follow the concept of Every Day Low Pricing (EDLP). Under this, the prices charged by the retailers are lower than those charged by other grocery retailers in the area.

While there is no standardization on the parameters of what makes a supermarket in India, it is one of the fastest growing segments. Many traditional retailers are refurbishing their stores and christening themselves as supermarkets. However, some of the well-established ones are Nilgiri's, Foodworld, Subhiksha and Vitan.

Hypermarkets

These are huge retail stores occupying an area which ranges anywhere between 80,000 to 2,20,000 sq.ft. They offer both food and non food items like clothes, jewellery, hardware, sport equipment, cycles, motor accessories, books, CDs, DVDs, videos, TVs, electrical equipment and computers, and combine the supermarket, discount & warehouse retailing principles.

The hypermarket concept was pioneered by Carrefour in France. A distinguishing feature of hypermarkets is their large size. The cheapest prices will normally be found in these stores. Across the world, hypermarkets are usually part of a retail park with other shops, cafeterias and restaurants. They almost always have their own petrol station on the site. Other facilities on the site include banks with cash machines, photo processing shops and pharmacies. Internationally, hypermarkets are located at the outskirts of major towns and cities.

Speciality Stores

These are characterized by a narrow product line, with deep assortments in that product line. Speciality stores usually concentrate on apparel, jewellery, fabrics, sporting goods, furniture, etc. They have a very clearly defined target market and their success lies in serving their needs. Personal attention, store ambience and customer service are of prime importance to these retailers.

Internationally, most speciality retailers operate in an area that is under 8,000 sq.ft. Examples of international retail chains, which are speciality retailers, include The Gap, Ikea, High & Mighty, Big & Tall, etc. In India speciality stores in one of the fastest emerging formats. Examples of speciality stores in India include retail chains like Proline fitness station, Gautier furniture, etc.

A new type of a speciality retailer has emerged in the West – this is the **category killer**. A category killer is a speciality retailer, which offers a very large selection in the chosen product category, and economical prices. Category killers are successful because they focus on only one category. They stock deep (e.g. Toys R Us has 10,000 toy items in a store, as compared to 3,000 in a department store), they buy and sell cheap and finally, they dominate the category. Toys R Us is a good example of an international category killer. Nallis's in Chennai can be termed as a category killer in sarees, as also the Chandana Bros chain in Andhra Pradesh and Toys Kemp in Bangalore. Mumbai has one such category killer – The Loft, a 15,000 sq.ft. store catering to footwear alone.

Department Stores

Department stores as a retail format, originated in the mid-nineteenth century. This form of retailing is popular in many parts of the world. In broad terms, a department store is a large-scale retail outlet, often multi-leveled, whose merchandise offer spans a number of different product categories. The merchandise of various departments is displayed separately in the store. Apparel and furnishing are two of the most common product categories in most department stores. Some of the well-known international players in this format are Marks & Spencer, Sears, J.C. Penny, Harrods, Selfridges, etc.

While department stores have been around in India for a long time, this format of retailing has seen a fair amount of action over the past few years. The size of an average Indian department store varies from 20,000 to 40,000 sq.ft. and stocks anywhere between 50,000 to 1,00,000 SKUs. Some of the national players are Shopper's Stop, Globus, Westside and Lifestyle, while others like Akbarally's, The Bombay Store, Benzer in Mumbai, Ebony in Delhi and Chermas and Meena Bazaar in Hyderabad, are the important local players.

Off Price Retailers

Here, the merchandise is sold at less than the retail prices. Off-price retailers buy manufacturers' seconds, overruns and / or off seasons, a deep discount. The merchandise may be in odd sizes, unpopular colours or with minor defects. Off price retail stores may be manufacturer owned or may be owned by a speciality or departmental store. These outlets are usually seen by the parent company as a means of increasing the business. Factory outlets, if owned by the manufacturer, may stock only the company's merchandise. Examples include the Pantaloon factory outlets, the Levi's factory outlets, etc. On the other hand, off price retailers owned by a speciality or departmental store, may sell merchandise from the parent company as well as merchandise acquired from other retailers. This form largely depends on the volume of sales to make money.

Catalogue Showrooms

Catalogue retailers usually specialize in hard goods, such as house ware, jewellery, and consumer electronics. A customer walks into this retail showroom and goes through the catalogue of the products that he would like to purchase. Some stores require the customer to write out his product

code number and hand I over to the clerk, who then arranges for the product to be brought out from the warehouse for inspection and purchase. Some of the popular catalogue showroom retailers in the world include Argos, Service Merchandise and Best Products.

3. Non-Store Retailing

The ultimate form of retailing directly to the consumer is the non-store retailing. A direct relationship with the consumer is the basis of any kind of a non-store retail venture. It may be broadly classified into direct selling and direct response marketing. While direct selling involves a direct, personal contact, in direct response marketing, the customer becomes aware of the products / services offered through a non personal medium like mail, catalogues, phone, television or the internet.

Direct Selling

Direct selling involves the making of a personal contact with the end consumer at his home or at his place of work. Cosmetics, jewellery, food and nutritional products, home appliances and educational materials are some of the products sold in this manner.

The direct selling industry, which started out in India in the mid-1990s, went through a bad phase before attaining a significant worth of Rs 1,500 crore today, and it continues to record a 25-30 per cent growth.

The Indian Direct Sellers Association (IDSA) has compiled a comprehensive report on domestic and international patterns followed by the direct selling industry. According to the survey, the global turnover of the direct selling industry has more than doubled over the last 10 years, from US \$33.32 million in 1988 to US \$81.87 million in 1998. According to the same survey, the direct selling industry in India, has been witnessing a 60-65 per cent growth in the sales turnover over the past few years. The total sales have grown from Rs 588 crore in 1998 – 99, to Rs 714 crore in 1999-2000.

As far as the profile of the products purchased from direct selling companies is concerned, 68.9 per cent are household goods, while 12.4 per cent are personal care products. Family products (including educational material, leisure products) account for 14.4 per cent, business aids and others (mainly promotional material) account for 3.59 per cent, and food products (like dietary

supplements) account for 0.71 per cent of all the products purchased. In world markets, household goods account for 39.5 per cent of all products purchased, while personal care products account for 30.4 per cent.

An interesting aspect of direct selling in India is that women comprise up to 70 per cent of all sales people in India, couples account for 20 per cent and males account for 10 per cent. The number of men is expected to go up because companies like Modicare, Amway and Herbal life have been encouraging men to join their sales force. Direct selling may follow the party plan or the multi level network. In a party plan, the host invites friends and neighbours for a party. The merchandise is displayed and demonstrated in a party like atmosphere and buying and selling takes place.

In a multi level network, customers act as master distributors. They appoint other people to work with them as distributors. The master distributor earns a commission on the basis of the products sold and distributed by the distributors.

Direct Response Marketing

Direct response marketing involves various non-personal methods of communication with the consumer and these include:

- Catalogue retailing or Mail Order
- Television retailing
- E-retailing

Mail Order Retailing / Catalogue Retailing

This form of retailing eliminates personal selling and store operations. Appropriate for speciality products, the key is using customer databases to develop targeted catalogues that appeal to narrow target markets. The basic characteristic of this form of retailing is convenience.

Television shopping

Asian Sky Shop was among the first retailers who introduced television shopping in India. In this form of retailing, the product is advertised on television; details about the product features, price and other things like guarantee / warranty are explained. Phone numbers are provided for each city,

where the buyer can call in and place the order for the product. The products are then home delivered.

Electronic Shopping

This format allows the customer to evaluate and purchase products from the comfort of their homes. The success of this form of retailing largely depends on the products that are offered and the ability of the retail organization to deliver the product on time to the customer. Strong supply chains and delivery mechanisms need to be in place for it to be a success. Many retailers are opting for click and mortar, where, while having a brick and mortar retail store, they also sell some of their products or ranges on the Internet. Though most of the large retail organizations in the world have already adopted this model, it is yet to catch on in India.

Interactive Kiosk

Information kiosks have emerged in the western markets as a new type of electronic retailing. These kiosks, comprising of computer terminals housed inside and a touch screen on the outside, provide customers with product and company information and may actually aid the customer in making a purchase. A large number of international cosmetic companies have used this technology to their advantage. The terminals also serve as a market research tool for the retailers. A large amount of information about the people who have interacted with the system can be collected and programs and products developed accordingly.

Automated Vending

This is another impersonal form of retailing. However, it provides convenience to the customers, as they have access to the products round the clock. It is a popular form of retailing abroad and is used to sell routinely purchased items like soft drinks, candy, cigarettes and newspapers. While tea and coffee vending machines are a popular sight at the airports in India, the Automated Teller Machines operated by banks are perhaps the most successful examples of automated vending in India. The tea and coffee machines are rarely completely automated and unattended as in India; the cost of labour is still cheap.

Airport Retailing

Retail is becoming increasingly important for airport operators. It is time to redefine airports. Gone is the age where airports were passenger processors, the time when traveling was just a hassle, with passengers moaning and complaining about long waits and dull surroundings. We are now in an era where airports are focusing on retail and food and beverage strategies upfront, so as to reshape airports into exciting, energized business and retail / entertainment centres – as well as transportation hubs.

Airports in many cities of the western world, the Far East and Middle East serve as mini shopping plazas for the traveler. In India, this trend is yet to catch on. Only one retail organisation has actually ventured into opening a retail store at an airport in India. Retail Snapshot 2.5 highlights this development in Indian retail.

The “Cash & Carry” Outlets

The term —Cash & Carry means that customers do their own order picking pay in cash and carry the merchandise away. Cash and carry is a wholesale format that aids small retailers and businessman.

The advantages that this format has over the traditional wholesale operations are:

- 1) It offers a wide assortment of goods, food and non-food items, thus providing for one stop shopping and allowing the customers to save time.
- 2) Given the permanent availability of goods in the store, the customer can always purchase the goods he needs and is able to store and finance them in the short term. Thus, despite the principle of cash payment, cash and carry largely takes over the function of financing and stock holding on behalf of its customers.
- 3) Longer business hours per week enable the customer to do his shopping at a convenient time, seven days a week.

This format has been featured in this section as two of the largest groups, which operate under the cash and carry format, viz., Metro AG, Germany and Shoprite of South Africa, have recently started their operations in India.

Franchising

The modern era of franchising began in the 1950s when Ray Kroc, a salesman, first discovered a San Bernadino, California, drive-in restaurant operated by the McDonald brothers. Impressed by the crowded parking lot and the tasty french fries, Kroc bought the rights to franchise the business, and went on to build one of the most successful companies in the history of American business – McDonald's! And he did it through franchising!

The success stories are endless. McDonald's, Burger King, HFS< Midas, Culligan, Century 21, Singer Sewing Machine, Kentucky Fried Chicken, Subway, and Coco-Cola are only a few of the most visible international examples of franchising success. Today, doctors, dentists, opticians, attorneys, accountants, salespeople, and most other types of operations are profiting from expansion via the franchise method.

Types of Franchising

There are basically two types of franchises:

(1) Product and Trade Name Franchise

In this type of arrangement, the distribution of a product is done through dealers. Common examples are auto dealerships that sell products manufactured by the franchiser or the auto manufacturers.

(2) Business Format Franchise

Business format franchise is the most common type of franchising today. In this type of franchising, the franchiser provides the product, the trade names, the operating procedures, and the training required for running the franchise. The franchisee, on the other hand, incurs the expenditure for the premises and its interior decoration and the staff. He also manages the day-to-day business. Many familiar fast food outlets and training institutes fall into this category.

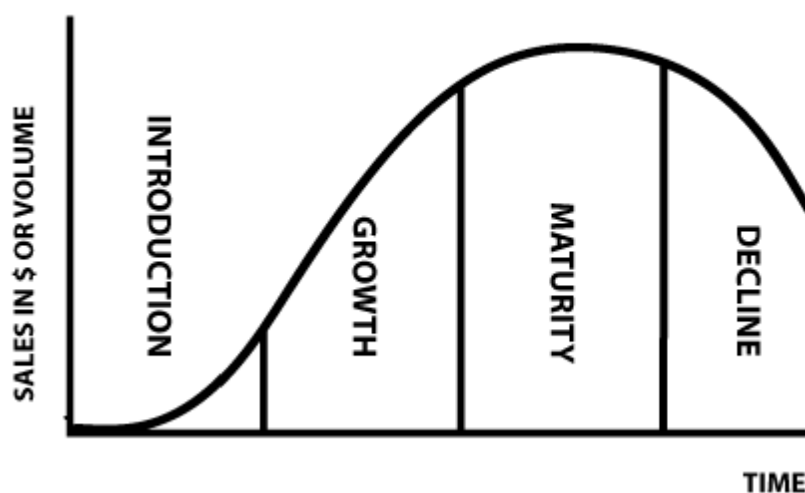
Franchising as a format of retail expansion is not new to India. It is estimated that there are over 1,000 national and regional franchisers spread across sectors like education, retail, professional services and healthcare, among others. The number of franchisees is approximately 40,000, with their combined annual turnover ranging between Rs.8,000 to Rs. 10,000 crores⁸. Investments are believed to be at Rs 5,000 crore and over 3,00,000 people are employed in this business.

The franchise showrooms of various readymade garment manufacturers like Arvind, Madura Garments, Color Plus, etc. and Titan are perhaps the most visible successes of franchising in India. The next wave belonged to the computer education and training centers, fuelled by the IT boom. Successful examples include Aptech and NIIT. One of the pioneers in this field in the area of beauty and personal care products has been Shahnaz Hussain. Today, the chain of Shahnaz Hussain parlours has more than 400 clinics in India and abroad. Some of the new sectors in which the emergence of franchising has been witnessed are illustrated in Table 2.2 below.

With retail formats evolving rapidly, retailers need to stick to what they know best, adapt to the changes in the environment, in the competition and in the consumers' needs. While predicting the future is not possible, retailers need to anticipate the trends, and adapt their strategies accordingly. While change will present new opportunities, it will be the ability to adapt to this change, which will determine survival.

Concept of Life Cycle in Retail

Attributes and strategies change as institutions mature. The 'Retail Life Cycle' is a theory about the change through time of the retailing outlets. It is claimed that the retail institutions show an s-shaped development through their economic life. The s-shaped development curve has been classified into four main phases:



Innovation:

A new organization is born; it improves the convenience or creates other advantages to the final customers that differ sharply from those offered by other retailers. This is the stage of innovation, where the organization has a few competitors. Since it is a new concept, the rate of growth is fairly rapid and the management fine tunes its strategy through experimentation. Levels of profitability are moderate and this stage can last up to five years depending on the organization.

Accelerated Growth:

The retail organization faces rapid increases in sales. As the organization moves to stage two of growth, which is the stage of development, a few competitors emerge. Since the company has been in the market for a while, it is now in a position to pre-empt the market by establishing a position of leadership. Since growth is imperative, the investment level is also high, as is the profitability. Investment is largely in systems and processes. This stage can last from five to eight years. However, towards the end of this phase, cost pressures tend to appear.

Maturity:

The organization still grows but competitive pressures are felt acutely from newer forms of retailing that tend to arise. Thus, the growth rate tends to decrease. Gradually as markets become more competitive and direct competition increases, the rate of growth slows down and profits also start declining. This is the time when the retail organization needs to rethink its strategy and reposition itself in the market. A change may occur not only in the format but also in the merchandise mix offered.

Decline:

The retail organization loses 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. The rate of growth is negative, profitability declines further and overheads are high.

The retail business in India has only recently seen the emergence of organized, corporate activity. Traditionally, most of the retail business in India has been small owner managed business. It

is difficult to put down a retail organization, which has passed through all the four stages of the retail life cycle.

RETAIL STRATEGY

Retailers classified by marketing Strategies

Whatever its form of ownership, a retailer must develop marketing mix strategies to succeed in its chosen target markets. In retailing, the marketing mix, emphasizes product assortment, price, location, promotion and customer services designed to aid in the sale of a product. They include credit, delivery, gift wrapping, product installation, merchandise returns, store hours, parking and very important personal service.

We will now describe the classification of retail stores, paying particular attention to the following three elements of their marketing mixes:

- Breadth and Depth of Product assortment
- Price Level
- Amount of customer services.

Type of Store	Breadth and Depth of Assortment	Price Level	Amount of Customer Services
Department store	Very broad, deep	Avoids price competition	Wide array
Discount store	Broad, Shallow	Emphasizes low prices	Relatively few
Limited-line store	Narrow, deep	Traditional type avoid price competition	Vary by type
Specialty store	Very narrow, deep	Avoids price competition	Standard
Off-price retailer	Narrow, deep	Emphasizes low prices	Few
Super Market	Broad, deep	Low prices	Few

Convenience Store	Narrow	High prices	Few
Warehouse Club	Very broad	Low prices	Few

Stores of different sizes face distinct challenges and opportunities. Buying, Promotion, Staffing and expense control are influenced significantly by whether store's sales volume is large or small. Size of a retail business creates certain merits and demerits which we have already discussed. Considering these factors, large stores ordinarily - but not always - have a competitive advantage over small stores.

COMPETITIVE ADVANTAGE WITH SPECIAL REFERENCE TO PHYSICAL FACILITIES

Another competitive advantage of retailers will be how they create physical facilities which represent the distribution element of a retailer's marketing mix.

Some firms engage in non-store retailing by selling on hire or through catalogs or door to door, for example-but many more firms rely on retail stores. Firms that operate retail stores must consider four aspects of physical facilities.

LOCATION

It is frequently stated that there are three keys to success in retailing: Location, Location, and Location! Although overstated, this axiom does suggest the importance that retailers attach to location. Thus a store's site should be the first decision made about facilities. Considerations such as surrounding population, traffic and cost determine where a store should be located.

SIZE

This factor means the total square footage of the physical store, not the magnitude of the firm operating the store. These are much different factors. A firm may be quite large with respect to total sales, but each of its outlets may be only several thousand square feet in size.

DESIGN

This factor refers to a store's appearance, both interior and exterior over its competitor.

LAYOUT

The amount of space allocated to various product lines, specific locations of products and a floor plan of display tables and racks comprise the store's layout.

As would be expected, the location, size, design and layout of retail stores are based on where consumers live and how they like to go about their shopping. Consequently, the bulk of retail sales occur in urban, rather than rural, areas. And suburban shopping areas have become more and more popular, whereas many downtown areas have declined.

ASSESSING COMPETITORS CURRENT STRATEGIES

The first part in competitor analysis is to determine how competitors are attempting to achieve their objectives. This question is addressed by examining their past and current marketing strategies.

MARKETING STRATEGY

Many authors have attempted to explain the concept of strategy. At the retail level, a marketing strategy can be thought of three major components: target selection of customers, core strategy (i.e. positioning and differential advantage), and implementation (i.e. supporting marketing mix).

The first major component is the description of the market segment(s) to which competing brands are being marketed. Market segments can be described in various ways. Since few brands are truly mass marketed, the key is to determine which group each competitor has targeted.

The second strategy component is what is called the core strategy. This is the basis on which the rival is competing, that is its key claimed differential advantage(s). Differential advantage is a critical component of strategy because it usually forms the basic selling proposition around which the brand's communications are formed. It is also called the brand's positioning.

The final strategy component of competitors that must be assessed in the supporting marketing mix. The mix provides insight into the basic strategy of the competitor and specific tactical decisions.

These decisions are what customers actually see in the market place. In fact, customers are exposed to price, advertising, promotion and other marketing mix elements.

TECHNOLOGY STRATEGY

An important task is to access the technological strategies of the major competitors. This can be done by using the following framework of six criteria.

1. Technology selection or specialization.
2. Level of competence.
3. Sources of capability: Internal vs. External
4. R&D investment level.
5. Competitive timing: Initiate vs. Respond
6. Retail policies

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. What are the stages in retail life cycle?
2. List the various theories of retailing
3. What is Direct Marketing?
4. State the classification of business models in retailing
5. Define franchising
6. Write notes on kiosks
7. Explain brand management
8. What are the Non-stores formats available in Retailing?
9. Brief on vending machines in retailing
10. Write notes on cash and carry retail format.

Part C (8 Marks)

1. Elaborate the various theories of Retail Development
2. Draw and explain the concept of Retail Life Cycle
3. Explain store based Business Models
4. Describe Brand Management and its impact in retail.
5. Enumerate Non-store and Direct Marketing in retail.

Unit II					
QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Freestanding retail outlet located	Retail store	Retail mall	Hyper market	Isolated store	Isolated store
Combination of economy supermarket and discount department store and larger than a supercentre	Retail mall	Hyper market	Isolated store	Super store	Hypermarket
Shopping centre with at least 1 million sq ft retail space	Mega mall	Mall	Hypermarket	Supermarket	Mega mall
An open or closed display in which a retailer exhibits a wide range of merchandise	Point of purchase display	Assortment display	Sales display	Revenue display	Assortment display
Exists when the stores complement, blend and cooperate with one another in	Affinity	Adaptability	Acceptability	Association	Affinity
Memorised and repetitive speech given to customers	Canned sales presentation	Sales presentation	Canned presentation	Demonstration	Canned sales presentation
Hub of retailing in a city	CBD	CDE	DCE	EED	CBD
Retailing without brick and mortar store	Non store retailing	Store retailing	Direct retailing	Indirect retailing	Non store retailing
A distribution approach whereby a retailer sells to customers through multiple	Multi retailing	Channel retailing	Different retailing	Multi channel retailing	Multi channel retailing
Strategy mixes that are not store-based to reach customers	Store format	Non – Store format	Franchising	Direct marketing	Non – Store format
When a person goes out of his or her hometown to shop	Retail shopping	Out shopping	On line shopping	Direct shopping	Out shopping
products Interior display that neatly hangs or presents	Rack display	Promotional display	Shelf display	Purchase display	Rack display
The mix of stores within a district or shopping centre	Strategic balance	Retail balance	Retail planning	Direct selling	Retail balance
Retailer that concentrates on selling one good or service	Retail store	Supermarket	Specialty store	Super store	Specialty store
KISHORE BIYANI	Pantaloon	Subhiksha	Reliance	Shopper's stop	Pantaloon
No.2 retailer in the world	CARREFOUR	Wal-Mart	Metro	Home Depot	CARREFOUR
Size of a Mall	20,000 Sq.Ft.	40,000 Sq.Ft.	80,000 Sq.Ft.	2,00,000 Sq.Ft.	2,00,000 Sq.Ft.
Huma Mall	Bangalore	Mumbai	Chennai	Delhi	Mumbai
First Mall in India	Reliance	DLF	Spencer	City walk	Spencer
Biggest Mall in Asia	DLF	The Time Square	Spencer	City walk	The Time Square
TESCO	USA	UK	INDIA	CANADA	UK

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
McDonald	Franchise	Super market	Hyper market	Department Store	Franchise
Biggest retailer in India	Reliance	Pantaloon	Subhiksha	Shopper's stop	Pantaloon
Highest number of retail stores	Pantaloon loon	Shopper's stop	Subhiksha	Reliance	Subhiksha
First Mall in Coimbatore (to be opened)	PSG Group	Reliance Group	Subhiksha	Shopper's stop	PSG Group
More percentage of Private labels	Wall Mart	Marks of Spencer	E bony	Shopper's stop	Marks of Spencer
Form of revolving account that allows partial payments	Open credit account	Credit account	Option credit account	Online credit account	Option credit account
EDLP	Wal Mart	Tesco	Metro	Reliance	Wal Mart
Used by retailers that promote through the year	Down sizing	Distributed promotion effort	Diversification	Decision making	Distributed promotion effort
Unincorporated retail firm owned by one person	Partnership	Corporation	Incorporation	Sole proprietor ship	Sole proprietor ship
Unincorporated retail firm owned by two or more persons	Partnership	Corporation	Incorporation	Sole proprietor ship	Partnership
Aims at two or more distinct consumer groups, with different retailing approaches for each group	Direct Marketing	Differentiated marketing	Segmentation	Targeting	Differentiated marketing
Hyper market	10,000 Sq.Ft.	20,000 Sq.Ft.	50,000 Sq.ft.	75,000 Sq.ft	75,000 Sq.ft
4 P's	Marketing	Henry Fayal	Philip Kotler	Kelwin Keller	Marketing
5 M's	Publicity	Sales Promotion	Advertiseme nt	Public Relations	Advertiseme nt
Mega Mall	10,000 Sq.Ft.	1,00,000 Sq.ft.	10,00,000 Sq.ft	2,00,000 Sq.ft	10,00,000 Sq.ft
On-line retailing	Store format	Non – Store format	Super Market	Hyper Market	Non – Store format
Form on the sale of tangible products	Service retailing	Goods Retailing	Wholesaling	Manufacturing	Goods Retailing
EDLP	Wal Mart	Reliance	Big Bazaar	Shopper's stop	Wal Mart
Transfer of title for ownership	Physical flow	Service flow	Ownership flow	Information flow	Ownership flow
If services are rendered as part of the process	Physical flow	Service flow	Information flow	Ownership flow	Service flow

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
An open air shopping dedicated to upscale, well known speciality stores	Mall	Department store	Shopping Complex	Lifestyle centre	Lifestyle centre
Incorporates the life stages of both family and nonfamily	Retail lifecycle	Household lifecycle	Product Lifecycle	Business cycle	Household lifecycle
Retailer that owns one retail unit	Chain	Independent	services centre	Cooperatives	Independent
A model which explains changes in the Evolution of the retailing trade	Retail cycle	Wheel of retailing	Retail flow	Retail statistics	Wheel of retailing
A telephone number which links people to services which can help ,them such as social services hospitals or similar services by shops	Tele line	careline	Phone line	Mobile line	careline
To compare prices and features of items for sale in different shops to find the	Big shop	Small shop	Comparison shop	Hidden shop	Comparison shop
Fifteen lakh employees	Wal-Mart	Tesco	Metro	Kroger	Wal-Mart
No of retail outlet owned by an independent retailer	one	two	three	four	one
Franchisors limit franchisee involvement in the strategic planning process	Constrained decision making	Decision making	Participative approach	Democratic approach	Constrained decision making
There is more interactive relationship between a franchiser and a franchisee	Product franchising	Trademark franchising	Big franchising	Business format franchising	Business format franchising
A store is typically well located food oriented retailer that is open long hours and carries a moderate number	Super store	Super market	Convenient store	Departmental store	Convenient store
A retailer caters to particular customer segment emphasises a limited number of items and reduce production and postage costs.	catalogue	Price list	specilog	Product list	specilog
A free standing interactive electronic computer terminal that displays products and related information on a	kiosk	Electronic store	Computer store	Video kiosk	Video kiosk
Out of home town shopping	City shopping	Outside shopping	Mall shopping	Out shopping	Out shopping
Strategy whereby a retailer adjusts its shelf-space to respond customers and other differences in local markets	Mall Merchandising	Mass Merchandising	Micro Merchandising	Mega merchandising	Micro Merchandising

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
This is a free standing retail outlet located on either a highway or a street	Super store	Isolated model	Pure model	Hyper market	Isolated model
Site in a retail store that is rented to an outside party	Mall	Leased Department	Shopping area	Display area	Leased Department
This is a unplanned shopping area comprising a group of retail stores	Shopping area	Trading area	string	CBD	string
Biggest mall in the world (4.2. million sq.ft)	DLV mall	Spencer mall	Mall of America	Reliance	Mall of America

UNIT-III – Retail Marketing Mix

SYLLABUS

Retail Marketing Mix – Product decision – Nature, selection & delivery decision – Types of Pricing - Pricing decision- concepts - leader pricing - odd pricing - Promotion decision – advertising, sales promotion & publicity - channel & channel management

Product Management

Merchandise management can be termed as the analysis, planning, acquisition, handling and control of the merchandise investments of a retail operation.

The process of merchandise management includes the developing of strategies to ensure that the right product is bought at the right price and is available at the right place, at the right time, in the right amount, in order to satisfy the needs of the target customer. No one in retail can completely avoid any contact with merchandising activities. Merchandising is the day-to-day business of all retailers. As inventory is sold, new stock needs to be purchased, displayed and sold. Hence, merchandising is often said to be at the core of retail management.

FACTORS AFFECTING THE MERCHANDISING FUNCTION

Merchandising does not function in isolation. It is affected by various factors, like the organization structure, the size of the retail organization and the merchandise to be carried.

As in every retailing endeavor, the most fundamental activities are buying merchandise and re-selling it to its customers. The owner or the manager, who may be assisted by the sales person, may perform the buying function in the case of a single store. As the single store grows in terms of business, it may add departments. Functional departmentalization may occur and the number of persons involved in the buying process may increase.

MERCHANDISE PLANNING

Analysis is the starting point of merchandising planning. The person who is to take the buying decisions for a retail organization, must be aware of the consumer needs and wants. An understanding of the consumer buying process is necessary.

Step I: Process of Planning Sales Forecast

Forecasting involves predicting as to what consumers may do under a given set of conditions. A sales forecast may be made by the merchandiser, based on the targets given by the top management or may be handed down by the top management itself, depending on the retail organization. A sales forecast is the first step in determining the inventory needs of the product or category. Forecasts are typically developed to answer the following questions:

How much of each product will need to be purchased?

Should new products be added to the merchandise assortment?

What price should be charged for the product?

2. The Assortment Plan.

There are two methods of developing a merchandise plan. They are top down planning and bottom up planning. In top down planning, the top management words on the sales plan and this is passed down to the merchandising team. On the other hand, in bottom up planning, individual department managers work on the estimated sales projections. These are then added up to arrive at the total sales figures.

After the sales forecasting exercise has been completed, inventory levels need to be planned. The merchandise budget is the first stage in the planning of merchandise. It is a financial plan, which gives an indication of how much to invest in product inventories, stated in monetary terms.

The merchandise budget usually comprises five parts:

1. The sales plan, i.e., how much of each product needs to be sold; this may be department wise, division wise or store wise.
2. The stock support plan, which tells us how much inventory or stock, is needed to achieve those sales.

3. The planned reduction, which may need to be made in case the product, does not sell.
4. The planned purchase levels, i.e., the quantity of each product that needs to be procured from the market.
5. The gross margins (the difference between sales and cost of goods sold,) the department, division or store contributes to the overall profitability of the company.

Methods of Inventory Planning In order to be able to proceed with merchandise planning, the method of inventory plans needs to be finalized. Any one of the four methods given below can be used for planning the inventory levels needed.

1. The Basic Stock Method
2. The percentage Variation Method
3. The week's Supply Method, and
4. The Stock/ Sales Ratio Method.

Step III: Merchandise Control

The purpose of Open-to-buy is twofold. First, depending on the sales for the month and the reductions, the merchandise buying can be adjusted. Secondly, the planned relation between the stock and sales can be maintained. When used effectively. Open to buy Ensures that the buyer:

1. Limits overbuying and under buying,
2. Prevents loss of sale due to unavailability of the required stock,
3. Maintains purchases within the budgeted limits, and
4. Reduces markdowns, which may arise due to excess buying.

Step IV: Assortment Planning

Assortment Planning involves a determination of the quantities of each product that will be purchased so as to fit into the overall merchandise plan. Details of color, Size, brand, materials, etc., have to be specified. The main purpose of creating an assortment plan is to create a balanced assortment of merchandise for the customer.

A product line is a broad category of products having similar characteristics and uses. Thus, in menswear, product lines could be shirts, trousers, accessories, shoes, etc. He would then have to determine the breadth and depth to be offered under the said product line the breadth refers to the number of brands carried within each product classification. The depth on the other hand, refers to the number of choices offered to the customers within each brand or product classification

DEPARTMENT

MENSWEAR

PRODUCT LINE SHIRTS TROUSERS ACCESSORIES

ZODIAC VANHEUSEN LOUIS PHILLIPPE ARROW BREADTH

STYLES COLOURS SIZE DEPTH

RETAIL PRICING

Price is an integral part of the retail marketing mix. It is the factor, which is the source of revenue for the retailer. The price of the merchandise also communicates the image of the retail store to the customers. Various factors like the target market; store policies, competition and the economic conditions need to be taken into consideration while arriving at the price of a product.

- The first factor to be taken into consideration is the demand for the product and the target market. Who is this product meant for and what is the value proposition for the consumer. In some cases, the price of the product is linked to the quality. This is generally in the case of products like electronics, where a high priced product is perceived to be of good quality. On the other hand, for products like designer clothing, a certain section of the population may be willing to pay a premium price. Hence, it is very essential that the buyer is clear about the target market for the producer and the value proposition that they would look for.
- The stores policies and the images to be created also influence the pricing of a product. Retailers who want create a prestige image may opt for a higher pricing policy, while the retailer who wants to penetrate the market, may decide to offer a value for money proposition.

- Competition for the product and the competitor's price for similar product in the market also need to be taken into consideration. In case the product is unique and does not have any competition, it can command a premium prices on the other hand, in case there after a fair number of similar products in the market, the prices of such product need to be taken into consideration before fixing the price.
- The economic conditions prevalent at the times play a major role in the pricing Policy. For example, during an economic slowdown, prices are generally lowered to generate more sales. The demand and supply situation in the market also affects Prices. If the demand is more than the supply, prices can be premium, however, when supply is more than the demand, prices had to be economical.

DEVELOPING A PRICING STRATEGY

The pricing strategy adopted by a retailer can be cost-oriented, demand-oriented or competition-oriented.

In Cost-oriented pricing, a basic mark up is added to the cost of the merchandise, to arrive at the price. Here, retail price is considered to be function of the cost and the mark up.

Thus, Retail Price = Cost + mark up

If this formula is rearranged, we get

Cost = Retail Price – Mark up and,

Mark up = Retail Price– Cost

APPROACHES TO A PRICING STRATEGY

Price lining do retailers use a term when they sell their merchandise only at the given prices. A price zone or price range is a range of prices for a particular merchandise line. A price point is a specific price in that price range.

The pricing strategies that can be followed include:

1. **Market skimming:** The strategy here is to charge high prices initially and then to reduce them gradually, if at all. A skimming price policy is a form of price discrimination over time and for it to be effective, several conditions must be met.
2. **Market Penetration:** This strategy is the opposite of market skimming and aims at capturing a large market share by charging low prices. The low prices charged stimulate purchases and can discourage competitors from entering the market, as the profit margins per time are low. To be effective, it needs economies of scale, either in manufacturing, retail or both. It also depends upon potential customers being price sensitive about particular item and perhaps, not perceiving much difference between brands.
3. **Leader pricing:** Here, the retailer bundles a few products together and offers them at a deep discount so as to increase traffic and sales on complementary items. The key to successful leader pricing strategy is that the product must appeal to a large number of people and should appear as a bargain. Items best suited for this type of pricing are those frequently purchased by shoppers, e.g., bread, eggs, milk, etc.
4. **Price Bundling:** Here, the retailer bundles a few products together and offers them at a particular price. For example, a company may sell a PC at a fixed price and the package may include a printer and a web camera. Another example is that of the Value Meal offered by McDonald's. Price bundling may increase the sales of related items.
5. **Multi-unit Pricing:** In multi-unit pricing, the retailer offers discounts to customers who buy in large quantities or who buy a product bundle. This involves value pricing for more than one of the same item. For example, a retailer may offer one T-shirt for Rs 255.99 and two T-shirts for Rs 355.99. Multi-unit pricing usually helps move products that are slow moving.
6. **Discount pricing:** It is used as a strategy by outlet stores who offer merchandise at the lowest market prices.

7. **Every Day Low Pricing:** Every Day Low Pricing or EDLP as it is popularly known is a strategy adopted by retailers who continually price their products lower than the other retailers in the area. Two famous examples of EDLP are Wal- Mart and Toys —R Us, who regularly follow this strategy.
8. **Odd Pricing** Retail prices are set in such a manner that the prices end in odd numbers, such as Rs 99.99 or Rs 199, Rs 299, etc.

The buyer may adopt either the cost-oriented or a demand-oriented approach for setting prices. In the Cost-oriented method, a fixed percentage is added to the cost price. This is determined by what mark up the retailer works on. Alternately, the demand-oriented method bases prices on what price the customer expects to pay for the product. The price fixed here is based on the perceived value of the product. Ultimately, it is the planned gross margin, which needs to be achieved, and which is a major consideration while fixing the retail price.

ADVERTISING

“Advertising *Consists* of all the activities involved in presenting to a group a non –personal, oral or visual openly – sponsored, identified message regarding a product, service or idea. This message, called an advertisement, is disseminated through one or more media and paid for by the identified sponsor”. - *W.Z. Stanton*

“To give public notice or to announce publicly”.

“Advertising is mass communication of information intended to persuade buyers so as to maximize profits”. - *J.E. Littlefield*

To summaries, advertising means any paid form of non – personal presentation and promotion or ideas, goods or services by an identified sponsor.

IMPORTANCE OF ADVERTISING

It is just not enough to manufacture a product. People must be informed of its existence and should be given good reasons to buy it. This is a job which is sought to be done by advertising. Without advertising, people would not be aware of the attributes of the product nor of its price. Let us now discuss the role and importance of advertising.

(i) Way of Informing

Advertising is a way of communicating information to the consumer –information which enables him to compare and choose from the products and services available. Advertising enables consumers to exercise their right of *free choice* “*Encyclopedia Britannica*” such diverse media as handbills, newspapers, magazines, billboards, letters, radio and television broadcasts and motion pictures.

(ii) Manufacturer’s concerns

Advertising is the most economical means by which a manufacturer or an institution can communicate to an audience either to sell a product or to promote a cause of social welfare, such as, civic drive, or an immunization programme. This includes the process of mass communication which is different from ordinary communication. Here a macro level mass communication is between manufacturer and his mass audience. This is also connected through new sources. Mass audience gives various reactions as responses. Here audience is interconnected as a group within groups.

Factors governing the selection of the media

Selection of a suitable medium is really a complex problem to the advertiser. There are a number of kinds and classes of media in the modern advertising. Hence, the selection of media means not only the choice of the right classes of media out also the individual medium within the class or classes. Besides there is no single medium that is best suited for all advertisers. In reality, a medium which is best suited for one may be almost useless for another. The medium once employed for advertising a particular product itself may be found unsuited subsequently. Therefore, the right choice of a medium calls for a careful analysis. If the medium is unsuited the whole amount of money spent on the advertising campaign shall turn to be a waste.

The advertiser, therefore, while selecting the media, should consider the following factors:

1. **Class of the audience:** Firstly, the advertiser must note the class of the audience to be influenced by the medium. The audience can be classified into different groups by their social status, age, income, educational standard, religion, cultural interests. They may also be divided into men and women.

2. **Extent of coverage:** Secondly, the advertiser must consider the number of audience to be covered by the medium. Every media has a general as well as an effective circulation. The general circulation is made up of the total number of people who read or subscribe to the media. The effective circulation is the number prospective customers who read it and the number of those who influences sales, though they may not buy for themselves. Effective circulation must be considered while estimating the number of people to be covered. The extent to which the medium reaches the same audience as that covered by some other media i.e., the percentage of over-lapping must also be taken into account.

3. **Nature of the product:** Nature of the product itself is a principal factor governing the selection of the medium. Products can be classified into various kinds – consumer's products and manufacturer's products etc.

4. **Nature of the competition:** The nature of the competition exerts greater influence of the selection of the media. If the competition is stiff utmost care is needed in the selection of medium and a larger advertising budget is also required. In many cases where the advertising copy is similar or the choice of the media solely determines the effectiveness of the campaign as compared with that of the other competitors.

5. **Reputation of the medium:** Newspapers and magazines can offer a beautiful illustration for the reputation of the media. There are a few newspapers and magazines which have international

reputation with a high readership. Advertisements in such magazines and newspapers are generally recognized and believed as true. Such advertisements also add prestige to the product.

6. Cost of the media: Cost of the medium in most cases, is an important factor in the selection of the medium. Advertisements in certain media are expensive. For instance, TV and Radio advertisements. Magazines and newspaper advertisements are generally considered as less expensive. Yet, certain magazines and newspapers, having larger circulation and high reputation charge higher rates. The rates also differ depending upon the space occupied and the preferential positions. The first page of a newspaper is rarely missed by the reader. Hence they have more attention value, than the advertisements presented anywhere inside the newspaper.

7. Time and location of buying decisions: The location of the audience and the time by which it should reach them must also be looked into. This consideration also enables the advertiser to keep his retail outlets in the proximity of the customers.

(a) Press Advertising	(b) Outdoor Or Mural Advertising	(c) Direct Mail Advertising	(d) Miscellaneous Advertising
1. Newspapers	1. Posters	1. Circular	1. Radio and Television
2. Magazines and Journals	2. Boards	2. Business Reply Envelopes and cards	2. Cinema and Cinema slides
3. Electric Display	3. Price lists	3. Fairs and exhibitions	
4. Sandwich Board advertising	4. Catalogue	4. Loud speakers	
5. Bus, trams and train advertising	5. Leaflets and Folders	5. Demonstration	
6. Sky advertising	6. Booklets	6. Posts and Telegraphs Dept.	

7. Others		7. Novelty	
		8. Personal letters	
		9. Others	

SALES PROMOTION

A number of leading marketers and advertising agencies have taken up several sales promotion methods in their bid to capture a larger market share. Sales promotion activities are essentially aimed at demand creation. These are undertaken in addition to the basic methods of demand creation through advertising and personal selling. Sales promotional activities gained importance only after 1950. The order of evolution appears to be personal selling, advertising and sales promotion. Formulation of sales promotion policies is a management function and generally vests with the top management of a company.

Objectives of sales promotion

Sales promotion is a vital bridge or a connecting link removing the gap between personal selling and advertising. Besides, the sales promotion activities are undertaken with the following objectives.

1. To increase sales directly by publicity through the media which are complementary to press and poster advertising.
2. To disseminate information through salesmen, dealers etc., so as to ensure the product getting into satisfactory use by the ultimate consumers.
3. To attract the prospective buyers towards the product and to induce them to buy the product at the point of purchase.
4. To enable the salesmen to achieve more sales in their territory in preference to another.
5. To ensure the co-operation of the retailers to sell one brand in preference to another.
6. To face the competition from other effectively.
7. To check seasonal decline in the volume of sales.

Tools or Devices of Sales Promotion

Consumer Promotions	Trade Promotions	Sales Force Promotion
Sampling	Buying allowance or discount	Bonus
Coupons	Buy back allowance	Contest
Premiums or bonus	Free goods	Sales meetings conference
Money Refund offer	Display and advertising allowance	
Price off offer	Dealer listed promotion	
Contest or sweepstakes	Push Money or PM's	
Bonus Stamps	Sales Contest	
Demonstrations		

The process of communication is generally divided into Explicit and Implicit communications. The former one involves the use of language to establish common understanding among the people. Implicit communication is an intensive interpretation of symbols and is basically a form of non-verbal communication. For example, when two foreigners meet, even though they are unable to communicate through a common language, they will exchange their views through meaningful symbols.

The marketing communications mix (also called the promotion mix) consists of five major tools:

Advertising: Any paid form of non personal presentation and promotion of ideas, goods, or services by an identified sponsor.

Direct Marketing: Use of mail, telephone and other non personal contact tools to communicate with or solicit a response from specific customers and prospects.

Sales Promotion: Short-term incentives to encourage trial or purchase of a product or service.

Public Relations and Publicity: A variety of programs designed to promote and / or protect a company's image or its individual products.

Personal Selling: Face-to-face interaction with one or more prospective purchasers for the purpose of making sales.

The whole marketing mix, not just the promotional mix, must be orchestrated for maximum communication impact.

The Communication Process:

Marketers need to understand how communication works. A communication model answers (1) who (2) says what (3) in what channel (4) to whom (5) with what effect. The following shows a communication model with nine elements. Two elements represent the major parties in a communication - sender and receiver. Two represent the major communication tools - message and media. Four represent major communication functions - encoding, decoding, response, and feedback. The last element is noise in the system.

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. Write notes on Market Area Analysis
2. Define category management
3. Brief on Space planning
4. What are all the factors influencing location of stores
5. What is meant by Trade Area Analysis?
6. Write notes on Visual merchandising
7. What is Inventory management?
8. What is Merchandise management?
9. What is meant by rating plan method in retailing?

Part C (8 Marks)

1. Describe the factors influencing location of stores
2. Explain Site evaluation.
3. Narrate the need for Market Area Analysis and Trade Area Analysis.
4. Enumerate Retail store layout and its types
5. Elaborate on Visual merchandising / Display and its benefits
6. Discuss on Departmental store and super market
7. Explain the role of stores designing in retail

Unit III					
QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Increase in a retail price above the original mark-up	Additional mark-up	Additional revenue	Increased revenue	Increased mark-up	Additional mark-up
Total rupee additional mark-ups as a % of net sales	Total mark-up %	Additional mark-up %	Mark-up %	Increased mark-up %	Additional mark-up %
Any item a retailer owns with a	Profit	Revenue	Assets	Profit	Assets
What is EDLP	Eighth day low pricing	Eighth distribution low pricing	Every day low pricing	Even day low pricing	Every day low pricing
Agreement among manufacturers, wholesalers and retailers for one	Vertical price	Even price	Horizontal price	Odd price	Horizontal price
Difference between net sales and the cost of goods sold	Gross margin	Gross sales	Gross profit	Net sales	Gross margin
Retailer's asset minus liabilities	Net worth	Net profit	Net sales	Net margin	Net worth
Retail expenditure that are long term investments in fixed assets	Capital expenditure	Capital asset	Retail expenditure	Retail asset	Capital expenditure
Strategy in which a retailer seeks to achieve large volume of sales	Market penetration pricing	Skimming pricing	Dual pricing	Fixed pricing	Market penetration pricing
Retailer sells at lower pricing	Leader pricing	Psychological pricing	Better pricing	Super pricing	Leader pricing
Difference between merchandise costs and retail selling price	Revenue	Sales	Mark up	Profit	Mark up
Strategy wherein a retailer charges the same price to all customers	Double price policy	One price policy	Singular policy	First price policy	One price policy
Stipulates that rent is related to a retailer's sales or profits	Percentage lease	Net worth	Asset	Revenue	Percentage lease
Oral communication with one or more prospective customers	Direct selling	Indirect selling	Personal selling	Impulsive selling	Personal selling
Involves large retailers that seek to reduce competition by selling goods and services at lower prices	Prestige pricing	Penetration pricing	Skimming pricing	Predatory pricing	Predatory pricing
Assumes consumers will not buy goods which are priced low	Prestige pricing	Penetration pricing	Skimming pricing	Predatory pricing	Prestige pricing
Retailers sell products at a limited range of price points, each point	Price lining	Price scanning	Price discounts	Price analysis	Price lining
.P M is	Promotional money	Pull money	Prime money	Push Money	Promotional money
Concept stating that many consumers feel high prices connote high quality and low	Penetration pricing	Price-Quality association	Skimming pricing	Dual pricing	Price-Quality association
Involves a retailer's charging separate prices for each item sold.	Unbundled pricing	Bundled pricing	Special pricing	Formal pricing	Unbundled pricing
Cost + Mark up	Retail Price	Cost Price	Mark up Price	Retail Profit	Retail Price

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Retailer's assets minus liabilities	Net worth	Net Sales	Sales revenue	Sales turn over	Net worth
Sensitivity of customers to price changes in terms of the quantities bought	Price Elasticity of Demand	Elasticity of Demand	Demand	Market	Price Elasticity of Demand
Paid, non-personal communication transmitted through mass media	Public Relation	Sales Promotion	Publicity	Advertisement	Advertisement
Any non personal form of public relations where by messages are	Public Relation	Sales Promotion	Publicity	Advertisement	Publicity
Paid communication activities that stimulate consumer purchases	Public Relation	Sales Promotion	Publicity	Advertisement	Sales Promotion
Any communication that fosters a favourable image for the retailer	Public Relation	Sales Promotion	Publicity	Advertisement	Public Relation
Performance ratio based on net sales, net profit and total assets	Return on Assets	Return on Net worth	Net Sales	Net revenue	Return on Assets
Promotional budgeting procedure in which a retailer first allots funds to all elements except promotion,	Zero budget method	All you can afford method	Objective and task method	expert opinion method	All you can afford method
Promotional budgeting procedure in which a retailer clearly defines the promotional goal and prepares	Zero budget method	All you can afford method	Objective and task method	expert opinion method	Objective and task method
Difference between net sales and the total cost of goods sold	Net profit	Gross profit	Gross sales	Total sales	Gross profit
Discounts offered to customers who buy in quantity or who buy a	Multiple Unit pricing	Single Unit pricing	Unit pricing	No Pricing	Multiple Unit pricing
Percentage of sales method	Place	Price	Advertising	Product	Place
Summary of a retailer's revenues and expenses over a particular period of time	Profit & Loss statement	Revenue statement	Sales revenue	Income Sheet	Profit & Loss statement
Higher Pricing	Penetration pricing	Skimming prices	Dual pricing	Low Pricing	Skimming prices
Penetration pricing	Lower pricing	Higher pricing	Highest pricing	Dual Pricing	Lower pricing
Government regulations preventing retailers from selling	Penetration pricing	Skimming prices	Dual pricing	Minimum Pricing	Minimum Pricing
<u>Net Sales</u> / Average inventory at retail store	Asset turn over	Sales turn over	Revenue	Inventory turn over	Inventory turn over
Bank base rate	A basic rate of interest for loans	Loan rate	Bank interest	Return rate	A basic rate of interest for loans
A bill of lading stating that good did not arrive on board in good	Clause bill of lading	Bill of lading	Bill of exchange	False Bill	Clause bill of lading
A mistake made in an advertisement	Fudge	Advt error	Concept error	No error	Fudge

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
An advertising agency which is owned and operated by the company and is responsible for	House agency	In-house agency	Outside agency	No agency	In-house agency
A method of measuring a classified advertisement by	Lineage	Line method	Column method	Graph Method	Lineage
A price which is Low and therefore liked by all	Popular price	Average price	Skimming price	Dual price	Popular price
An effect shown whole a message becomes more persuasive over a	More effect	Sleeper effect	Less effect	Huge effort	Sleeper effect
Pricing based on the average cost of producing one unit of a product	Average pricing	Average cost pricing	Mean pricing	Cost plus pricing	Average cost pricing
Sales to customers promotion	deal	Deal out	Deal in	Deal Off	Deal out
Pricing that changes when the demand for something increases	Dynamic pricing	Ordinary pricing	Dual pricing	Multiple Pricing	Dynamic Pricing
Retailers collect an assortment from various sources buy in large quantity and sell in small	Separation	Sorting process	Distribution	Assortment	Sorting
Possible benefits a retailer foregoes if it invests in one	Fixed cost	Variable cost	Overhead cost	Opportunity cost	Opportunity cost
Items priced below cost to lure more customers	Loss Leaders	Penetration pricing	Skimming Pricing	Odd Pricing	Loss Leaders
A retailer pays a fixed amount per month over the life of the	Straight lease	Percentage lease	Graduated lease	Net lease	Straight lease
Rent is related to sales or profit	Straight lease	Percentage lease	Graduated lease	Net lease	Percentage lease
Rent increases over a period of time	Straight lease	Percentage lease	Graduated lease	Net lease	Net lease
Payments that retailers require From manufacturers for	Special allowances	Premium	Incentives	Slotting allowances	Slotting allowances
A retailer set prices for goods and services and seeks to	Pertaining pricing	Customer pricing	Skimming pricing	Dual pricing	Customer pricing
A retailer alters its pieces to coincide with fluctuations in	Variable pricing	Dual pricing	Every day low pricing	Odd pricing	Variable pricing
A computerized demand based, variable pricing technique where by a retailer determines the	Yield managemen t pricing	Dual pricing	Leader pricing	Odd pricing	Yield managemen t pricing
Vertical co-operative advertisement agreement	Manufactur es, Retailer & whole sale	retailer	dealer	Whole sales	Manufactur es, Retailer & whole sale
Advertisement is any paid form of non personal presentation	AMA	Philip kotler	Kelvin keller	Henry Fayol	AMA

UNIT-IV – Retail Application in retail

SYLLABUS

Retail Application in retail - IT applications in retail – Database marketing, data mining and business intelligence – Electronic retailing – Developing decision support systems – Visual Merchandising – types of Visual Merchandising – Store location and Site location.

Role of IT in Retail Sector

The Importance of Information Technology in the Retail Sector • with the increasing globalization of retailing, both in terms of their points-of-sale and their points-of-supply; the information technology (IT) spend in the retail sector has increased significantly. IT plays an increasingly important role in the management of complex retail operations.

Market knowledge, as well as control of data and information, is key to obtaining a competitive advantage in the retail sector. Markets are continuing to grow and become more complex; the simple process of retailing has started to deploy more advanced retail information systems to cope with all the transactions involved.

IT involvement in Retail

- To increase the company's ability to respond to the evolving marketplace through enhanced speed and flexibility.
- To collect and analyze customer data while enhancing differentiation.
- To work effectively; retailers need one system working across stores (or even across national borders) to make sure the most effective use of stock and improve business processes.
- Retailers are beginning to notice that technology's role is one of an enabler. Essentially, information technology can speed up processes and deliver cost saving benefits to the company.

Challenges

- Customer data many retailers struggle with information overload because they're required to collect and sift through mass amounts of data, then convert it into useful information in a customer centric industry.
- Transparency and tracking Retailers must increase transparency between systems, as well as obtain better tracking to integrate systems from manufacturer through to the consumer while obtaining customer and sales information.

Global data synchronization Due to radio frequency identification/electronic product coding, the entire supply chain has become more intelligent. Retailers must enable the use of real-time data to watch inventory levels. In addition, radio frequency identification tagging positions the company to be able to safeguard its shipments by allowing products to be tracked from manufacturer through the entire supply chain.

POS Software:

- User Interface Inventory Reports Invoicing Receivables Accounts Payable Credit Card Payments

POS Hardware-Components

- Display / Touch screen Cash Drawer Receipt Printer Bar code scanner (fixed, attached, portable) Label / Report printer Mag stripe reader POS Keyboard Scales PDA Pole Display

POS: Receipt Printer Three Types • Dot Matrix • Thermal • Inkjet Link • Separate unit • Integrated with other device

POS: Barcode scanner • LED • CCD • Laser • Fixed • Attached • Portable

POS: Typical Configuration Connect cable between cash drawer and receipt printer. Note that ends are NOT the same. Plug keyboard into 'Y' cable. Plug other connector into keyboard port on computer Connect printer interface cable to LPT1 Mag stripe reader

POS: Mag Stripe Reader

- Replaces the Retail Terminal
- Uses software to perform functions
- usually connects to keyboard and barcode scanner

POS: Mag Stripe Reader Track 1 Track 2 Normally encodes the cardholder's name, card number and card expire date. Also contains the cardholder's card number and expire date. This provides data redundancy on the card.

POS: keyboard A POS keyboard more closely resembles a cash register key layout and usually has programmable keys. Some have integrated card swipes.

Wireless Docking station Cable connected 16v v v**POS: Portable Data Assistant (PDA)** Portable data collection • Inventory • Audits • Remote data entry • Restaurants and lounges • Lumber yards • Remote inventory

POS: Scales • Serial Port I/F to your PC • POS Calculates total • Desktop units / Built-in units

POS: Check Reader / Printer • Magnetic ink character recognition (MICR) • Requires POS Software support • requires bank / online authorization service

POS: Slip Printer • Ideal for printing 'Company branded' slips and forms. • Record keeping • Warranty info, layaway receipts • Restaurants, Gas stations, Retail stores • Combo receipt / slip printers available

POS: Pole Display • • • • Item and price information Customer comfort Display Advertising Serial Port I/F (RS-232) • Characters per line / number of lines • LED, Plasma • Character sets (Chinese?)

Data Mining

Retailers collect terabytes upon terabytes of information every day - anything from transactional data, to demographics, to product sales based on seasons. But what do they do with it all once it is neatly organized into a database? The concept of data mining is just as it sounds. Companies drill holes through 0s and 1s to come up with relationships and patterns in customer habits. To a retailer this information can be more valuable than mining for gold, because the results are almost a guarantee. The data mining process used to be a highly technical process requiring mathematicians to build the analysis for companies. But today's data mining technology offers retailers the tools they need to make sense of their customer data and apply it to business.

What are the best sources of customer information for retailers?

The best source is turning POS (point of sale) transaction data into measurements of customer behavior. The problem for many retailers is that they lack any information on specific customers, and hence are trapped analyzing data at the product and basket level.

The rise of loyalty programs, mail order, and the Internet has provided retailers with real access to customers for the first time. This allows retailers to study the purchase behavior of customers in detail, tracking changes in purchases as affected by their marketing and CRM (customer relationship management) programs. Thus, retailers understand how they can grow the value of individual customers to their businesses.

In the e-tail world, when you click on an item or a page, a Weblog records what page you are on, what time you were on there, how long you spent, etc. An e-tailer can take those clicks and feed them into an engine. All the information is stored historically, so when another customer clicks somewhere, the engine will recognize the pattern and will know that it is appropriate to send a certain page to that person.

How can retailers use data mining to increase profits?

Data mining can identify valuable customers who are likely to defect to a competitor, allowing the CRM team to target them for retention. It also points out potential long-term, high-value customers who can be accelerated to that value through marketing programs. Retailers can encourage the right purchase behavior. Retailers can make marketing new products and services more profitable by using data mining to find customers most likely to respond to an offer for such products or services.

If people buy a certain basket of goods, you put one thing on sale in order to entice people to buy the other ones, because from the analysis you see that people tend to buy certain things together. Alternatively, you can place the goods physically close to each other.

DATABASE MARKETING

- Companies treat all customers as one body, one intellect or one segment
- Communication campaign (in most cases) sends the same message or make same offer to all the customers
- This is against the strategic goal of database marketing
- “It involves use of computers to capture transaction information and track customer profiles”

Need

So Many Changes in Marketing Retail / Banking • Kariana Shops (merchants) • 18 Million in India • Know you & family • One to one relation • Personal Service • Recognize you, your needs and want • “Your Loyalty must for their business” • Retail Store Chains • Impossible for them to know each customer in individualized fashion • Only with sophisticated marketing database technology, we can capture, analyze and act on same interpersonal marketing opportunities

Database Marketing System-Model Memory Intelligence Output Data Other Data Customer Data Transaction Data Data-Warehouse Database Data Analytic Tools/Software Marketing Decisions

DATA

A collection of information organized in such a way that a computer program can quickly select desired pieces of data. You can think of a database as an electronic filing system.

-Webopedia Computer Dictionary

A Database is a structured collection of data which is managed to meet the needs of a community of users.--Wikipedia.com

A database is an integrated collection of logically related records or objects. An object consists of data values describing the attributes of an entity.

A data warehouse is a repository of an organization & apos;s electronically stored data. Thus, an expanded definition for data warehousing includes business intelligence tools, tools to extract, transform, and load data into the repository, and tools to manage and retrieve metadata.

Data mining is the process of sorting through large amounts of data and picking out relevant information. -wikipedia.com

In data mining, the data in the data warehouse are processed to identify key factors and trends in historical patterns of business activity. - Management information system by James O'Brien

Business Intelligence:

Merchandising, the back office, store operations, loss prevention, customer management, and multi-channel selling are just a few of the major departments that, if linked together for better decision-making, would be a true competitive advantage.

For example:

- The most efficient supply chain is irrelevant if the wrong product is brought to the stores.
- The best run stores will become museums if the consumer rejects the retailers' offerings.

- Initial gross margin on wonderful merchandise may be high, but total delivered profit will be low if merchandising processes drive costs throughout the stores and logistics departments.
- Turn may look good by department, but empty store shelves may reveal missed opportunities.

In short, the highest form of BI and predictive analytics helps the retailer understand the implications of one department's actions and activities on the rest of the enterprise.

Figure 2: Business Intelligence Proves Wide-Ranging within Retail Enterprises



BI in Merchandising

Traditional merchandising processes are in need of a serious overhaul. In general, merchandise and apparel, and the processes of assortment, space, price, and promotion planning can be infused with predictive analytics to ensure last years results don't become this year's self-fulfilling prophecies. Predictive analytics, driving plans to SKU/store clusters, can help identify missed opportunities; even as the dashboards implicit in BI applications make results available to both merchants and finance managers. In supermarkets and other fast-moving consumer goods retail segments, BI is invaluable for driving basket size, optimizing sales per square foot and reducing out-of-stocks and fresh item spoilage.

BI in the Back Office

Retailers spend vast quantities of time and resources creating, updating, and analyzing corporate department budgets. These budgets are meant to be the bible that drives bottom-line results.

Customer Service, Productivity Drive BI Strategies

Improving customer service was the most popular response to the question of retailer strategies for business intelligence (Figure 4). In addition, 57% of respondents indicated that customer management was the most important capability supported by BI. This increased focus on the customer is not surprising, considering the heightened importance of customer centricity within the retail enterprise. Indeed, BI's measurable, quantifiable effect on the retail enterprise may provide just the tipping point necessary for widespread industry adoption.

E-RETAILING

The rise of the Internet has opened up a new avenue for retailers, to reach out to their customers and suppliers, in markets where they do not have a physical presence. It has presented opportunities for deepening customer relations, streamlining operations, cutting costs and discovering new sources of revenue. The near future may see retailers adopting RFID at a large scale and customers using PDAs and scanners, interactive kiosks and the combination of on-line and off-line purchasing.

The rise of the Internet has led to some phenomenal changes in the way business is conducted in various industries. In retail, it has opened up a new avenue for retailers to reach out to their customers and suppliers, in markets where they do not have a physical presence. It has presented opportunities for deepening of customer relations, streamlining operations, cutting costs and discovering new sources of revenue.

In the more mature retail markets of the world, the websites of most of the retailers allow business to be conducted on line. The reasons for the emergence of e-tail as a viable source of business, stems

from the fact that it can offer a larger basket to the consumer. For example, the largest brick and mortar book store chain – Barnes and Noble – Offers 20,000 books at any point of time. Amazon.com on the other hand, offers 4 million books. It is also one of the few business that allow the consumer to shop at a time and day convenient to him. He can shop 365 days a year, 24 hours a day and 7 days a week. Electronic retailing may also be looked upon as a case of reverse marketing, where the consumers seek out products.

E-COMMERCE AND RETAILING

The e-commerce market in India saw frenzied activity a few years ago, with just about everybody getting into the act. However, after the dot com bust, the Business to Commerce (B2C) market in India is now showing signs of revival.

According to IDC India¹, the B2C market has made good progress, despite a small base. The growth, though significant, is comparatively small when compared to the B2C market in the United States of America, which touched \$50.3 billion last year².

The growth has to be seen in the light of the fact that in India, Internet usage is largely an urban phenomenon. Though companies like ITC, with their e-choupal model, have taken Internet usage the farmer in India, in urban India, the Internet access charges are on the higher side. However, with the sharp decrease in the rates of personal computers, the market for home PCs should see a boom and this should aid the further development of e-commerce in India.

Another factor, which has affected the rapid development of e-commerce in India, is the slow development of the delivery and payment infrastructure. Unlike in the developed markets, where a single service provider may handle deliveries throughout the country, delivery companies in India are fragmented.

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. What are all the challenges for IT in Retail?
2. List the POS hardware components.
3. List the POS software components.
4. What are the best sources of collecting Data from customers?
5. Write notes on Data Marketing.
6. Define Data.
7. Define Database.
8. What is meant by Data mining?
9. Write short notes on E-Commerce.

Part C (8 Marks)

1. Describe the role of IT in Retail.
2. Enumerate how Data mining is used in Retail.
3. Narrate the need of Data Marketing.
4. Bring out in detail the significant role of Business Intelligence in Retail.
5. Elucidate the impact of E-Retailing and its growth in India.

UNIT IV					
QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
What is DSD	Distribution store distribution	Department store distribution	Distribution store department	Direct store distribution	Direct store distribution
What is EDI	Electronic data interchange	Electronic distribution of information	Electric data interchange	Every data interchange	Electronic data interchange
The variety in any one goods/service	Breath of assortment	Depth of assortment	Product breath	Product depth	Depth of assortment
ATM'S and the instant processes of retail purchases	Electronic banking	E- Retailing	E- Purchasing	E-Selling	Electronic banking
Enables a company to compare its actual performance against its potential performance	Sales analysis	Gap analysis	Revenue analysis	Profit analysis	Gap analysis
Computerised approach that combines a perpetual inventory and reorder point calculations	Reorder system	Automatic system	Computer system	Automatic reorder system	Automatic reorder system
Computerised site selection tool	Computer model	Computer system	Analog model	Network system	Analog model
Retail stores complement quality and quantity	Balanced stocks	Equal stocks	Equal products	Balanced tenancy	Balanced tenancy
Keeps a running total of the value of all inventory at cost	Book value system	Book inventory system	Book system	Inventory system	Book inventory system
Enables a retailer to reduce the amount of inventory it keeps on hand by ordering more frequently in lesser quantity	QRIP	IP	RIP	QRI	QRIP
.(Usage rate X Lead time) + Safety stock	EOQ	Safety stock	Reorder point	BS	Reorder point
Extra inventory to protect against out of stock conditions	EOQ	Safety stock	Reorder point	BS	Safety stock
Encompasses all merchandise flows from the retailer back through the supply channel	Logistics management	EOQ	Supply chain management	Reverse logistics	Reverse logistics
A method of remotely strong and retrieving data using devices	RFID	FID	FD	RFI	RFID

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Total physical exterior of a store, including the marquee, entrances, windows, lighting and construction materials	Display	Storefront	POP	Selling products	Storefront
Exists when a retailer starts with its total available store space, divides the space into categories	Top-down space management approach	Space management	Category management	Up management	Top-down space management approach
Merchandise	Price	Place	Product	Promotion	Product
SKU	Total number of products	Total number of brands	Inventory	Reorder point	Total number of products
JIT - Introduction	USA	UK	Japan	India	Japan
Consists of regular products carried by a retailer	Unstaple merchandise	Staple merchandise	Stimulus	Special	Staple merchandise
Encompasses all the activities in managers a retailer's physical facilities	Retail maintenance	Office Maintenance	Display Maintenance	Store Maintenance	Store Maintenance
Computerised process where by the purchase price of a good or service is immediately deducted from a consumer's back account	Debit card system	Credit card system	ATM System	Cash Pay	Debit card system
Calls for precise rent increase over a stated period of time	Graduated lease	Increased rent	Decreased rent	Free of cost	Graduated lease
Requires a consumer to pay his or her bill in full when it is due	Open credit system	Credit system	Bulk credit system	Online credit system	Open credit system
Period from when an order is placed by a retailer to the date of merchandise is ready for sale	EOQs	Buffer stock	Supply lead time	Order lead time	Order lead time
Interior Display	LOP	POP	TOP	ROP	POP
Specifies the inventory level, color, brand, style for every staple item carried by a retailer	Reorder system	Basic stock list	Order point	Assortment	Basic stock list
Products that sell well over non-consecutive time periods	Seasonal merchandise	Mass Merchandise	mega merchandise	Micro merchandise	Seasonal merchandise
The movement of goods and method of transport	Physical flow	Ownership flow	Service flow	Information flow	Physical flow

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Reflection of a store's physical characteristics that are used to develop an image and draw customers	Point of purchase display	Assortment display	Atmospherics	Entertainment	atmospherics
A system of lines printed on a product for computer billing	System code	Computer code	Bar code	Book code	Bar code
A warehouse or room where food can be kept cold	Kirana stores	Cold store	Super stores	Hot Store	Cold Store
On line shopping	Electronic shopping	In store shopping	Out store shopping	Mall Shopping	Electronic shopping
A large window in a shop front	Shop window	window	Big window	Large window	Shop window
A situation where an item is out of stock	Less stock	Stock out	More stock	Soft stock	Stock out
To move cargo From one ship to another	Transfer	tranship	movement	Fast movement	tranship
A warehouse where goods are stored until excise duty has been paid	Bonded warehouse	Free warehouse	CFA	Fire Warehouse	Bonded warehouse
A system that allows retailers to hire equipment that they need to use for long period car, office machines etc	Contact hire	lease	rental	Sell	Contract hire
Visual representation of space for selling, merchandising, personnel and customers	Display	Store format	Planogram	Blueprint	Planogram
Encompasses employee theft, customer shoplifting, vendor fraud and administrative errors	Cost to company	Bad debts	Inventory shrinkage	Discounts	Inventory shrinkage
Occurs when a retailer adds goods and services that may be unrelated to each other and to the firm's original business	Trade merchandising	Scrambled merchandising	Big franchising	Business format franchising	Business format franchising
The copies of all the data bases in a firm are maintained in one location and accessible to employees at any locale	Data warehousing	Data wing	DBMS	Data mining	Data warehousing
Products are marked with a series of thick and thin vertical lines	Computer code	Product code	Universal code	Universal code	Universal code

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Retailers and suppliers regularly exchange Information through their computers with regard to inventory levels, delivery times, unit sales etc.	Electronic data	Electronic data interchange	Date interchange	Electronic interchange	Electronic data interchange
This encompasses 50 to 80 percent of a store's customers	Primary Trading area	Secondary Trading area	Fringe trading area	Domestic Trading area	Primary Trading area
It is based on the premise that people are drawn to stores that are closer and more attractive than competitors store	Analog model	Regression model	Pure model	Gravity model	Gravity model
This is used by both large and small retailers so they can efficiency process transactions and monitor inventory	Ordinary checkout	Retail checking	Computerized checkout	Security check out	Computerized checkout
The consumer Himself or herself scans the items being purchased at a check out counter	Self scanning	Computer scanning	Employee scanning	Staff scanning	Self scanning
The number of district goods/ service categories a retailer carries	Depth of assortment	Width of assortment	assortment	Breadth of assortment	Width of assortment
The variety in any one goods/Service category a retailer carries	assortment	Product display	Depth of assortment	Line display	Line display
It contains name designated by retailers which are more profitable and better controlled by retailers	Private brand	Manufactured brand	Brand	Umbrella brand	Private brand
A system which is a formal way to record consumer request for order or out of stock merchandise	Book system	Want book system	Note book system	Diary system	Want book system
A retailers reduces the amount of inventory it holds by ordering more frequently and in lower quantity	Quick response inventory planning	Inventory planning	Response planning	Product planning	Quick response inventory planning
Special tags are attached to products so that the tags can be sensed by electronic security devices at exits	Article surveillance	Electronic Article surveillance	Check point	Check out	Electronic Article surveillance

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
This encompasses all merchandise flows from the retailer back through the supply channel	Back transport	Back movement	Reverse movement	Reverse logistics	Reverse logistics
A retailer specifies which Products are purchased when products are purchased and how many products are purchased	Usage rate	Re order point	Order point	Purchase point	Usage rate
The average sales per day in units of merchandise	Usage rate	Re order point	Order point	Purchase point	Usage rate
Electronically when stock on hand reaches the reorder point	Reorder system	Automaticall y re ordering system	Order point	Purchase point	Automatica lly re ordering system
EQ2	Quantity per order	Weekly order	Monthly order	Yearly order	Quantity per order
Pieces are marked only on shelves or signs and not on individual items	Price removal	Item removal	Item price removal	Product removal	Item price removal

UNIT-V – Retail Trends

SYLLABUS

Global retailing trends - Indian and International retailing trends – Indian Retailers in Jewellery - Textiles – Food - Music and Electronics – Ethics in retailing – Social responsibility & Consumerism

GLOBAL ENTRY STRATEGY

One of the major issues for a globalizing company is that of the correct strategy in terms of standardizing its service product. Several companies and business leaders have argued about standardization or customization being the right approach. One useful approach is to think global, and act local, as per the needs of the local markets. For example, the McDonald's does not offer beef burgers, its most popular item in most other markets, in India. However, many other products on its menu remain the same, or similar. This is because the company has to take care of local sentiments. Similarly, an Indian restaurant offering food to Americans may have to follow more stringent laws about kitchen hygiene in western countries.

Some changes in products or practices are due to the environmental factors such as the law, the local environment or the customer sentiment. Other changes may be due to fine-tuning of the service to suit local customer tastes or preferences. For example, hotels in India offer a lot of personal services to guests, some of which could be eliminated if the hotel were to start operations in the US where guests may be comfortable doing things on their own, rather than being served by a person.

Other examples could be about the use of technology, or timings to suit local needs, and of course, the amount of spices in food served. For example, the Chinese food served in India differs a lot from that served in western countries such as the US. It is made a lot spicier in India to cater to

local taste buds. The level of hygiene and cleanliness would be a factor (not to mention the malpractice laws) that has to be particularly kept in mind for a hospital from India if it intends to operate in the US.

As the needs of the consumers grew and changed, one saw the emergence of commodity specialized mass merchandisers in the 1970's. The seventies also were witness to the use of technology in the retail sector with the introduction of the 'barcode'. Speciality chains developed in the 80s, as did the large shopping malls.

Shopping malls, a late 20th -century development, were created to provide for all of a consumer's needs in a single, self-contained shopping area. Although they were first created for the convenience of suburban populations, they are now found in many main city thoroughfares. A large branch of a well-known retail chain usually serves as a mall's retail flagship, which is the primary attraction for customers.

In Asian countries, many malls house swimming pools, arcades and amusement parks. Hong Kong's City Plaza shopping mall includes one of the territory's two ice rinks. The Mall of America, which opened in 1992, employs more than 12 thousand people and is over 98 percent leased. Visitors spend an average of three hours in the Mall, which is three times the national average for shopping malls. The Mall of America is one of the most visited destinations in the United States, attracting more visitors annually, than Disney World, Grace land and the Grand Canyon combined. 6 Malls have also become a rage in Asia and The Times Square, Kuala Lumpur, with a built-up area of 7.5 million sq.ft. (697,000 sqm), is the world's largest integrated complex built in a single phase. It's also the biggest shopping mall in Asia.

Thus, the evolution of retail formats worldwide has been largely influenced by a constantly changing social and economic landscape. One of the main reasons for new formats emerging is the consumer himself. Today's consumer, when compared to the consumer of the earlier generation, is definitely more demanding and is focused on what he wants. Consumer demand is the prime reason for the emergence of various formats.

The retailer, on the other hand, has been influenced by factors like the availability of real estate, and the increase in its prices. He is faced with the challenge of adding on new services and the need for differentiation. This has led to specialization and the emergence of specialists. Supply chain complexities and the increasing pressure on margins have also forced the retailers to look at new formats.

RETAIL EVOLUTION IN INDIA

Organized retail is definitely a growing market, and there is a lot at stake for retail companies to profit from technology resources that give customers a better shopping experience. A report by Mumbai based financial services firm Enam Securities pegs that retail should capture about 10 percent of the market. If it were this then what would be the size of the market? A report by CII (Confederation of Indian Industry) says that the retail industry in India would have a market size of \$ 300 billion (Rs.1,420,000 crore) by 2010, if it continues to grow as fast as the economy, which is about six to seven per cent. Much of the growth in the organized segment will be driven by the entry of established business houses into the retailing business like ITC with its Wills Lifestyle chain and Tata group with its Westside chain of stores. Both are using technology to derive greater business efficiencies and benefit the customer.

Many retail companies are aware of latest technologies, and they are in various stages of improving their IT infrastructure to handle expected growth in business and consequently generate more business benefits. These are encouraging developments, but much more can be done. The problem is not of just adopting technology, which is happening, but of using it well, which is not. Organized retailing has started and remained mainly in the south of India.

Till 1996 there was no clear definition of retail formats, Nilgiris being the exception, though some other companies with mainline business in electronics and automobiles did start ill-defined, short-lived formats that did not establish a position in consumer's minds in terms of clarity of offering. This is not to say the government stores in Tamil Nadu did not serve the consumer.

However, subsidy, charity, and philanthropy are not words that do well in organized retail. The Apna Bazaar chain in Mumbai did well to keep the business going, perhaps by finding a way out of the most compelling problem of growth of retail in Mumbai space, and at viable rates. The point to be kept in mind is that organized retail must deliver solid value to the consumers and profits to shareholders. Unsuccessful retail ventures are those that failed to balance two objectives.

Food World starts operations in Chennai. The Food World format, which covers 3,000-5,000 sq.ft., high street stores in a 1-2 km radius of a clutch of houses, 6,000 SKU's emphasis on fruits, vegetables, and staples, prices on par with local grocers but lower in select categories (to drive 'Destination' status), has probably been the most popular format so far. By its very survival as a sustainable business, it has created a benchmark by which organized retail can be defined.

In another first, the RPG group powered the concept of India's first hypermarket – Giant. Giant was a paradigm shift in organized retail in India and it was only after many lengthy debates and research that the composition of the offer could be decided on. There is no substitute for experienced personnel in this type of format. Nuances at the category, operational and cost level are not apparent to start with. Positioning the entire store in the mind of the consumer and delivering 'on-the grounds' is the key to succeeding in this format.

Why should this be different from any other business? Just for the fact that the daily business deals with 15,000 SKU's, 400 suppliers, thousands of consumers per day, seasonally, and impact of the likes of one-day international cricket transmission times is sufficiency to cause unknown, not so easy to quantify and comprehend changes in results. The complexity of the million-character field variability is sufficient to be an entry barrier to the business. This is as true for the hypermarket as for the smaller, local supermarkets as well.

The country where the development of the retail sector has also followed an interesting path is Brazil. The concept of self-service in shopping was introduced to Brazil in 1953 but until 1972, there was no foreign influence in the Brazilian retail sector. Food retailing especially, continued to be

Brazilian-owned and managed, although international innovations were adopted (Alexander and Silva, 2002). In 1972, the Dutch group Makro entered Brazil followed by Carrefour in 1975 and Ahold in 1996. The 1990s have witnessed the introduction of technological innovations in retailing like electronic data interchange (EDI), retailer credit cards, retailers' own brands and efficient consumer response (ECR). Organisations like Carrefour and Wal-Mart have set up centralized distribution centers with electronic communication with suppliers. The shopping centers are becoming important in the retail landscape because they provide a variety of entertainment facilities that draw people to the retail stores. The number of intermediaries in marketing channels is decreasing as the operation of traditional wholesalers is under threat from the direct contact between retailers and suppliers, although a few specialized distributors have emerged who provide value added services such as distribution of frozen and chilled food.

The foregoing review has provided some information that enables the construction of a framework for analyzing the retail development in India. The driving forces towards development can be broadly classified into categories shown in Table below, which is followed by a discussion on each of the driving forces.

ROLE OF RETAILING IN INDUSTRY

Food retailers

There are a large variety of retailers operating in the food-retailing sector. This is not surprising considering the enormous size of the market for food. However, traditional types of retailers, who operate small single outlet businesses mainly using family labour, dominate this sector. In comparison, supermarkets account for a minuscule proportion of food sales. This includes low operating costs and overheads, low margins, proximity to customers, long opening hours, and additional services to customers (such as home delivery). Nevertheless, supermarket sales expanded at a much higher rate than other retailers. This is because greater numbers of higher income Indians prefer to shop at supermarkets because of convenience, higher standards of hygiene and the attractive ambience.

Health and beauty products retailers

With growth in earnings, Indians have been spending more on health and beauty products. As in the case of other retailing sectors, small single-outlet retailers also dominate sales of health and beauty products. However, in recent years, a couple of retail chains specializing in health and beauty products have sprung up. At present, they account for only a tiny share of sales of these products. However, as Indians spend more on such products in future, their business will undoubtedly expand substantially. There is also scope for entry of more such chains.

Clothing and footwear retailers

Numerous clothing and footwear shops are to be found in Indian cities and towns, especially in shopping centres and markets. These are a mix of traditional and modern stores. Traditional outlets are small and cramped with little emphasis on alluring displays. They basically, stock a limited range of cheap and popular items. In contrast, modern clothing and footwear stores are spacious with sample products attractively displayed in windows. Just as in the case of food retailing, there are also a huge number of retailers selling clothing and footwear in makeshift stalls or on footpaths. Because of their rock-bottom prices, which are much lower than prices of branded products, they attract a large number of customers.

Home furniture and household goods retailers

Small retailers dominate the home furniture and household goods retailing sector in India. Despite the large size of this market, very few modern and large retailers have established specialized stores for these products. However, there is considerable potential for the entry or expansion of specialized retail chains and it is likely that this will happen during the next few years.

Durable goods retailers

The entry of a large number of foreign consumer durable companies into the Indian market during the 1990s after the government liberalized its foreign investment and import policies transformed this sector dramatically. A much larger variety of consumer electronic items and household appliances became available to the Indian customer. Competition among companies to sell their brands provided a strong impetus to the growth for retailers operating in this sector.

Leisure and personal goods retailers

Rising household incomes due to economic growth spurred consumer expenditure on leisure and personal goods in India. There are specialized retailers for each category of products in this sector. A few retail chains also emerged particularly in the retailing of books and music products. Another key feature of this sector is the popularity of franchising arrangements between established manufacturers and retailers.

Mall Management

Globally, mall management broadly includes:

- positioning a mall
- zoning – formulating the right tenant mix and its
- placement in a mall
- promotions and marketing
- facility management – infrastructure, traffic and
- ambience management
- finance management

Positioning a Mall

Positioning a mall refers to defining the category of services offered based on demographics, psychographics, income levels, competition in neighbouring areas and extensive market research of

the catchments. For example, if the market research indicates that the average number of households living in a particular area belongs to the upper middle class, then a high-end retail mall would suit the location. An example of this practice can be seen in the upcoming malls, Select City Walk in Saket and DLF's Emporio in Vasant Kunj. We believe that these retail developments are prime examples of good mall positioning. These malls have been specifically designed after an extensive market research, based on the catchments area of South Delhi. The malls provide high-end luxury products catering to the elite class (socio-economic classification A and B consumers) residing in South Delhi.

Positioning also refers to the location of the shopping mall. A good location defined in terms of factors like ease of access via roads, good visibility, etc. is considered as one of the prime prerequisites for a mall. Although other activities such as trade/tenant mix can be revisited or redefined, the location remains fixed, making it an imperative factor for a Mall.

Zoning – Formulating the Right Tenant Mix and Its Placement in a Mall

Tenant mix refers to the combination of retail shops occupying space in a mall. A right tenant mix would form an assemblage that produces optimum sales, rents, service to the community and financiability of the shopping mall venture. Zoning refers to the division of mall space into zones for the placement of various retailers. A mall is dependent on the success of its tenants, which translates to the financial feasibility of the tenant in the mall. Generally, there are two types of consumers visiting malls – focused and impulse buyers. The time spent by focused buyers in malls is relatively lower compared with impulse buyers who also enjoy window shopping. There is little that retailers can do to attract focused buyers as they usually know what they require and from where. However, right tenant mix and optimum retailer placement after a diligent zoning exercise can help retailers attract both types of consumers, especially the impulse buyers.

Promotions and Marketing

Promotional activities and events in a mall form an integral part of mall management. Activities like food festivals, handicraft exhibitions and celebrity visits increase foot traffic and in turn sales volumes.

Organizing cultural events has time and again proved vital in attracting consumers to a mall. Such activities may also act as a differentiator for a mall. Developers can work on drafting marketing strategies for individual malls to meet the needs of the local consumer base and the challenges of local, and in some cases, regional competitors.

Ansal Plaza, the first mall in Delhi, is an example of a successful mall led by good promotions and marketing mall management practices.

Facility Management

Facility management refers to the integration of people, place, process and technology in a building.

It also means optimal utilization of resources to meet organizational needs. It broadly includes infrastructure, ambience and traffic management.

Infrastructure Management – Infrastructure management refers to the management of Facilities provided to the tenants within the mall. This includes provision of adequate power supply, safety issues in case of emergency and miscellaneous issues related to signage, water supply, sanitation, etc. as shown in Figure 1. These form an integral part of mall management as they are the basic amenities that any tenant would look for in a mall. Infrastructure management also includes risk management issues such as essential safety measure asset liability and environmental audits as well as emergency and evacuation training.

a. **Ambience Management** – The overall shopping experience provided for consumers becomes an important factor for the success of any mall.

Ambience management includes management of parks, fountains and overall look of the mall. A mall is not just a place for shopping but is also a place where people spend their leisure time. In

favourable, lush green landscaping with seating facilities and the presence of food and beverage inside or outside the mall can increase foot traffic.

Traffic Management – Traffic management includes managing foot traffic into the mall and parking facilities. Foot traffic management involves crowd management inside the operational area of a mall. The flow of people is related to the design of the mall and the spatial distribution of its tenants. For example, a star-shaped mall tends to have a problem of crowding in the centre of the mall, as everyone has to pass through the centre while moving from one side to the other. Circular malls, on the other hand, would not have this problem. They tend to have better pedestrian flow and less congestion. Managing parking facilities includes provision of ample parking and manoeuvring of cars in the parking lot.

Issues Related to Mall Management in the Indian Retail Market

Lack of Feasibility/Market Research Prior to the Development of a Mall – In the past, some malls were constructed without carrying out a rigorous due diligence exercise on their feasibility. The market scene is gradually changing wherein more and more developers are approaching property consultancy firms to conduct feasibility and positioning studies for their projects.

A Zoning – Landlords/developers tend to lease out retail space on a first-come-first-served basis. This creates a sub-optimal tenant mix like a food and beverage outlet next to a designer apparel shop instead of an accessories or a footwear shop.

Design Issues – At present, most of the popular malls have long queues and congestion outside their main entry points during weekends and festive seasons. Having only one entry and exit points also leads to overcrowding. Similarly, the visibility of retail units from all vantage points is poor in many malls.

Few Promotional Activities – There are very few promotional activities organised in the majority of malls at present. Developers perceive that these events only help increase foot traffic and not revenues.

Facility Management – Good infrastructure/facility management of common areas becomes a problem in malls where retail outlets are sold as strata title.

Parking – Many malls in India do not have adequate parking. Since most malls are being built in the city, developers typically provide basement parking facilities. However, these parking spaces are inefficient due to low ceiling heights, bad lighting and single entry and exit points.

Ethics in Retail

Consideration of retail ethics extends to all parts of the business, including employees, customers and stakeholders. However, those who practice as merchandise management professionals occupy one of the most contentious areas in retail with regard to ethics and conduct. In essence, merchandise management focuses on the creation of surplus (profit) through the buying, distribution and selling of products to consumers. The thin margins of the 'profit tightrope' mean that merchandise managers need to secure the lowest possible prices from suppliers and obtain the highest accepted price from consumers. For many brands, manufacturers, suppliers or growers, securing a contract with a large retailer can determine the future success of the business, while losing a contract can seriously compromise future survival. In addition, multiple suppliers may exist in a specific category or sector, but due to ranging decisions, not all will be guaranteed shelf space and the opportunity to present their products to consumers, putting pressure on suppliers to work hard to accommodate the retailer's proposed (and often non-negotiable) terms, which may often include what are termed *slotting fees* (essentially meaning that the supplier makes a financial contribution to the retailer in return for shelf space and product placement), *stay fees* where the supplier pays a fee to prevent premium shelf space being given to a competitor and *kill fees*, where a supplier may be charged if a product doesn't sell. There are also promotional levies to consider whereby suppliers may be invited to contribute towards the costs of promoting their own products in corporate

campaign literature, or be asked to fund value-adding incentives in the form of promotional competitions.

For many suppliers, getting onto the shelf of a major player may be ‘mission critical’, and in Australian grocery retailing for example, due to the large market share held by the two main players a volume supplier may only have two potential channels to market for their products.

For retailers who increasingly source from overseas, without a tangible ‘on the ground presence’ the cost pressures they place on suppliers can mean that even if ethical codes and guidelines exist, they may be uneconomic to adhere to, or simply not consistently enforced due to the absence of close monitoring. In a global illustration of the challenges facing retailers in relation to this, a recent article by P.K. Robinson in the Journal of Business Ethics focusing on the banana growing industry in Costa Rica proposed that:

Supermarket groups, in response to complaints that codes and standards are not being fully adhered to, firmly place the responsibility for the issue at the door of their direct suppliers, the big transnational producers. They claim that it is impossible to police and monitor all the farms owned and managed by their supply base, and, in this respect, they acknowledge that the full provenance of each consignment of fruit they receive can never be guaranteed.

In addition, retailers have increasingly introduced new competitive elements into the retail mix, for example by the introduction of private label products, controlling brand, item specifications, manufacture and pricing again placing increased pressure on the traditional supplier base to be more competitive (i.e. cheaper) or face potential de-listing as retailers seek to be both price competitive and margin-focused. (The bread and milk industries in particular have recently experienced the downside of the ‘perfect storm’ of price wars and private label expansion. Ethical concerns also exist where sophisticated and professional merchandise teams, trained and experienced in negotiation strategies and tactics, enter discussions with smaller and less well- resourced producers and suppliers, who are perhaps understandably more intimidated by the ‘cliffing’ tactics reportedly employed to force suppliers to accept unprecedented discount levels in an retail environment where price reductions drive growth at the expense of (someone’s) margins.

In this structure, the balance of power clearly lies with the retailer, who makes the final decision in terms of what to buy, who to buy it from and on what terms. Even if you represent a market leading brand, there are apparently no guarantees of an easier ride, with Heinz recently taking aim at the “inhospitable environment” for suppliers to the grocery industry in Australia. There has been a steady stream of (often anonymous) criticism of retailer tactics around the negotiating table in the current tough retail environment, culminating in an ACCC enquiry into alleged "unconscionable conduct" in the dealings of the two leading supermarkets players which again brings ethics in Australian retail in to sharp focus. However, it's also important to acknowledge a retailer's right to negotiate firmly with its suppliers and evolve its product and brand mix with lower price and higher profit in mind, as it seeks to deliver competitive advantage and shareholder value.

Social Responsibility and Consumerism

This complex environment brings key questions in relation to professional business sharply into focus:

- What tactics are appropriate to apply in buying negotiations?
- To what degree is the supplier's expectation of reasonable margins accommodated in the process?
- What are reasonable terms and conditions to impose on a supplier?
- How close should the relationship be between buyers and suppliers?
- What degree of interest should the retailer take in where goods are made, how they are made, by whom and under what conditions?
- Who should develop codes of conduct and how should they be enforced?
- When does supplier gratitude and hospitality become unfair influence, bribery or corruption?
- When does tough negotiating on the part of the retailer become coercion?
- What are the retailer's responsibility and obligations to the supplier and vice-versa?
- What is a fair margin to apply to a product?
- What is a reasonable charge structure for a retailer to seek from a supplier in return for stocking their products, or offering premium shelf positioning?

- What should customers be told about the product (composition, origin, quality) at the point of sale?
- How should pricing and sales promotion be structured and communicated to provide shoppers with a fair and clear value proposition?

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. Bring out the global Retail Business in recent era?
2. List the top ten retailers in global.
3. List the major players in Indian retail.
4. What are the reasons for growth of retail in India?
5. Write notes on Ethics.
6. Define Consumerism.
7. What is meant by Social Responsibility?

Part C (8 Marks)

1. Describe the Global Retail trends.
2. Enumerate how Retail evolved and grew in India.
3. Narrate the recent trends in Indian Retail.
4. Bring out in detail the significant role of Textiles and Clothing Retail in India.
5. Elucidate the impact of Retailing and its growth in Food and Grocery.

UNIT V					
QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Firms involved in more than one type of distribution	Double distribution	Double marketing	Dual distribution	Dual marketing	Dual marketing
Selling goods and services to broad spectrum of consumers	Mass sales	Mass marketing	Direct sales	Direct marketing	Mass marketing
The competition between manufacturers and retailers for	Battle of brands	Brands competition	Brands battle	Brand system	Battle of brands
Combines a high degree of centralized management control with strict operating procedures	Rationalized retailing	Retailing	Retail operations	Strategic retailing	Rationalized retailing
What is UPC?	Universal product code	Union product code	Unit product code	Unique product code	Universal product code
Contribution of organized	20%	30%	15%	4%	4%
Highest organized Retail in the	U.S.A.	U.K.	INDIA	FRANCE	U.S.A.
Enables personnel to learn tasks associated with more than one	Cross Training	on the job training	Off the job training	Training	Cross Training
Graphically displays the hierarchical relationships within a firm	Organisational structure	Organisational chart	Organisational manual	Organizational forum	Organisational chart
Divides all retail activities into functional areas	Mazur plan	Short term plan	Long term plan	Perspective planning	Mazur plan
Activities involved in selling goods and services to customers for their personal, family or	Marketing	Wholesaling	Retailing	Selling	Retailing
Mandates that persons with disabilities be given appropriate	MDA	CDA	ADA	TDA	ADA
Selection of merchandise by	assortment	mark-up	logistics	purchase	assortment
ASA	All standards authority	Advertising standards authority	All sales authority	All Service Authority	Advertising standards authority
An agreement which covers many different items	Market agreement	Blanket agreement	Large agreement	Small Agreement	Blanket agreement
A note showing That money is owned to a customer	Debit note	Credit note	Cash note	Bill note	Credit note
A marketing channel where a producer and consumer deal	Direct channel	Indirect channel	Multiple channel	No channel	Direct channel
The decision to stop production of goods and buy from outside	Integration	Disintegration	Outside purchase	Inside purchase	Disintegration
Goods sold cheaply to pay a company's debts.	Sales	Merchandise	Distress Merchandise	Buy	Distress Merchandise
The exporting of imported goods	Export	Entrecote trade	Import	Dual trade	Entrecote trade
A market where anyone can buy or sell	Dull market	Full market	Open market	Speed market	Open market

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Retailing releasing to the Provision of services as in	Retailing	Quarry retailing	Whole selling	Distributing	Quarry retailing
A persons share of profits from an illegal business	Profit share	Partner share	Rake -off	Illegal share	Rake -off
Red goods	Consumer goods	Food products	Industrial goods	Electronic goods	Food products
The import of goods which have been exported from the same	Re import	Export	import	Transport	Re import
A small sample of a fabric	Sample cloths	Piece of cloths	A small piece	Swatch	Swatch
Profit earned by a business through having a monopoly	Super normal profit	Normal profit	Good profit	Very good profit	Super normal profit
Selling extra products to go with the one the customer is planning	upselling	Above selling	Below selling	No selling	upselling
High – prices goods which are kept in use for a relatively long time and so are not replaced	White good	Red goods	Yellow goods	Orange goods	Yellow goods
To send goods by air	Air carrier	Air transport	Air cargo	Air fright	Air fright
An excusive Who is passionate about a brand and promotes it Vigorously world wide	Brand exclusive	Brand manager	Brand champion	Senior manager brand	Brand champion
A method used for objective assessment of competing	Buy grid	By-line	Buy phases	Buying services	Buy grid
The overall plan or frame work of action that guides a retailer	Retail ideas	Retails plants	Retail strategy	Retail outlets	Retail Strategy
A candid evaluation of the opportunities and threats	Market analysed	Sales analysed	Potential analysis	Situation	Situation
Many retail vendors sells a range of products at discount prices in plain surroundings	Flea market	Retail market	Whole sale market	Super Market	Flea market
Retailers hire people to pose as customers and observe their operations from sales	Retail customers	Customers	Mystery shoppers	Moke shoppers	Mystery shoppers
Systematically lifts all the operating functions to be performed their characteristics	retailing	wholesale	Operating blue print	Net blueprint	Operating blue print
Multiple out lets conform to relatively uniform construction layout and operation standards	Retail show room	Prototype stores	Chain stores	Super stores	Prototype stores
Planning at the Individual product of level And then proceeds to the Category total stores and overall company	Bottom up space management approach	Top down space management approach	Space approach	Managemen t approach	Bottom up space management approach

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
A retailer pays an outside party To under take one or more of its operating functions	In sourcing	Out sourcing	Job work	Piece work	Out sourcing
A retailer carries complementary goods and services to encourage shoppers	Cross sales	Up sales	Up merchandising	Cross merchandising	Cross merchandising
A group of retailers gets together to make quantity purchases from suppliers and	Central buying	Regional buying	Co-operative buying	Foreign buying	Co-operative buying
High sales are generated for a short time	For merchandising	Assort merchandising	Fashion merchandise	Luxury merchandise	Fashion merchandise
A retailer has no risk because title is not taken the supplier owns the goods until sold.	Memorandum purchase	Ordinary purchase	Consignment purchase	Impulse Purchase	Consignment purchase
Retailer takes title on delivery and is responsible for damages	Memorandum purchase	Ordinary purchase	Consignment purchase	Impulse Purchase	Consignment purchase
The total process of planning implementing and co-ordinary the physical movement of merchandise from manufacture	Movement	logistics	Mode of transportation	Shipping	logistics
This is a sign that displays the	marquee	Retail outlet	Show room	Store front	Store front
This is a sign that displays the stores name	marquee	Name plate	Name board	Bill board	marquee
This determines The floor space Necessary to carry and display a proper that merchandise	Stock approach	The model stock approach	Floor space approach	Retail approach	The model stock approach
This assigns floor space on the basis of sales or profit per foot	Sales ratio	Profit ratio	Sales productivity	Sale & profit ratio	Sales productivity
Number of distinct people exposed to a retailer's promotional efforts during a	Reach	Rating	Traffic	crowd	Reach
This takes the customers from awareness to knowledge to liking to preference to	Awareness ration	Customer behaviour	Direct marketing	Hierarchy of effects	Hierarchy of effects
A retailer projects the future by studying factors that affect long run performance and then	Scenario analysis	Place analysis	Product analysis	Price analysis	Scenario analysis
Exploratory research	Problem definition	Solution	Problem & solution	Alternative	Problem definition
Descriptive Research	Problem definition	Solution	Problem & solution	Alternative	Solution
Primary date	Old date	Old & new date	New date	First date	New date

QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	ANSWER
Secondary date	Old date	Old & new date	New date	First date	Old date
Opinion leader	Product expert	Sales person	Advt executive	Agent	Product expert
Audimeter	pretesting	Post testing	Pre & post testing	Testing	Post testing
Hypothesis formation	Exploratory research	Descriptive research	Explorative descriptive research	Analytical research	Exploratory research