UNIT-I RETAILING

Retailing is the business where an organization directly sells its products and services to an end consumer and this is for his personal use.

By definition whenever an organization be it a manufacturing or a whole seller sell directly to the end consumer it is actually operating in the retail space.

AN OVERVIEW OF RETAILING:

The word 'Retail' is derived from a French word with the prefix re and the verb tailer meaning "to cut again". Evidently, 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. Manufacturers engage in retailing when they make direct-to-consumer sales of their products through their own stores (as Bata and Carona shoe companies, D.C.M. Stores, Mafatlals and Bombay Dyeing) by door-to-door canvass, or mail order or even on telephone. Even a wholesaler engages in retailing when sells directly to an ultimate consumer, although his main business may still be wholesaling. A retailer is a merchant or occasionally an agent or a business enterprise, whose main business is selling directly to ultimate consumers for non-business use. He performs many marketing activities such as buying, selling, grading, risk-trading, and developing information about customer’s wants. A retailer may sell infrequently to industrial users, but these are wholesale transactions, not retail sales. If over one half of the amount of volume of business comes from sales to ultimate consumers, i.e. sales at retail, he is classified as a retailer. Retailing occurs in all marketing channels for consumer products.

Importance of Retailing

The retailer is an intermediary in the marketing channel because he is both marketer and customer, who sells to the last man to consume. He is a specialist who maintains contact with the consumer and the producer; and is an important connecting link in a complex mechanism of marketing. Though producers may sell directly to consumers, such method of distributing goods to ultimate users is inconvenient, expensive and time consuming as compared to the job performed by a specialist in the line. Therefore, frequently the manufacturers depend on the retailers to sell their products to the ultimate consumers. The retailer, who is able to provide appropriate amenities without an excessive advance in prices of goods is rewarded by larger or more loyal patronage.

Retailing is a process of breaking the bulk and it is carried out by retailers for following important reasons.

1. Retailing makes its possible to supply products and services to consumers.
2. Retailing helps manufafacturing to distrubutes their products and services to their target consumer.
3. Retailer store products in its godwons or store in advance so that it can be make available to consumers at any time without any shortage.
4. Retailing provides various varity to consumers so that they can choose a product of their choise and budget.
5. Retailing makes it possible for consumers to buy according to their convenient time and according to their need.
6. Retailing provides them additional facilities like free pacakging, home delivery, credit facilities etc so that they can purchase conveniently.
7. Retailing provides a mean to receive feedback suggestions from consumers regarding imporvement in products.
8. Retailing process makes it possible for manufacturer to reach consumers for their new products or services other than existing products or services.

IMPROTANCE OF RETAINGING

- Easy to conveience
- Good distribution
- Good storage
- Many choices
- Easy availability
- Good additional facilities
- Feed back suggestions
- Products
- Provides different environment aware new products
- Provide latest scheme

EVOLUTION OF RETAIL

The retail industry in India has undergone significant evolution over the years, driven by factors such as economic growth, urbanization, changing consumer preferences, technological advancements, and government policies. The retail industry in India has evolved significantly over the years. The early days of retailing in India were dominated by small, independent mom-and-pop stores and Kirana stores. These stores supplied the needs of the local community and offered a limited range of products.

In the 1990s, the Indian economy liberalized, which led to the entry of foreign retailers into the Indian market. These retailers brought with them new concepts and practices, such as large format stores, supermarkets, and hypermarkets. This led to the growth of the organized retail sector in India.

The growth of the organized retail sector has been further accelerated by the rise of e-commerce. E-commerce platforms such as Amazon, Flipkart, and Myntra have made it possible for consumers to shop online for a wide range of products.

The market size of the Indian retail market is expected to grow at a compound annual growth rate (CAGR) of 10% from 2022 to 2025. This growth is being driven by a number of factors, including the growing population, rising incomes, and increasing urbanization.

Here's an overview of the evolution of retail in India:

Traditional Retail (Pre-1990s)

Before economic liberalization in the early 1990s, India's retail was mainly characterized by traditional mom-and-pop stores, street markets, and local bazaars. These small retailers were the primary source of goods for consumers, and organized retail was limited.

Traditional retail in India refers to the practice of selling products or services through physical stores, such as mom-and-pop stores, Kirana stores, bazaars, and weekly markets. These stores are typically small and family-owned, and they offer a limited range of products. They are often located in residential areas and cater to the needs of the local community.

Economic Liberalization (1990s)

India's economic reforms in the 1990s opened the doors for foreign direct investment (FDI) and led to the emergence of modern retail formats. Brands like McDonald's and Pizza Hut entered the Indian market during this time. However, organized retail remained limited due to challenges such as infrastructure constraints, regulatory hurdles, and consumer preferences for familiar traditional shopping experiences.

Rise of shopping malls (2000s)

The 2000s witnessed the growth of shopping malls in major cities. These malls housed a mix of international and domestic brands, along with entertainment and dining options. The mall culture changed the way Indians shopped, providing a one-stop destination for shopping and leisure.

The growth of the middle class in developing countries, such as India and China, led to an increase in demand for Western-style shopping experiences.

The rise of e-commerce had a limited impact on the mall industry in the early 2000s, as many consumers still preferred to shop in person.

Malls were seen as a safe and convenient place to shop, especially for families.

Malls offered a variety of entertainment options, such as movie theaters, food courts, and arcades, which made them a popular destination for people of all ages.

As a result of these factors, the number of shopping malls in the world grew rapidly in the 2000s. In India, for example, the number of malls increased from 3 in 2000 to over 650 in 2022.

However, the rise of e-commerce in the late 2000s and early 2010s began to have a negative impact on the mall industry. As more and more people started shopping online, mall traffic declined. This trend was exacerbated by the COVID-19 pandemic, which forced many malls to close temporarily.

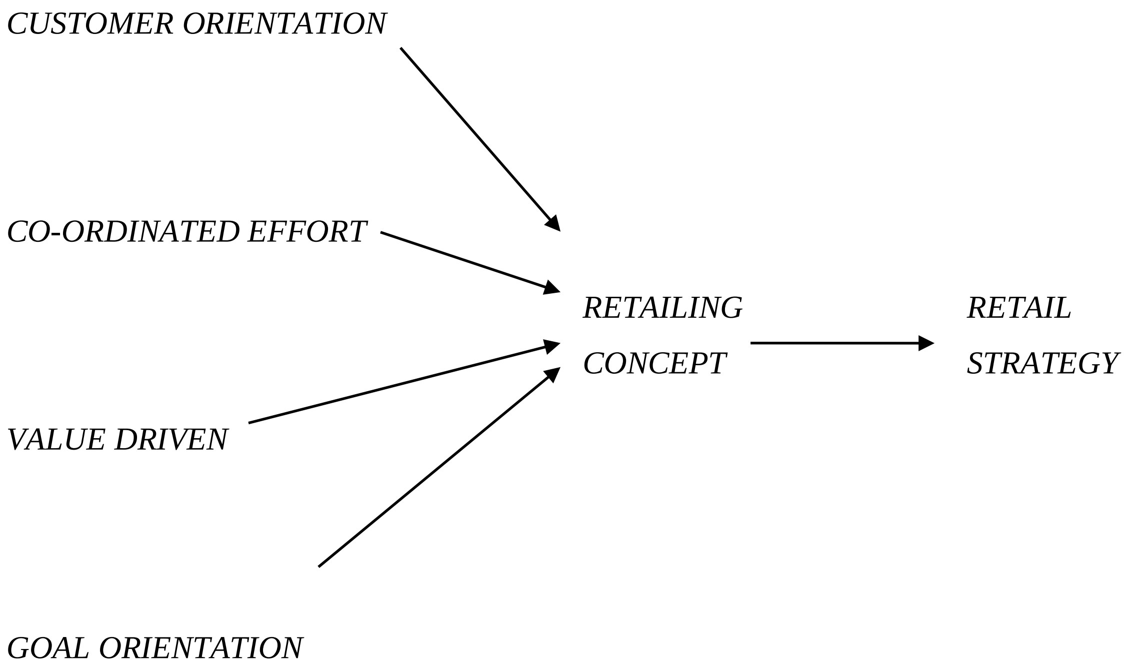
As a result, the mall industry is facing a number of challenges in the 2020s. Malls are having to adapt to the changing retail landscape by offering more experiential and interactive experiences, such as food halls, art installations, and fitness centers. They are also trying to attract more foot traffic by partnering with non-retail businesses, such as healthcare providers and coworking spaces. Only time will tell whether the mall industry will be able to survive the challenges of the 2020s.

Modern Retail Formats (2000s-2010s):

Large-format retail stores like Big Bazaar, Reliance Retail, and others introduced modern retail concepts, offering a variety of products under one roof. These stores aimed to provide convenience, value, and a wide range of options to consumers.

The advent of the internet and the rise of e-commerce platforms like Flipkart, Amazon, and Snapdeal brought a transformative change to the retail landscape. E-commerce offers consumers the convenience of shopping from home, a vast variety of products, and attractive discounts. The growth of smartphones and improved internet connectivity further accelerated the adoption of online shopping.

CONCEPTS OF RETAILING



CUSTOMER ORIENTATION-

The retailer determines the attributes and needs of its customers and endeavors (take action) to satisfy these needs.

***CO-ORDINATED EFFORT*-**

The retailers integrates all plans and activities to maximize efficiency.

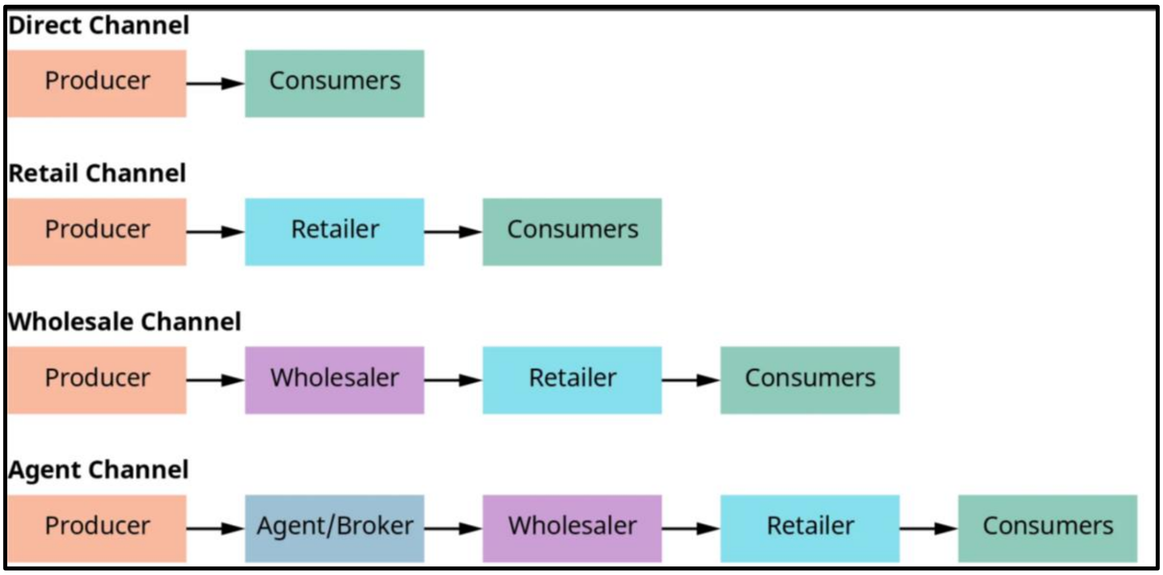
***VALUE DRIVEN*-**

The retailer offers value to the customers, wheather its be upscale (expenssive) or discount i.e." appropriate pricing" for goods and customer service.

GOAL ORIENTATION –

The retailer sets goals and uses strategy to attain them.

Retail Market channel



FUNCTION OF RETAILER/RETAILING

- Understand customer needs and wants
- Providing assortment of good services
- Providing services to customer
- Breaking bulk
- Holding inventory
- Providing information to suppliers

Retailers / retailing performs following functions

1. Retailers sources and stores products for consumers
2. Retailers breaks the bulk products for consumers
3. Retailers informs consumers about new products scheme and varieties
4. Retailers provides long hours access to consumers to purchase products at their convenient time and place
5. Retailer provides packaging, home delivery, credit etc additional facilities to the consumers.
6. Retailers aids in the distribution of products and services in the market
7. Retailers receives feed back and suggestions from consumers and inform it to manufactures and wholesalers.
8. Retailers gives demonstration, explaination and clear enquries of consumers so that they can take decision about buying a products.

CLASSIFICATION OF RETAILING FORMATS (Introduction to Retail Organization)

A retail organization is a place /unit /entity where or through which retailing activities are carried out between a retailer and consumer. Example- a shop, factory, e-website store etc. The retail organization are of different types on the basis of their ownership, arrangements, location, size, facility, type of merchandise they sell, technology they use.

Example: - department store, general store, supermarket, franchisee, destination store, specialty store, automatic vending unit etc.

- ***Owner based retailing***
  - Proprietor shop
  - Co-operative shop
  - Franchise shop
  - Licensed shop
  - Conglomerate
- ***Size based retailing***
  - General store
  - Departmental store
  - Supermarket
  - Hypermarket
  - Destination store
- ***Merchandise based retailing***
  - Specialty store
  - General store
  - Discount store
- ***Non store or Direct retailing***
  - Kiosks
  - Carts
  - Vending Machines
  - Direct selling
  - E-retailing
- ***Service based retailing***
  - No-service
  - Full-service
  - Self service

RETAIL VERSUS WHOLESALE

Wholesale involves selling bulk goods to other businesses at discounted prices. Retail involves selling products directly to consumers at a retail price.

Another way of explaining the difference between wholesale and retail is by using the business terms "business-to-business" (B2B) and "business-to-consumer" (B2C).

Wholesalers are B2B because they sell to other businesses. Retailers are B2C because they sell to individual consumers.

<u>How wholesale works</u>

Wholesaling is the process of buying goods in large quantities from manufacturers or distributors, storing them in warehouses, and then reselling them to retailers for a profit.

Wholesalers purchase enormous amounts of inventory at a time for a low price and then sell the products in smaller quantities at a higher price. For example, a wholesaler might buy 1,000 water bottles from this manufacturer for $2 per bottle. This would cost them $2,000.

Then the wholesaler could sell 50 water bottles to 20 different retailers for $6 per bottle—three times the price they originally bought each bottle for. Once they deduct their expenses, such as warehousing and delivery, they'd be left with a profit.

All in all, wholesalers:

- Buy products from manufacturers and distributors in bulk at a low cost
- Don't sell directly to the end user of the product
- Resell these products to other businesses in smaller quantities and at a higher cost than they bought them from manufacturers.

<u>How retail works</u>

A retailer buys goods in bulk from a wholesaler, manufacturer, or distributor and sells them to end users. They are the last business in the supply chain.

So, whenever you buy something for your own use as a consumer, you're buying from a retailer. This includes the grocery store, hardware store, and clothes shop. What's more, retailers usually sell products individually.

For example, a retailer might purchase 100 watches from a wholesaler for $20 each. Then, they could sell them to consumers for $55 each.

Simply put, retailers:

- Buy goods in bulk from a wholesaler or distributor
- Market and sell products individually to the end user

Difference Between Retailer and Wholesaler

CRITERIA	RETAILERS	WHOLESALERS
Target Market	Business-to-Consumer (B2C)	Business-to-Business (B2B)
Customers	Individual consumers	Retailers, businesses
Product Quantity	Sell in small quantities	Sell in bulk quantities
Purchasing Process	Buy from wholesalers or manufacturers	Buy directly from manufacturers or producers
Role in Supply Chain	Final point of sale	Intermediaries between manufacturers and retailers
Pricing	Determine retail prices for profit	Sell products at lower prices to retailers
Marketing	Attract and engage individual customers	Focus on building relationships with retailers
Store Types	Retail stores, online platforms	Wholesale warehouses, distribution centers
Product Variety	Offer a wide range of products	Provide a diverse selection of goods
Services	Customer service, product display	Storage, distribution, packaging, financing
Examples	Department stores, boutiques, online retailers	Wholesale suppliers, distributors, bulk suppliers

➢ <u>TYPES OF RETAILERS</u>

1. ***<u>SPECIALITY STORES</u>***-

   These stores are characterized by narrow product lines but with deep assortment such as apparel stores, sporting goods store, furniture store, florist and book store. Under this also there could be specialization like limited line store.

   e.g.- (men's clothing store) and super specialty store,

   Men's custom skirt store.

2. ***DEPARTMENT STORE***-

   Several product lines- typically clothing, home furnishing and house hold goods with each line operated as a separate department managed by specialist buyers and merchandiser.

3. ***SUPERMARKET/ HYPERMARKET***-

   Relatively large, low cost, low margin, high volume, self services operation which is design to easier total needs for foods, laundry, household maintenance produce.

4. ***CONVENIENCE STORE***-

   These are the stores which are relatively small in size and they are looked hear residental area, normally remains pen seven days a week and carring a limited line of high turnovers convence products at slightly high prices. Many have added take away sandwiches, coffee and paistries.

5. ***DISCOUNT STORE***-

   Standard merchandise sold at lower price with lower margin but higher volumes. Actual discount store regularly sells merchandise at lower prices and after mostly national brands. In discount retailing. Discount retailing is also present.

   e.g.- discount electronic store or discount book store.

6. ***OFF PRICES RETAILERS***-

   Merchandiser bought at less than regular wholesale price and sold at less than retail prices. Often left over goods, irregulars obtained at reduced prices form manufactures and other retailers.

   Factory outlets are owned and operated by manufactures and they normally carry manufacturing's supplies, discounted and irregular goods.

7. ***MOM AND POP STORES***-

   Local neigh board stores managed by an independent, which provides limited range of daily use articles.

   Many such outlets are still thriving by knowing their customers better and providing them with more personalized service.

UNIT-II **RETAIL TERMINOLOGY**

***COST PRICE (CP)*: -**

Cost price is the price that involves all the expenses done to produce a product. It is appreciated (short form) as C.P. Cost price includes all direct and indirect costs required to produce a product. It does not include profits and margins.

C.P.- S.P.=PROFIT/MARGIN

SELLING PRICE (SP): -

Selling price is the price at which a product is sell to a customer. It includes cost price and profits/margins. It is abbreviated as S.P.

S.P.=C.P.+PROFIT/MARGIN

- While calculating selling price taxes, duties, marketing expenses and profit, margin, mark-ups/markdown are increased.

MARK-UP: -

Mark up is defined as the percentage increases in selling price of a product to balance any previous loss at any extra cost made on the product. It is written as MV in the short generally, the Mark-up is done on those products that have good sale or demands. (This is often called a discount in retail shops).

S.P.=(C.P.+PROFIT) +MV

PROFIT: - The profit is defined as the amount gained by selling a product, which should be more than the cost price of the product. It is the gain amount from any kind of business activity. In short, if the selling price (SP) of the product is more than the cost price (CP) of a product, then it is considered as a gain or profit.

PROFIT = S.P. - C.P.

Example:

$$
\begin{aligned}
CP &= \$60\,000 \\
SP &= \$75\,000 \\
\text{Profit} &= SP - CP \\
&= \$75\,000 - \$60\,000 \\
&= \$15\,000 \\
\%\ \text{Profit} &= \frac{\text{Profit}}{\text{Cost Price}} \times 100\% \\
&= \frac{15\,000}{60\,000} \times 100\% \\
&= 25\%
\end{aligned}
$$

CONSUMERISM: -

An economic and social system that encourages the consumption of goods and services as a means of attaining person’s wellbeing and happiness. From business point-of-view, consumerism is a positive phenomenon that fuels economic growth.

As consumers spend, economists presume that consumers benefit from the utility of the consumer goods that they purchase, but businesses also benefit from increased sales, revenue, and profit. For example, if car sales increase, auto manufacturers see a boost in profits. Additionally, the companies that make steel, tires, and upholstery for cars also see increased sales. In other words, spending by the consumer can benefit the economy and the business sector in particular.

CONSUMPTION: -

Consumption is the process of buying or using goods and services. Consumption means the amount of something that people use. The term may refer to the usage of products and services in an economy, or how much of those goods and services people use.

It is the basic foundation for economics, as well as a country’s economy.

In an economy, consumers decide what to consume based on the availability and price of things and consumer’s own needs and wants. We base our whole economic system on this consumption behavior and producing more and more goods and services.

CUSTOMER SATISFACTION: -

Customer satisfaction is defined as a measurement that determines how happy customers are with a company's products, services, and capabilities. Customer satisfaction information, including surveys and ratings, can help a company determine how to best improve or changes its products and services. Customer satisfaction (CSAT) is a measure of how well a company's products and services meet customers' expectations.

An organization's main focus must be to satisfy its customers. This applies to industrial firms, retail and wholesale businesses, government bodies, service companies, nonprofit organizations, and every subgroup within an organization.

DISTRIBUTION: -

Retail distribution is the process of getting products from the manufacturer to the consumer. An example of this would be a clothing store purchasing garments from a clothing manufacturer and then selling them to customers in their store.

EMPOWERED CONSUMER: -

Customer empowerment is when you give your customers the information and the tools that they need to make a decision. By giving them resources and options, you're providing them with a much better buying experience and allowing them to determine the kind of experience they'd want to have with your brand.

One of the most common ways brands can empower their customers is through reviews, ratings, and testimonials. For example, on Amazon, the entire customer experience is built on the system of reviews and star ratings.

INVENTORY SHRINKAGE: -

Inventory shrinkage occurs when the number of products in stock are fewer than those recorded on the inventory list. The discrepancy may occur due to clerical errors, goods being damaged or lost, or theft from the point of purchase from a supplier to the point of sale.

LOGISTIC: -

Logistics is the overall process of managing how resources are acquired, stored, and transported to their final destination. "Logistics" was initially a military-based term used in reference to how military personnel obtained, stored, and moved equipments and supplies. The term is now used widely in the business sector, particularly by companies in the manufacturing sectors, to refer to how resources are handled and moved along the supply chain.

Simply put, retail logistics refers to all of the strategy, functions and processes needed to move merchandise from Point A (the source of supply) to Point B (the end consumer).

PROCUREMENT: -

Procurement is obtaining or purchasing goods or services, typically for business purposes. Procurement is most commonly associated with businesses because companies must solicit services or purchase goods, usually on a relatively large scale.

The procurement process is often a vital part of a company's strategy because the ability to purchase specific materials or services can determine if operations will be profitable. Procurement budgets are provided to managers with a specific value that they can spend to procure the goods or services they need.

SUPPLY CHAIN MANAGEMENT: -

In the retail industry, supply chain management (SCM) manages the flow of goods and services from suppliers to customers. Retail SCM includes all activities involved in planning, sourcing, making, delivering, and returning products and services to retailers.

Supply chain management is a strategic approach that provides organizations to outsmart their competitors and boost customer satisfaction. Simply put, it acts as an alternative tool to survive in the market, keeping customer engagement and transparency in payment in check. Components of Supply Chain Management are– Plan, Source, Make, Deliver and Return.

VENDOR: -

Vendor is an individual or company that supplies goods and services to businesses or consumers. Vendors buy products or services from distributors and resell them to others, usually individual consumers. Their main goals are to monitor customers’ interests and to have enough goods in stock to meet demand.

You could also consider retailers to be vendors because they supply products directly to consumers. However, the term vendor is typically only used to describe the immediate seller of goods or services.

There are several types of vendors that have different roles in the supply chain process. The five types of vendors are – Manufacturers, Wholesalers, Retailers, Service & maintenance providers, Independent vendors.

MARK DOWN: -

Mark down is defined as percentage decreases in selling price of a product due to fall in its demand, change in technology, the product become absolute or for stock clearance done for the products that get in the shop for longer period than expected.

$$\boxed{\textbf{S.P. = (C.P. +PROFIT)-MD}}$$

BROKER: -

Broker is an agent that deals in shares or stock market. He shares shares of product/companies to inverters and earns brokerage for its service. He has good knowledge of stock market and also a valid license to give services to the investors who want to invest their money in stock. Broker helps invertors in all documentation work.

AGENTS: -

Agents are a middleman that helps manufacturers to sell their product to wholesaler /retailer. The agents earn fixed commission for their services. They have good knowledge of product and help manufacturer by bringing order and help wholesalers/retailers by providing product and services. The agent deals in their expertise regions, product and market.

BRANDING: -

Branding is process of creating an image ‘’unique’’ of a product by virtue of different marketing tools like advertising, publicity, etc. the unique image is known by a name called as brand.

Example:- John Player, Van Husan, Lous Phillip, Lee Cooper, etc. are popular brands of garments. Brand helps customers to recognize and follow a product for its latest trend and design. Brand image gives physiological comfort and motivation to the customer and marketing reorganization to the manufacturer.

ADVERTISING: -

Advertising is a process in marketing in which a paid communication is done with consumers about products through different mediums like newspaper, television, radio, magazine, bill boards etc. This communication is known as advertising. The communication is based on products, characteristics, promotion, appeal, comparison with product etc. to aware customer and to develop product as a brand. It is one of important tools of marketing.

PUBLICITY: -

Publicity is another process in marketing in which the manufacturer promotes their product indirectly by organizing or sponsoring social events, discussion, forms etc. Such events promote the image of company and indirectly their products.

Example:- medical camps, plantation events, group discussion etc. The companies sometimes engage popular celebrity or renewed person as ‘brand ambassador’ or brand icons, to reaching the public and to engage with their product. It helps to promote brand image and companies’ social contribution and market value.

PACKAGING: -

Packaging has become popular in recent retail world. Now a day customer expect more from packaging a product. The customer demands information, attractive look, ease of carry, product safety features, etc. other than product itself. This goal of package of value is called as packaging. Thus, packaging has developed a new industry. Packaging is thus the process of providing goods to customer in a meaningful, attractive, valuable, easy to carry and informant package.

UNIT-III <u>Retail Organizations</u>

DEPARTMENTAL STORE

It is retail organization in which merchandise arranged in different department based on its types and class. Thus, it becomes easy for consumers to locate its merchandise in the store. That is why it is called as departmental store.

THE VARIOUS CHARACTERSTICS OF DEPARTMENTAL STORE ARE AS FOLLOWING:

1. The merchandise is arranged in department ts of the basis of its type.
   Example:- food products, utensils, cosmetics, gifts, FMCG (fast moving consumer goods), shoes, innerwear, etc.
2. The salesman provides assistance to consumer in comparing, identifying and finalizing a product.
3. The consumer can easily locate its merchandise according to its type
4. The consumer can compare among various options available at departmental store of single merchandise.
5. The departmental store provide good service to their consumer
6. The merchandise is costlier in departmental store
7. The billing facility is generally centralized
8. The additional facility like packaging, home delivery is also available.
9. These store are generally located in main market or crowded place
10. The store is generally owned by single person or family.
    Example:- basant store, city center departmental store.

DISCOUNT STORE

In this retail organization is providd at attractive prices to consumer. That is why hose a called as discount store.

Example :- china bazaar, Ludhiana woolen mela.

THE CHAARACTERSTICS OF A DISCOUNT STORE ARE AS FOLLOWING:-

1. The merchandise is available at cheaper and attractive price
2. These stores are generally located at crowded place but not in posh area.
3. These stores do not provide additional facilities like packaging, home delivery etc.
4. The variety of merchandise is not fixed and cannot be predicted.
5. This store provides poor service to consumer.

6. These stores do not provide salesman for assistance.
7. The quality of merchandise may vary.
8. These stores are known for the attractive price and hence attract price minded consumer.
9. These store generally focused on items daily need
10. These stores generally do not provide warranty or other after sales service.

SPECIALITY STORE

The retail organization that retails a specific category of merchandise is called as specialty store. This types of retail organization provides wide variety of a special category of merchandise to consumers have vast number of option for a particular merchandise.

1. Specialty store retails IN specific category of merchandise.
2. Specialty store provide widen variety in specific merchandise to consumer.
3. Specialty store have experience in single field of merchandise.
4. Specialty store provide depth option for particular merchandise.
5. These stores are generally located in main market in cities.
6. Specialty store provide better display showing application of specific merchandise.
7. Specialty stores are generally owned by single person or even by companies.

E-RETAILING

e-retailing is the latest technique of retailing in which electronics medium is used for retailing products/services of consumers like website, mobile apps, e-mails etc. these type of medium are based on internet facilities. It is sometimes also called as store without Wales or virtual STORE . The consumer can explore, compare and purchase merchandise online.

Example: - flipcart, amazone, shopclus, jobong, myntra etc.

The various characteristics of e-retailing are following:-

1. E-retailing means electronic retailing.
2. E-retailing provides merchandise to consumer through online stores.
3. E-retailng is based on internet facilities.
4. E-retailing is done through website. Emails, mobile apps etc.
5. Then consumer can purchase merchandise online from home itself without visiting actual shop.
6. E-retailing saves consumers time and effort to purchase merchandise.

DIRECT RETAILING

In direct retailing the merchandise is sold to consumers directly by a salesman in their home. Thus, in the retailing the consumer need not visit any stores. The salesman describe, percentage, demon-stores the product to consumer. He offers competitive price and other offers to consumer and if consumer is satisfied he can purchase the product. But, it is very costly method of retailing expert salesman is required.

The various characteristics of direct retailing are as following:-

1. Direct retailing need trained salesman to retailer merchandise to consumer.
2. The salesman product to consumer by visiting their homes.
3. The salesman demonstrates merchandise directly to consumer.
4. The salesman offer merchandise at competitive price attractive package.
5. The consumers need not to visit any store in this type of retailing.
6. T5he type of retailing is focused or highly populated residential area/colonies.

Example: - eureka forbes, ammay.

CHAIN STORES (MULTIPLE UNIT STORES)

A retail organization having multiple retail outlets in a city or state or nation or world is turn as a chain store or a multiple unit stores. All the retail outlets have similar merchandise plan and store are governed by common rules and policies and hence they are linked with each other like a chain.

The various characteristics as a chain store are as following:-

1. A chain store is linked with similar store under common name and rules.
2. A chain stores can be distributed in a city or a state or nation or world.
3. The merchandise plan is common in chain store.
4. The chain stores are generally located in crowded or busy market or cities.
5. Chain store offer a variety of merchandise relate tom daily life like groceries, garments, shoes etc.

DESTINATION STORE

The retail organization that’s are very large in size and product a complete merchandise plan to consumer along with additional facilities for recreation like indoor shorts, food court entertainment etc.

are called destination stores. These stores are generally found in metropolitan cities at outskirt of city away from crowdie places.

<u>The various characteristics of destination store are as following:-</u>

1. The stores are building over large covered areas.
2. These stores provide complete and large variety of merchandise plans.
3. These stores provide packing, security safety etc. additional facilities to consumers.
4. These stores also provide various recreational facilities to consumers like indoor sports, entertainment zone.
5. These stores have plenty of food points and food courts
6. These stores provide merchandise at expensive rates.
7. These stores are located at outskirts of metropolitan or big cities.

<u>PARTY PLAN</u>

In this types of retailing the merchandise is retailed through social meeting or gathering at residential area that is why it is called as party plan. The merchandise are generally related with daily routine or home utilizes. Party plan provide an opportunity to see, disuess about merchandise among visitors and hence the visitors can decide easily weather to purchase are as following:-

1. Party plan is based on retailing through social gatherings.
2. Party plan provides an opportunity to both retailer and consumers to interact with each other freely to discuses about merchandise.
3. In party plan the visitors of party can sees demonstrate discuses about merchandise.
4. In party plan the interested consumers can take reviews of existing consumer about the merchandise.
5. Party plain provides convenient method at purchasing products through social gathering.
6. It reach is limited to residential societies .

<u>WAREHOUSE CLUB</u>

In this retails organization the merchandise is stored in large quantities. Warehouse in a systematic manner and procure of the merchandise is made available to its consumers who are also member of this warehouse club. The member can see product details in merchandise procure and can order the products on phase or in persons. The products are them or in persons. The products are them delivered to member at their home. The member are required to key membership fee and the porters of warehouse club keep them update about latest merchandise through communications. The prices are also mentioned against product details. The ware house is generally located at open and less crowdie area.

The various characteristics of warehouse club are as following:-

1. Warehouse club is located at open and less crowdie places in cities.
2. The members bay membership charge to take benefits of this warehouse club .
3. The warehouse keeps stores of daily routine products in a systematic manner and up to member through brochures or communications.
4. The member consumers can see broachers and order the required item or plans.
5. The warehouse club delivers product to member consumer at their home.
6. The warehouse club generally keeps popular variety of merchandise.
7. The warehouse club thus save times and effort to consumer.
8. The members also get routine offers and discounts.

FRANCHISEE

In this type of retailing the owner of merchandise gives sells and services rights to a third party as a part of contracts. The producer of merchandise is called as franchiser why the seller of merchandise is called as franchisee. The franchisee annual charger to franchiser and the franchiser gives merchandiser its selling rights to franchiser. Thus it is a kind of matual contract between franchiser & franchisee.

The franchiser makes rules and regulations for retailing the merchandise.

e.g. pizza hunts, Vodafone store etc.

The various charactersties of franchisee are as following:-

1. The franchiser is the main owner of the merchandise.
2. The franchisee takes license form franchiser after paying charge to seller the merchandise.
3. The franchisee is bound to follow these rules and regulations for retailing.
4. Franchisee - franchiser relationship helps products over a large area which helps franchisee to earn profit by selling the product that is made popular to franchiser.
5. The franchiser makes rules and regulations of retailing.
6. The cost of merchandise is decided by franchiser.
7. The franchiser gives training to franchisee and its staff.

SUPERMARKET

These types of retail organization are build on very large area ranging from 400m square-1500m square and 1500m square – 2500m square. It retails generally the merchandise of daily use like, clothes, groceries, FMCG (fast moving consumer goods) tools equipments and other perishable and non-perishable goods. These stores are build over large areas and have large amount of inventory that is why they are called as at supermarket 400-1500m square small super market 1500-2500m square. Top super market retail chain in India are Big Bazaar, D-Mart, EasyDay

The various characteristics of supermarket are as following:-

1. Super market is built in large area.
2. Super market sells product of daily use perishable and non-perishable.
3. Supermarkets are generally found in big cities.
4. Supermarkets are generally located in market and near commercial areas.
5. Supermarket is based on self services.
6. The products are arranged on racks and shelves in proper manner. The sign information guidelines etc. are shown to help customer.
7. The super market provides products at attractive prices as they work on low profit high value sale.

HYPERMARKET

A hypermarket is a larger retail store offering a broader range of products, including groceries, clothing, electronics, household items, and more. Hypermarkets are designed to be a one-stop shop for customers who want to buy everything they need in one place. They are typically larger and offer a wider range of products and services compared to supermarkets. Some examples of hypermarkets in India are Walmart, Metro Cash & Carry, BigBasket, More Megastore, and HyperCITY.. Top super market retail chain in India are Big Bazaar, Vishal Mega mart.

The various characteristics of supermarket are as following:-

1. A hypermarket is a retail store that combines a department store and a grocery supermarket.
2. The idea behind hypermarkets is to provide consumers with all the goods they require under one roof.
3. Big box retailers sell high volumes of merchandise, which in most cases affords them greater buying power compared with retailers who sell goods in smaller quantities.
4. The presence of a hypermarket can mean discount prices with profit margins that local competitors might not be able to sustain.

Basis	Supermarket	Hypermarket
Meaning	A supermarket is a self-service store that typically specializes in selling a variety of groceries and household essentials.	A hypermarket is a larger retail store offering a broader range of products, including groceries, clothing, electronics, household items, and more. Hypermarkets are designed to be a one-stop shop for customers who want to buy everything they need in one place.
Size	Supermarkets are typically smaller in size compared to hypermarkets with an average size of around 5,000 to 20,000 square feet.	Hypermarkets offer a larger shopping space with more products to browse with a range from 80,000 to 200,000 square feet or more.
Product Range	Supermarkets offer a limited range of products, mainly groceries, and household essentials.	Hypermarkets offer a much wider range of products, including groceries, clothing, electronics, household items, and more.
Pricing	Supermarkets generally offer lower prices compared to hypermarkets, as they have lower operating costs due to their smaller size and more focused product range.	Hypermarkets offer high prices as they have high operating cost due to their large size and wider product range.
Shopping Experience	Supermarkets are designed to provide a quick and convenient shopping experience for customers who want to purchase groceries and household essentials.	Hypermarkets, on the other hand, are designed to be a one-stop-shop for customers who want to buy everything they need in one place, with wider aisles, more products to browse, and additional services.
Location	Supermarkets are typically located in residential areas for the ease of customers to use them conveniently.	Hypermarkets are usually situated on the outskirts of cities, near major highways or transportation hubs, as they require more space and parking facilities.
Service	Supermarkets usually have self-service checkouts and fewer staff to assist customers.	Hypermarkets typically have more staff and additional services such as in-store restaurants, pharmacies, and banking services.
Target Market	Supermarkets are generally aimed at budget-conscious	Hypermarkets target a broader range of customers, including those who are willing

Basis	Supermarket	Hypermarket
	customers who want to purchase essentials at lower prices.	to spend more for a wider range of products and services.
Marketing Strategies	Supermarkets typically use price promotions and discounts to attract customers. The marketing ideas are way different from hypermarkets.	Hypermarkets use a variety of marketing strategies, such as loyalty programs, in-store events, and partnerships with other brands, to create a more engaging shopping experience for customers.

Unit IV Understanding Retail Consumer

Understanding retail consumer deals with understanding their buying behavior in retail stores. Understanding the consumer is important to know who buys what, when, and how. It is also important to know how to evaluate consumer's response to sales promotion. It is very vital to understand the consumer in the retail sector for the survival and prosperity of the business.

Consumer versus Customer

A **consumer** is a user of a product or a service whereas a **customer** is a buyer of the product or service. The customer decides what to buy and executes the deal of purchasing by paying and availing the product or service. The **consumer** uses the product or service for oneself.

For example, the customer of a pet food is not the consumer of the same. Also, if a mother in a supermarket is buying *food* for her toddler son then she is a customer and her son is a consumer.

Identifying a customer

It is sometimes difficult to understand who is actually a decision maker while purchasing when a customer enters the shop accompanying someone else. Thus, everyone who enters the shop is considered as a customer. Still, it is necessary to identify composition and origin of the customers.

- **Composition of Customers** − It includes customers of various gender, age, economic and educational status, religion, nationality, and occupation.

- **Origin of Customer** − From where the customer comes to shop, how much the customer travels to reach the shop, and which type of area the customer lives in.
- **Objective of Customer** − Shopping or Buying? Shopping is visiting the shops with the intention of looking for new products and may or may not necessarily include buying. Buying means actually purchasing a product. What does the customer's body language depict?

Customer's Buying Behavior Patterns

The needs, tastes, and preferences of the consumer for whom the products are purchased drives the buying behavior of the customer. The pattern of customer's buying behavior can be categorized as −

- Place of Purchase

Customers divide their place of purchase. Even if all the products they want are available at a shop, they prefer to visit various shops and compare them in terms of prices. When the customers have a choice of which shop to buy from, their loyalty does not remain permanent to a single shop.

Study of customer's place of purchase is important for selection of location, keeping appropriate merchandise, and selecting a distributor in close proximity.

- Product Purchased

It pertains to what items and how many units of items the customer purchases. The customer purchases a product depending upon the following −

  - Availability/Shortage of product
  - Requirement/Choice of product
  - Perishability of product
  - Storage requirements
  - Purchasing power of oneself

This category is important for producers, distributors, and retailers. Say, soaps, toothbrushes, potatoes, and apples are purchased by a large group of customers irrespective of their demographics but live lobsters, French grapes, avocadoes, baked beans, or beef are purchased by only a small number of customers with strong regional demarcation.

Similarly, the customers rarely purchase a single potato or a banana, like more than two watermelons at a time.

- Time and Frequency of Purchase

Retailers need to keep their working time tuned with customer's availability. The time of purchase is influenced by −

- Weather
- Season
- Location of customer

The frequency of purchase mainly depends on the following factors −

- Type of commodity
- Degree of necessity involved
- Lifestyle of customers
- Festivals and customs
- Influence of the person accompanying the customer.

For example, Indian family man from intermediate income group would purchase a car not more than two times in his lifetime whereas a same-class customer from US may buy it more frequently. A tennis player would buy required stuff more frequently than a student learning tennis at a school.

- Method of Purchase

It is the way a customer purchases. It involves factors such as −

- Is the customer purchasing alone or is accompanied by someone?
- How does the customer pay: by cash or by credit?
- What is the mode of travel for the customer?

- Response to Sales Promotion Methods

The more the customer visits a retail shop, the more (s)he is exposed to the sales promotion methods. The use of sales promotional devices increases the number of shop visitors-turned-impulsive buyers.

The promotional methods include −

- **Displays** − Consumer products are packaged and displayed with aesthetics while on display. Shape, size, color, and decoration create appeal.
- **Demonstrations** − Consumers are influenced by giving away sample product or by showing how to use the product and its benefits.
- **Special pricing** − Unit's special price under some scheme or during festive season, coupons, contests, prizes, etc.

- **Sales talks** − It is verbal or printed advertisement conducted by the salesperson in the shop.

An urban customer, due to fast paced life would select easy-to-cook or ready-to-eat food over raw food material as compared to rural counterpart who comes from laid-back lifestyle and self-sufficiency in food items grown on farm.

It is found that the couples buy more items in a single transaction than a man or a woman shopping alone. Customers devote time for analyzing alternative products or services. Customers purchase required and perishable products quickly but when it comes to investing in consumer durables, (s)he tries to gather more information about the product.

Factors Influencing Retail Consumer

Understanding consumer behavior is critical for a retail business in order to create and develop effective marketing strategies and employ four Ps of marketing mix (Product, Price, Place, and Promotion) to generate high revenue in the long run.

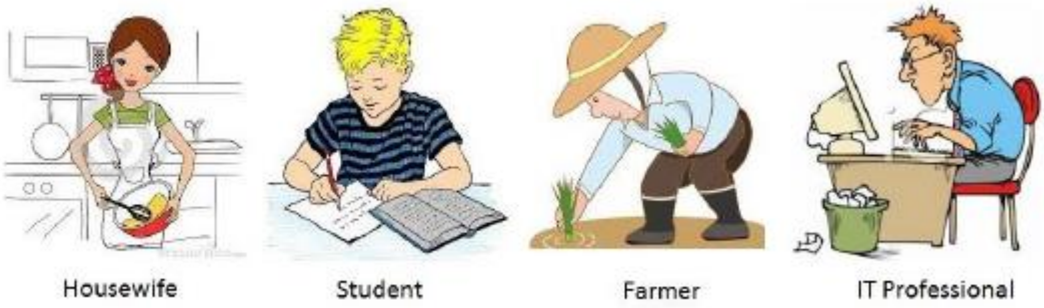
Here are some factors which directly influence consumer buying behavior −

Market Conditions/Recession

In a well-performing market, customers don't mind spending on comfort and luxuries. In contrast, during an economic crisis they tend to prioritize their requirements from basic needs to luxuries, in that order and focus only on what is absolutely essential to survive.

Cultural Background

Every child (a would-be-customer) acquires a personality, thought process, and attitude while growing up by learning, observing, and forming opinions, likes, and dislikes from its surrounding. Buying behavior differs in people depending on the various cultures they are brought up in and different demographics they come from.



Social Status

Social status is nothing but a position of the customer in the society. Generally, people form groups while interacting with each other for the satisfaction of their social needs.

These groups have prominent effects on the buying behavior. When customers buy with family members or friends, the chances are more that their choice is altered or biased under peer pressure for the purpose of trying something new. Dominating people in the family can alter the choice or decision making of a submissive customer.

Income Levels

Consumers with high income has high self-respect and expects everything best when it comes to buying products or availing services. Consumers of this class don't generally think twice on cost if he is buying a good quality product.

On the other hand, low-income group consumers would prefer a low-cost substitute of the same product. For example, a professional earning handsome pay package would not hesitate to buy an iPhone6 but a taxi driver in India would buy a low-cost mobile.

Personal Elements

Here is how the personal elements change buying behavior −

Gender − Men and women differ in their perspective, objective, and habits while deciding what to buy and actually buying it. Researchers at Wharton's Jay H. Baker Retail Initiative and the Verde Group, studied men and women on shopping and found that men buy, while women shop. Women have an emotional attachment to shopping and for men it is a mission. Hence, men shop fast and women stay in the shop for a longer time. Men make faster decisions, women prefer to look for better deals even if they have decided on buying a particular product.

Wise retail managers set their marketing policies such that the four Ps are appealing to both the genders.

- Age − People belonging to different ages or stages of life cycles make different purchase decisions.
- Occupation − The occupational status changes the requirement of the products or services. For example, a person working as a small-scale farmer may not require a high-priced electronic gadget but an IT professional would need it.
- Lifestyle − Customers of different lifestyles choose different products within the same culture.

- Nature − Customers with high personal awareness, confidence, adaptability, and dominance are too choosy and take time while selecting a product but are quick in making a buying decision.

Psychological Elements

Psychological factors are a major influence in customer's buying behavior. Some of them are −

- Motivation − Customers often make purchase decisions by particular motives such as natural force of hunger, thirst, need of safety, to name a few.
- Perception − Customers form different perceptions about various products or services of the same category after using it. Hence perceptions of customer leads to biased buying decisions.
- Learning − Customers learn about new products or services in the market from various resources such as peers, advertisements, and Internet. Hence, learning largely affects their buying decisions. For example, today's IT-age customer finds out the difference between two products' specifications, costs, durability, expected life, looks, etc., and then decides which one to buy.
- Beliefs and Attitudes − Beliefs and attitudes are important drivers of customer's buying decision.

Consumer's Decision-Making Process

A customer goes through a number of stages as shown in the following figure before actually deciding to buy the product.

However, customers get to know about a product from each other. Smart retail managers therefore insist on recording customers' feedback upon using the product. They can use this information while interacting with the manufacturer on how to upgrade the product.

Identifying one's need is the stimulating factor in buying decision. Here, the customer recognizes his need of buying a product. As far as satisfying a basic need such as hunger, thirst goes, the customer tends to decide quickly. But this step is important when the customer is buying consumer durables.

In the next step, the customer tries to find out as much information as he can about the product.

Further, the customer tries to seek the alternative products.

Then, the customer selects the best product available as per choice and budget, and decides to buy the same.

Unit V- Retail Marketing

Visual merchandising

Visual merchandising refers to how you plan, design, and display products to highlight their features. It is the practice of organizing and displaying products in a retail space. It is used to highlight products and their features, to attract customers and motivate them to buy. Organizing your retail display is critical to successful retail marketing. It allows you to connect with people through the five senses and can trigger more sales in your store.

Effective visual merchandising uses a range of physical components to reflect a brand's image and aesthetic, including:

Color: Different colors reflect different moods and tones. Choose a color scheme that matches your company's image.

Lighting: Lighting can help set a mood in your space and draw attention to specific products or areas of your store.

Space: The layout and spacing of your store dictates how customers move through your space, where they spend more of their time and what they see.

Sound: Sounds, like ambient nature sounds or loud rock music, can add to the overall atmosphere in your space.

Smell: Certain smells may promote distinct feelings, such as calm or excitement. Smells can also trigger memories and positive associations, such as the smell of evergreen during the holidays.

Technology: Technology, such as digital displays and interactive installations, can enhance customers' engagement with your brand.

Types of visual merchandising

Visual merchandising includes the following elements:

Interior displays: Interior displays are displays arranged inside the store that can include products and decor.

Store layout: Visual merchandising includes how a store is laid out, including where certain products are placed, the flow of products from front to back of store, where points of sale are and where dressing rooms are.

Mannequins: The type, styling and positioning of mannequins can communicate messages to your customers.

Point of purchase display: The signage, decor and physical structure of points of purchase are part of visual merchandising.

Bundling: Bundling refers to displaying products together to show customers how they might use multiple products.

Window displays: Window displays are an important part of visual merchandising that can catch the attention of people passing your store, which can lead to more customers.

Outdoor signage: Outdoor signs communicate what your business is and set the tone for your space.

Exterior fixtures: Exterior fixtures, such as marquees, banners and awnings, provide the customer's first impression of your store.

Seasonal displays: Seasonal displays can show off new merchandise, encourage add-on purchases and create interest.

Product information: Where and how you communicate product details, including size of labels and signs and tone of content, can reflect on your company's brand.

Design decisions: Design decisions, like flooring, textiles and other materials can create a physical representation of your brand's aesthetic.

Retail Advertising

Advertisement is a paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.

Retail advertising is a marketing strategy focused on promoting products or services directly to consumers within a retail environment.

It encompasses various advertising channels such as in-store displays, window displays, point-of-sale materials, flyers, and digital platforms. Retail advertising aims to attract potential customers, increase foot traffic to physical stores or online platforms, and ultimately drive sales.

It often highlights special offers, discounts, new arrivals, or unique selling points of products to entice consumers and create a sense of urgency. Effective retail advertising aims to enhance brand visibility, engage shoppers, and boost overall revenue for the retailer.

Retail advertising refers to the promotion of products or services in a store, mall, or other physical location. It typically involves the use of marketing messages such as promotional signage, coupon distribution, and events like product demonstrations and giveaways.

Five functions of retail advertising

Product Promotion: Showcasing products and their features to generate interest and drive sales.

Brand Awareness: Building recognition and familiarity with the retailer’s brand identity.

Creating Desire: Stimulating consumer desire for products or services through persuasive content.

Sales Generation: Encouraging immediate purchases by offering discounts, promotions, and limited-time deals.

Consumer Education: Providing information about products to help customers make informed decisions.

Types of Retail Advertising

Retail advertising encompasses a variety of strategies and channels to promote products or services directly to consumers within a retail setting. These strategies aim to attract customers, drive sales, and enhance brand visibility.

Here are some common types of retail advertising:

1. In-Store Displays

   In-store displays are physical setups within retail locations that showcase products prominently. End caps, shelf talkers, and aisle displays catch shoppers' attention, highlighting specific items or promotions. These displays often use creative visuals and signage to convey the value of products and encourage impulse purchases.

2. Window Displays

   Window displays are eye-catching arrangements of products and visuals in store windows. They aim to draw passersby into the store by showcasing the retailer's offerings in an appealing and thematic way. To maintain freshness and relevance, window displays often change with seasons, holidays, or promotional events.

3. Point-of-Sale (POS) Materials

   POS materials include posters, banners, shelf danglers, and counter cards strategically placed near checkout counters. These materials provide customers with last-minute promotions, upsell opportunities, and complementary product suggestions as they finalise their purchases.

4. Flyers and Circulars

   Printed or digital flyers and circulars are distributed in-store or via mail and email to inform customers about ongoing sales, promotions, and new arrivals. These materials provide a comprehensive overview of current offerings and encourage customers to visit the store or website.

5. Digital Advertising

   In the digital age, online platforms play a crucial role in retail advertising. This includes:

- Social Media Advertising: Retailers leverage platforms like Facebook, Instagram, and Twitter to target specific demographics with ads showcasing products, discounts, and engaging content.
- Search Engine Advertising: Paid search ads, such as Google Ads, display products and promotions to users actively searching for related terms.
- Email Marketing: Retailers send promotional emails to their customers, notifying them of sales, events, and exclusive offers.
- Banner Ads: These graphical ads can be targeted on websites based on user interests and browsing behaviour.

6. Mobile Advertising

   With the rise of smartphone usage, mobile advertising has become essential. Retailers can use location-based ads, mobile apps, and SMS marketing to reach customers on their mobile devices with personalised offers and promotions.

7. TV and Radio Advertising

While these traditional media forms have become less dominant, they still hold relevance for certain markets. Retailers can create commercials that convey their brand image and unique selling points, reaching a broader audience.

8. Direct Mail

Direct mail involves sending physical promotional materials, such as postcards or catalogues, directly to customers' mailboxes. This approach allows retailers to target specific geographic areas or customer segments with tailored offers.

9. Loyalty Programs

Loyalty programs offer rewards, discounts, and other special incentives as a way to attract and retain customers. They are designed to encourage repeat business, offering people rewards, discounts, or exclusive offers for store/brand loyalty (hence the name).

These programs often utilise cards or apps to track purchases and offer personalized promotions. The repeat customers choose to return to the same company because of their accumulated 'points' or available and exclusive deals. This strategy is popular since it helps retain and encourage their strongest consumer base at minimal cost, especially compared to acquiring new customers.

10. Interactive Kiosks

Interactive kiosks within stores provide customers with product information, reviews, and the ability to place orders. They enhance the shopping experience and can help customers make informed decisions.

11. Augmented Reality (AR) and Virtual Reality (VR)

These technologies allow customers to interact virtually with products before purchasing. AR apps can project how furniture will look in a room, while VR can simulate experiences like test-driving a car.

12. Pop-Up Shops

Temporary retail locations, or pop-up shops, create a sense of urgency and exclusivity. These short-term setups often align with specific events or seasons and attract customers seeking unique offerings.

13. Cooperative Advertising

This involves retailers partnering with product manufacturers or suppliers to share the cost of advertising efforts. It benefits both parties by increasing product visibility and driving sales.

14. Catalogues

While less common today, some retailers still use catalogues to showcase their range of products. They can be distributed physically or accessed online.

15. Sponsorships and Events

Retailers can sponsor local events or host their own events to engage with the community and promote their products. This approach helps build brand loyalty and fosters a positive brand image.

Sales Promotion

Sales promotion consists of all promotional activities other than advertising and personal selling to increase sales of a commodity.

For example, “lakhpati bano”, “win a tour to Singapore”, “30% extra in a pack of one kg”, “scratch the card and win a prize” etc.

or

All these are incentives offered by manufacturers or dealers to increase the sale of their goods. These incentives may be in the form of free samples, gifts, discount coupons, demonstrations, shows, contests etc. All these measures normally motivate the customers to buy more and thus, it increases sales of the product. This approach of selling goods is known as “Sales Promotion”.

or

Sales promotion differs from advertising and personal selling in terms of its approach and technique. Sales promotion adopts short term, non-recurring methods to boost up sales in different ways. These offers are not available to the customers throughout the year. During festivals, end of the seasons, year ending and some other occasions these schemes are generally found in the market.

Thus, sales promotion consists of all activities other than advertising and personal selling that help to increase sales of a particular commodity.

Objectives of Sales Promotion -

1. ***To introduce new products:***

   Have you ever heard about distribution of free samples? Perhaps you know that many companies distribute free samples while introducing new products. The consumers after using these free samples may develop a taste for it and buy the products later for consumption.

2. ***To attract new customers and retain the existing ones:***

   Sales promotion measures help to attract or create new customers for the products. While moving in the market, customers are generally attracted towards the product that offers discount, gift, prize, etc on buying. These are some of the tools used to encourage the customers to buy the goods. Thus, it helps to retain the existing customers, and at the same time it also attracts some new customers to buy the product.

3. ***To maintain sales of seasonal products:***

   There are some products like air conditioner, fan, refrigerator, cooler, winter clothes, room heater, sunscreen lotion, glycerine soap etc., which are used only in particular seasons. To maintain the sale of these types of products normally the manufacturers and dealers give off-season discount. For example, you can buy air conditioner in winter at a reduced price. Similarly, you may get discount on winter clothes during summer.

4. ***To meet the challenge of competition:***

Today's business faces competition all the time. New products frequently come to the market and at the same time improvement also takes place. So, sales promotion measures have become essential to retain the market share of the seller or producer in the product-market.

Importance of sales promotion -

The business world today is a world of competition. A business cannot survive if its products do not sell in the market. Thus, all marketing activities are undertaken to increase sales. Producers may spend a lot on advertising and personal selling. Still the product may not sell. So incentives need to be offered to attract customers to buy the product. Thus, sales promotion is important to increase the sale of any product. Let us discuss the importance of sales promotion from the point of view of manufacturers and consumers.

Tools of sales promotion

To increase the sale of any product manufactures or producers adopt different measures like sample, gift, bonus, and many more. These are known as tools or techniques or methods of sales promotion. Let us know more about some of the commonly used tools of sales promotion.

1. ***Free samples:***

You might have received free samples of shampoo, washing powder, coffee powder, etc. while purchasing various items from the market. Sometimes these free samples are also distributed by the shopkeeper even without purhasing any item from his shop. These are distributed to attract consumers to try out a new product and thereby create new customers. Some businessmen distribute samples among selected persons in order to popularize the product. For example, in the case of medicine free samples are distributed among physicians, in the case of textbooks, specimen copies are distributed among teachers.

2. ***Premium or Bonus offer:***

A milk shaker along with Nescafe, mug with Bournvita, toothbrush with 500 grams of toothpaste, 30% extra in a pack of one kg. are the examples of premium or bonus given free with the purchase of a product. They are effective in inducing consumers to buy a particular product. This is also useful for encouraging and rewarding existing customers.

3. ***Exchange schemes:***

It refers to offering exchange of old product for a new product at a price less than the original price of the product. This is useful for drawing attention to product improvement. 'Bring your old mixer-cum-juicer and exchange it for a new one just by paying Rs.500' or 'exchange your black and white television with a colour television' are various popular examples of exchange scheme.

4. ***Price-off offer:***

Under this offer, products are sold at a price lower than the original price. 'Rs. 2 off on purchase of a lifebouy soap, Rs. 15 off on a pack of 250 grams of Taj Mahal tea, Rs. 1000 off on cooler' etc. are some of the common schemes. This type of scheme is designed to boost up sales in off-season and sometimes while introducing a new product in the market.

5. ***Coupons:***

Sometimes, coupons are issued by manufacturers either in the packet of a product or through an advertisement printed in the newspaper or magazine or through mail. These coupons can be presented to the retailer while buying the product. The holder of the coupon gets the product at a discount. For example, you might have come across coupons like, 'show this and get Rs. 15 off on purchase of 5 kg. of Annapurna Atta'. The reduced price under this scheme attracts the attention of the prospective customers towards new or improved products.

6. ***Fairs and Exhibitions:***

Fairs and exhibitions may be organised at local, regional, national or international level to introduce new products, demonstrate the products and to explain special features and usefulness of the products. Goods are displayed and demonstrated and their sale is also conducted at a reasonable discount. 'International Trade Fair' in NewDelhi at Pragati Maidan, which is held from 14th to 27th November every year, is a well-known example of Fairs and Exhibitions as a tool of sales promotion.

7. ***Trading stamps:***

In case of some specific products trading stamps are distributed among the customers according to the value of their purchase. The customers are required to collect these stamps of sufficient value within a particular period in order to avail of some benefits. This tool induces customers to buy that product more frequently to collect the stamps of required value.

8. ***Scratch and win offer:***

To induce the customer to buy a particular product 'scratch and win' scheme is also offered. Under this scheme a customer scratch a specific marked area on the package of the product and gets the benefit according to the message written there. In this way customers may get some item free as mentioned on the marked area or may avail of price-off, or sometimes visit different places on special tour arranged by the manufacturers.

9. ***Money Back offer:***

Under this scheme customers are given assurance that full value of the product will be returned to them if they are not satisfied after using the product. This creates confidence among the customers with regard to the quality of the product. This technique is particularly useful while introducing new products in the market.

POP and POS

POP stands for "point-of-purchase" and refers to anything that customers interact with in-store when they are deciding whether or not to purchase a product.

POS stands for "point-of-sale" and refers to the actual transaction that occurs when the customer buys the product.

Point of Purchase (POP) Definition

The POP refers broadly to the physical or online location where a purchase is about to be, or could be, made. The POP is defined from the customer's point of view and can be evaluated or referred to from several different perspectives. At its broadest definition, the POP can include the entirety of the store, up to and including any items that are featured in the windows and the way that products are displayed, ordered and arranged. Through a narrower lens, POP can also be used to describe the exact products being offered by a business at any one time. A good example of both perspectives is a grocery store and, less broadly, a carton of milk in the dairy shop.

POP Uses & Examples

POP marketing is also a common term that you may see used by a company to encourage the purchase of their product(s). Displays, billboards, signage and advertisements are all examples of POP marketing. A less obvious example primarily noted with e-commerce is the section of the product page showing you related products, often showcased as "what other customers also bought."

In general, the goal of POP marketing is to entice impulse buys, attract customers and even help create an image or brand for the store. If you've ever walked into a store meaning to buy only one item and walked out with six totally unrelated things, the POP marketing in that store has worked effectively. POP displays or POP marketing often refers to marketing done or displays set up in the checkout aisle (passage) to promote impulse buys or "while you wait" purchase decisions.

Point of Sale (POS) Definition

The point of sale, is where a customer completes a transaction with a store or business. Unlike POP, POS is defined from a business's point of view. Every time a product or service is purchased, a point-of-sale transaction has occurred.

Collecting and analyzing information relevant to POS transactions can help a business improve and optimize both its customers' experience and any business-related logistics. Data such as how the customer paid, when and where the purchase occurred, real-time sale records and inventory management can all be acquired from the point of sale. In general, as long as it is done well, optimizing POS experience will increase sales and growth.

Point-of-Sale Uses & Examples

POS can also refer to the point-of-sale system or the specific technology used to process any sales made. A good point-of-sale system can unify how name-brand businesses handle transactions regardless of location—an invaluable asset for customers who want the same shopping experience no matter where they go or how they shop. POS systems can be universal too; one excellent example of a global POS system is the common barcode, which can be read by machines all over the world.

POS technology is developing quickly, with contactless payments, apps and online purchasing options taking the place of cash registers and spreadsheets. Quality POS software is becoming widely available, offering easy integration with your business and a variety of features. These features include but are not limited to:

- Payment processing
- Sales reporting
- Inventory management
- Customer/employee management
- Marketing tools and assistance
- Reports and analytics

All of these features result in a centralized system for sale management, eliminating many of the headaches that come with a more out-of-date accounting software. Keep in mind that POS software is typically designed to meet specific needs, meaning that the best POS system for a retail store may not be the best system for a restaurant.

POS systems can be cloud-based, such as purchases made in apps, or traditional, such as a computer and scanner system at the checkout counter for a grocery store. Research your options thoroughly before choosing the best POS system for you, but know that if you run a business with both in-purchase and online sales, many solutions can handle inventory, purchases and tracking across both.

POP vs. POS

POP	POS
refers to the shopping experience from the customer's	**POS systems are not generally used for marketing, but can analyze the results of marketing.**
the consumer's, point of view	**referred to from the business's perspective**
Products, displays, organization of the store all are parts of POP	**Examples are card readers, scanners and barcodes, as well as the system's ability to do inventory management and payment processing.**
The primary incentive for businesses to use POP marketing is to encourage customers to make impulse purchases	**A POS system is any of the technology or software used during the transaction.**
Important to promote sales	**most important moment for a business when a sale is processed**
POP displays usually take up floor space within the retailer	**POS displays are smaller and take up space near or on the checkout counter**

Promotional Price

It is a sales and pricing strategy in which brands temporarily reduce the selling price of a product or service, in order to drive sales and/or attract consumers to a brand or store.

It is important to note that promotional pricing is a limited period strategy, meant to be implemented over a short term, and often overlaps with major purchasing periods- black Friday, Christmas, etc.

Strategically timed promotions can hack into the purchasing patterns of consumers during high spending periods, and help promote brand awareness year-round.

Examples of Promotional process are Percentage discounts, Cashbacks, Buy 1 Get 1 free (BOGO), Bundled offers, Coupons, Loyalty programs, Seasonal tie-ins etc.

Consumer Relationship Management

Customer relation can be defined as development of relationship between a company and its customers by providing adequate support and technical assistancethrough various customer services. The company strategically promotes its resources by constantly interacting with the existing as well as new customers.

Also called Customer Relationship Management (CRM), is not a personal or one time transaction relationship between the supplier and the customer. A relationship is built when the customer prefers to buy from same store or brand again and again. In order to build this continuous relationship, company aims to identify customer expectations and try to fulfil these.

Thus, CRM is a broadly recognized, widely implemented strategy of managing and nurturing a company's interactions with customers, clients and sales prospects. CRM is a businessphilosophy and set of strategies, programmes and systems that focuses on identifying and building loyalty with a retailer's most valued customers.

Phases of CRM

Through CRM, the business aims winning new customers, nurturing and retaining the existing customers, attracting former customers back and reducing the overall cost of marketing and customer services. Hence, it can be divided into followingthree phases:

Acquire: Well-planned CRM targeting different types of customers can help inacquiring new customers for any business.

Enhance: Due to the ever-increasing competition among various businesses, CRM should focus on excellent customer services and convenient shopping experience.

Retain: Further, in order to retain the loyal customers, certain rewards and benefitsare extended as a part of CRM.

CRM Process

CRM process comprise of four activities which focus on increased customer loyalty. These include collection of customer data, analysis of customer data to identify target customers, development of CRM programmes and implementationof CRM programmes.

Collection of customer data

Constructing a customer database is the first and the foremost step in the CRM process. The firm or company collects all the data about its customers which actsas a basis for further planning and implementation. The customer database should contain complete information of the purchase transactions done by the customer (purchase date, merchandise purchased, price paid, profit margin etc.) as well as the interactions that the customer made with the retailer through in-store inquiries, visit to the websites, customer calls and direct mails sent to the customers. Transaction and contact data can be further analysed to understand the customer's response to various marketing activities. Additional information on demographic and psychological attributes of customers can be used to develop market segmentation.

Different modes can be used to gather information regarding the customers. These have been summarised below:

Customer database in online shopping: When the customer is buying merchandise through online shopping channels like catalogue, websites etc., they need to give contact information (name, address, contact number etc.) so that the purchases can be delivered to them. This data is stored by the businesses to be further used for planning strategies.

Customer database in offline/store-based shopping: When customers make in- store transactions, they pay through cash, cheque or credit cards like Visa or Master Card. Hence, retailers do not have any identifying information about their customers. To overcome this problem, retailers adopt any of the methods mentioned below:

- Sales associate ask for contact information while generating a bill of the merchandise bought. The details like name, address and contact number can be used to generate customer database and link with further transactions.

- Retailers, at times, prefer to use biometrics where scanned fingerprints are used as database instead of any contact information.

- Retailers offer membership cards to the frequent shoppers. Customers have to furnish few details about themselves and their family when the membership card is issued to them. They are given additional incentives or reward points for making purchases. The database generated is used for communicating promotional schemes to the customers.

➢ Retailers cannot identify the transactions done by customer when payment is made through credit cards in stores. However, if the customer is using the same credit card for online shopping at the retailer's website, retailer can link the credit card transaction with its in-store purchases and create a database.

Analysis of customer data to identify target customers

The second step in a CRM process is to analyze the customer data and draw information which would help the retailer in extending higher value to their customers. Patterns in the data can be identified which would increase the effectiveness of decisions related to allocation of merchandise in stores and sales forecasts.

Retail analytics, a statistical application, is used to determine customer purchase patterns and give recommendations for further improvement. One such type of analysis is market basket analysis which examines the various products purchased by a family during a single shopping visit. The findings are used in determining the location of various products in a store.

Retailers use the customer data to identify their best customers and focus on their requirements for earning more profit margins. **Customer lifetime value (CLV)**, a commonly used measure to give a score or number to each customer is statistically calculated from the data on past purchase behaviour of the customers. It is assumed that future purchase pattern of the customer would remain same as in past. Customer buying apparel only during sale would have lower CLV as compared to a customer who is willing to pay full price for the same number of merchandise and buy from fresh stock.

Based on the CLV scores of the customer, retailers can classify their customers into four segments:

- Platinum segment is composed of most profitable and loyal customers with top 25% CLV's. They purchase large variety of merchandise irrespective of higher prices and expect quality customer service.
- Gold segment include the customers which fall in the next quarter. They are not considered as loyal as platinum customers and their profitability level is comparatively less. They prefer to compare the prices among the retail competitors before making a purchase decision.
- Iron segment customers purchase few of the merchandise, but their profitability to the retailer, loyalty and spending power is less. Hence, they do not get special treatment from the retailers.
- Lead segment includes least profitable customers with lowest CLVs. They buy lot of merchandise on sale, demand lot of attention, criticize return policies and keep complaining about the retailer to others leading to negative impact on the retailer.

Another type of analysis to identify the best customers, generally used by catalogue retailers or the direct marketers is the **RFM Analysis (frequency, monetary analysis).** The customers are divided into different groups based on the number of orders placed in last one year, amount of merchandise bought and how recently the order was placed. It helps to highlight the response rate and the average profit margin received from various customers, thus estimating the CLV.

Retail marketing mix:

Retail marketing helps the retailers in attracting new customers and retaining existing customers. Retail marketing strategies aim at motivating customers to buy more and more from the outlet. Retail marketing strategies are executed through advertisements and campaigns that create awareness interest among the potential customers about the store, a brand, product or a promotional scheme.

Retailers generally make use of a combination of strategies covering the product, its pricing, its placement and promotions to persuade the likely buyers to visit the store and make the purchase. These factors are also collectively known as the 'Retailing Marketing Mix'. Retailers always have the option to use any single or a combination of these factors to increase the footfalls and sales. The Six Ps of Retail marketing mix are as follows:

Product

Price

Place

Promotion

People

Presentation (Physical Environment)

The Six Ps are an expansion of the four Ps of marketing, which is a foundation model for building marketing strategies that connect with your target audience. It provides a set of tools you can use to reach your goals and objectives.

The Six P's are: Product, Price, Place, Promotion, People, and Presentation.

Product

The product is any item or service that your customers need or desire. Retailers break product down into three categories:

Core: products that you always have in stock and ready to sell.

Line extensions: different variations of the core product.

Related products: items that support the core product or make it work better.

For example, if you're selling blue jeans, the line extensions are different styles (baggy, slim fit, skinny); the belts, shoes, and shirts are related products.

Price

Price is a very important aspect of the retail marketing mix particularly in the case mass market items and price sensitive customer segments. While price would not be important in the up-market and high fashion segments, it plays a crucial role in the buying decisions of the middle class and lower income groups. While high prices would raise profits, it could lead to fall in sales. A fine balance will need to be maintained in the pricing of products to maximise both sales and profits optimally. To fix prices in a pragmatic way, the retailers must develop a better understanding of all the factors having a bearing on the retail prices as well as the different models of pricing, which may be adopted.

Place

Place is where customers can buy your products. How conveniently customers can reach the store as well as find the items inside the store is a very important factor relevant for the success of any retail store. The store location and layout are also important for improving the efficiency and profitability of the store. In terms of retail, this could mean a stand-alone store downtown, a shopping center, or a mall. Place considerations include:

Store location

Store layout

Parking

Public transportation options

Signage

Competitor locations

Visual merchandising

Promotion

Promotion refers to how you reach the customers. Every retailer needs a promotional plan to build awareness, increase foot traffic, and improve conversion rates. The promotional marketing mix consists of a variety of initiatives that retailers take to communicate with their current and potential customers. These include both advertisement and promotional campaigns, which they do both inside the store and at locations away from the store. The objective of both types of campaigns is the same and that is attract more customers to the store and encourage them to buy more from the store.

Retailers often use promotional tactics like:

Social ads (signboards/billboards)

Direct mail advertising

Print advertisement

Loyalty cards

Email marketing

Live demonstration

Free samples

Your employees must also encourage sales through customer interactions. Discussing the latest promotions and upselling particular products are a great way to promote your products in-store.

People

Floor staff are the face of your retail store. They are the ones customers interact with from when they walk in the door until the final sale. To succeed, retailers must train their employees and have trustworthy people on board.

Presentation

Presentation is how your product is seen by the outside world. Everything from packaging to how you communicate with your customers determines whether your target audience will buy repeatedly.

Retail Communication

Retail communications are the sharing of information between all store associates and office employees working for one retailer.

Retail communications can function like a spider's web: an invisible thread connecting the CEO to the delivery driver to the employee serving customers at the checkout. Effective internal communication translates HQ's vision into a physical reality in-store. The vision may be perfect, but if it isn't communicated correctly, it's impossible to bring it to life.

Retail communications include:

- Company updates
- Industry news
- Success stories
- New initiatives and campaigns
- Social events

Importance of Retail Communication:

Retail employees are the best assets to the retailer. They have field knowledge and interact directly with the customers. Unfortunately, retail communications often leave frontline workers out of the mix and this is an issue that can grow into a costly problem.

Reports show mismanagement of internal communications costs small companies (less than 100 employees) $42,000 annually — and, up to $62 million for large enterprises. Often, this is due to the fact that 95% of internal communicators still rely on inadequate retail communications such as emails.

With effective communication in retail business, the retailer will positively impact the employees and customers. In turn, it'll strengthen customer loyalty, attract new consumers, and boost store sales.

Successful retailers give their frontline store workers the tools they need to perform their job well. Store teams should know what needs to be done and why it's essential.

Empowering frontline workers brings several benefits including increasing retention, revenue and efficiency, improving customer experiences and streamlining processes.

So, importance of retail communication can be summed up as follows:

Deepening trust in the brand

Eliminates spamming email communications and saves 75% on reporting time

Strengthens respect between employees and management

Maximizes employee productivity

Optimizing frontline employee engagement leading to 41% reduction in absenteeism

Boosting employee retention, for instance employees who have control over their careers are 20% more likely to stay in their current roles

Increasing revenue and reducing costs

Streamlining processes

Increasing efficiencies

Methods of retail communication

There are a few types of internal communication methods in retailing. Some of the most common ones include:

Top-down communication consists of leaders or managers communicating company information, initiatives, and goals to their direct reports or employee base.

Bottom-up communication allows employees to pass on feedback or critical information to upper management.

Peer-to-peer communication is communication that happens between employees within the same hierarchical group.

Crisis communication is communication that occurs during an emergency. This type of communication is urgent and needs to be conveyed quickly and efficiently to keep employees safe or mitigate the impact.