In Store Cashing and Merchandising

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Faculty of Law & Governance

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Unit-1

Introduction of Retailing

Retailing consists of selling goods directly to the customer in limited amounts from a permanent location (a retail store). Such customers can be individual or corporate buyers. A retailer buys products or goods in bulk directly from suppliers in the field of trade and trade and then sells in limited amounts are known as discount stores or stores.

In suburban areas, colony streets, community centres or in modern shopping arcades/malls, shops can be located. In reality, any company that sells products to end customers, whether a manufacturer, wholesaler or retailer, is doing retail business.

It does not take into consideration how the products are being sold. On the other hand, the retail format is a mixture of product selection, pricing, advertisement and the display of products. A retail-format would be appropriate for a retailer does not rely upon business practise but upon retailer's budget, product and the need of the locality. A successful format attracts more footfalls and allows a forum to thrive and gain name and fame for the retailer.

What is a Retail Store?
A retailer or retail store is a business enterprise whose primary source of selling comes from retailing. Retailing includes all the activities involved in selling of goods or services directly to final consumer for personal, non-business use – Philip Kotler.

Characteristics of a Retail Store

(I) It provides direct customer/end user engagement.

(ii) In terms of size, market volume is comparatively high but less in monetary value relative to export/manufacturing.

(iii) Customer support plays a key role in retail business success.

(iv) Only at this stage are sales promotions offered.

(v)There are more retail outlets than any other form of business in almost all countries.

(vi)In the retail market, location and layout are important factors.

Types of Retail outlets

Today, consumer can shop for goods and services in a wide variety of stores. The important types of retail stores are:

1. Speciality store
2. Department store
3. Super market
4. Convenience store
5. Discount store
6. Off-price retailer
7. Superstore
8. Hypermarket; and
9. Catalogue showroom.

1. Specialty shop
Specialty stores sell very small lines of items with a deep variety. In terms of models, scale, design, colour and other significant attributes in the portfolio, they give a broad choice.

2. Store department
A departmental store is a wide retail outlet that manages a broad range of product lines. It has a wide variety in each line and is organised for purchasing, promotion, services and control purposes into different divisions. It is also called the departmental store of mass merchandising, e.g., military canteens.

3. Super-markets
A supermarket is designed to meet the overall needs of products for food, laundry and household maintenance. In size, it is comparatively large. It operates in nature at low cost, low margin, high volume and self-service.

4. Shop of Convenience
In the residential area, there is a grocery store. It is comparatively thin. For long hours, it is kept open. A small number of convenience goods are available for sale. The rates paid are marginally higher

5. Shop discount
A discount shop at cheaper rates offers regular goods. Lower margins are offset by higher sales rates and overall profitability is improved. Specialty merchandise outlets such as sporting goods stores, electronics stores and book shops have switched to discount retailing.

6. Off price dealer
An off-price store offers left over items, over runs, and irregulars purchased from suppliers or other retailers at discounted prices. Three forms of off-price retailers may be three types:-

1. Outlets for factories
There are producers owned and run. They carry excess, discontinued or unusual products from the producer. Dinner ware, shoes, high-end clothing, etc., for example.

2. Off-price store independent
Off-price independent stores are owned and managed by entrepreneurs or by
Subsidiaries of larger retail firms.

3. Clubs at the Factory :-Otherwise known as wholesale clubs, these are They carry a limited range of brand-name supermarket goods, appliances, clothes, etc.

7. Mega Shop
Super stores fulfil the complete requirements of customers for frequently purchased food and non-food products.

8. Markets Hyper
In France, hyper markets started. Hyper markets merge specialty stores in a single-level store with limited line stores. Product range goes beyond commonly purchased products. Furniture, large and small appliances, clothing products, etc. are included.
The other features present in the hyper markets are bulk display and minimal handling by store staff. Customers who are able to bring large appliances and furniture out of the store are given a discount.

9. Showroom Catalogue
Customers in the showroom order items from a catalogue. And, at a merchandise pickup area in the shop, they pick these items up.
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Retail Store Operations

The retail sector activities include all the tasks carried out by employees to keep the store running smoothly. Before the customer enters, shops, and exits the store with a smile or with pain by bringing a perception of the store, a customer's shopping experience is anticipated. The experience drives the decision of the customer to visit the store in the future.

What attempts managers of retail sector operations bring in to make the customer's shopping experience unforgettable?

Retail Store Management:
   As the fundamental source of income and the location of consumer contact, the retail store is essential to the retailer.
The store manager may not work himself, but is responsible for the following tasks.
1- Maintaining in-store cleanliness.
2- Ensuring ample stock of products in the shop.
3- For short and long-term performance, adequate preparation, scheduling, and organisation of personnel, inventory and expenses.
4- Monitoring the loss and taking preventive steps to safeguard the properties and goods of the business in the shop.
5- Store improvements to reflect the highly profitable picture.
6- Communicating when possible with the head office/regional office.
7- Conducting constructive meetings with workers to raise their morale and inspire the staff to reach sales targets.
8- To recognise their wishes, grievances, and complaints, engaging with clients.
9- Ensure that the store complies with employment laws about salaries, working hours, and equal opportunities for employment.
10- Writing performance reviews for employee support.

The manager of the store ensures that all activities are done according to the company's guidelines.

Control of Premises

As critical as the retail store itself, the store premises are The following activities are involved in maintaining premises,

Store Operating Hours Determination. It depends primarily on the target demographic, retail items, and the location of the store.

A grocery store near residential areas, for instance, could open earlier than a fashion store. A solitary shop may also be open as long as the owner wishes to, but a shop in a mall must adhere to the operating hours set by the management of the mall.

Safety Controlling Shop. It helps prevent dwindling inventory. It depends on the size of the store, the product and the store's location. Some retailers apply electronic tags to items that are detected by theft detection sensors at the entrance and exit of the shop. Some stores instal movement tracking video cameras and some provide workers with separate entry and exit so that they can be checked.

Control of Inventories

The inventory is handled by the merchandise manager, category manager, and other personnel. It contains the following assignments

- Receiving the vendor's goods.
- Inward entry tracking of the goods.
- Checking the items against the retail company's quality requirements and for information such as colours, sizes, and types. This role is automated to a considerable degree in the case of large stores.
- Separating and recording the return of defective or damaged goods.
- Showing the goods correctly to attract the interest of consumers. At the lower stage, heavy goods are maintained. Some of the items accessed are kept at eye-level and the products less accessed are kept at high shelf levels. On-the-fly-bought items are placed near payment counters, such as chocolates, candies, etc.

Control of Receipt

Receipt control is nothing more than deciding the manner in which the manufacturer will collect the payment for the goods sold. The fundamental modes of receipt are-

- Cash
- Credit Card Card
- Debit Card Card
- Gift card

Large stores have the option to pay according to the above methods, but small retailers usually tend to accept cash. Depending on the number of transactions with the vendors, distributors, or producers, the merchant pays card fees.

The payment acceptance workers must clearly understand the process for accepting card payments and receiving the sum from the bank.

Regulation of Supply Chains and Logistics

Supply Chain Management (SCM) is the management of resources, data, and finances as they shift from supplier to wholesaler to retailer to customer. It includes the operations inside and out of a retail sector of coordinating and incorporating these flows.

If manufacturers and retail companies negotiate with each other for a long period of time, most supply chains work in partnership. Retailers depend to a great degree on supply chain participants. If a good relationship with supply chain representatives is established by retailers, it can be advantageous for suppliers to create streamlined processes that are difficult to imitate.

Services to customers:—

The customer service policy is determined by the top management of a retail company. For customer service, the entire retail store staff is educated. In the retail store, and employer ensures that the service begins with a smile and that the customer is relaxed and has a good shopping experience.

The pace and courtesy of the workers of the retail store, their comprehension of the product and language, the desire to solve obstacles, and the speed at the billing counter; the customer notices everything. These elements create a great deal of consumer understanding of the shop.

Many retail stores train members of staff to operate the cash counter. They have also implemented an express billing concept in which consumers can bill quicker without having to wait in the daily payment queue if they buy fewer than 10 goods.

Retail Mechanism

Mechanism for Retail - How does retail work?

Retailing is characterised as the process of selling products in small quantities to customers for final use. According to their need and capacity, the retailer sells goods to end-users in single units or in limited quantities.

Retailer.................................Consumer (End - User)

Retailing

Counter Service

As the name suggests, counter service refers to the counter's method of procuring the goods. The customer has no convenient access to the store's inventory and he can't pick items up on his own. The buyer has to step up to the counter in such a process and ask for his specifications.

Example

Shop of Jewellery

Will you go to a jewellery shop to pick up stuff on your own? No

For you to finish something according to your taste and wallet, you need to ask the sales person to show you the sample designs.

Store for Chemists

The chemical store does not encourage customers to simply walk into the store and pick up products. One has to step up to the counter, show his doctor's prescription to get the retailer's medicines.

Service for Delivery

The system for delivering items to the doorsteps of the customer is known as the delivery service. The end-user does not have to go to the shop to buy his goods; instead, the goods are delivered directly to his house by different means of transport. For individuals who have an incredibly busy lifestyle and do not have enough time to walk to the shop, delivery service is a boon.

Shopping Online

The Internet has only allowed end-users to shop from home. Online shopping sites such as Amazon, eBay, etc. provide customers who can order the desired merchandise through the internet with a wide variety of choices. When the payment is made using debit or credit cards, the items are shipped at the address requested by the customer. However, the customer himself is responsible for the transportation costs.

Ordering via telephone

Several restaurants and eating joints now offer a chance to order food while sitting at home for a few days. The food outlets upload their full menu to the website, offering end users a wide variety of choices. One can conveniently place his order over the phone, and within no time, the food is delivered at his doorstep.

Hut for pizza, Dominos (Promise to deliver hot and crisp pizza within 30 minutes of placing the order)

Door To Door Sales:

Sales from door to door is a mechanism in which the sales person moves from one house to another and allows the customers to purchase the product. He gives his product demo and tries hard to persuade the person to purchase the merchandise.

E.g. examples

This process is run by Eureka Forbes, where seasoned sales professionals visit the doorsteps of potential buyers, give them presentations and influence them to buy the product.

Telephone companies often rely on this mechanism often to sell their connections.

Self Service:

People have the right to pick up goods on their own and support themselves in self-service.

Second Hand Retail: The store offers second hand items to end customers in second hand retail shops. These stores normally run for charity where people donate their used goods to be resold free of cost to the poor and needy.

Retail Pricing

The selling, in limited amounts, of goods from fixed points (malls, department stores, supermarkets, etc.) to customers for their own use is called retail. A store does not offer goods in bulk, according to the principle of retailing; instead, it sells the items to end-users in limited units.

Pricing for Retail

Mechanism for Cost Plus Pricing

Every business operates to gain revenue and so is the retail industry.

On the following theory, cost plus pricing works:

Cost Price of the item + Benefit (Decided by the distributor) = Final price of the item.

The retailer adds any extra amount to the overall price price of the product to gain its share of income, according to the cost plus pricing strategy. As determined by the manufacturer, the final price of the merchandise includes the benefit.

Pricing for Cost Plus

The retailer's benefit is taken into account by the cost plus price plan.

Cost plus pricing is a simple way of measuring the merchandise price.

The increase in the retail price of a commodity is directly proportional to the increase in the price of the commodity.

However, consumers do not have a say in costs plus pricing.

Suggested Retail Price for Producer (Also called List Price or Recommended retail price)

The retailer sets the final price of the product, as proposed by the manufacturer, according to the manufacturer's suggested retail pricing plan.

MSRP's

The retailer sells its products at the manufacturer's price.

State 1

The retailer sells the commodity at the same price as the manufacturer's suggested price.

State 2 —

The retailer sells the products at a price lower than what was suggested by the seller - when the retailer offers "Sale" on its product, such a situation occurs.

State 3 –

Initially, retailers quote an unreasonably high price and then decrease the price on the request of the consumer to make him know that a favour has been done to him. A Discount scenario - where the consumer negotiates with the manufacturer to reduce the merchandise price.

Competitive pricing

In the current retail situation, the cut throat rivalry has forced retailers to promise the customers outstanding customer service so that they favour them over their rivals.

The price of the merchandise is more or less comparable to that of the rival, but for the consumers, the retailers add some desirable benefits. (Longer terms of payment, gifts, etc.)

The distributors ensure that the consumers leave their shop with a smile to get an advantage over the rivals.

He tries his utmost to give customers better facilities and a better company in the future.

Pricing Below Competition

Pricing below the productivity strategy

The price of the goods is held lower than what the rivals bid.

Pricing of the Reputation (Pricing above competition)

The price of the products is set marginally above the competition, according to the prestige pricing mechanism.

Only under the following conditions will retailers charge a higher price than competitors:

- The Exclusive Storage Brands.
- The Storage Brand Picture
- Main store storage place
- Outstanding customer support
- There is no merchandise available at any other store.
- The New Pattern

Pricing for Psychology

The psychological price is called the certain price of a commodity at which the customer

voluntarily purchases it.

- These prices are interpreted by the customer as right.
- A merchant sets a psychological price that he thinks will fulfil the buyers' needs and purchase the merchandise easily.

Several rates

The retailer sells many items (more than one) for a single price, depending on different prices.

The distributors bundle multiple items to be sold for a single fixed price.

Three $100/- shirts, or three $20/- perfumes, and so on.

Pricing discount

The retailer sells its products at a reduced price during the off seasons or to clear out its stock, according to discount pricing.

Store Design and Layout

The strategic use of space to affect the consumer experience is the architecture of a retail store (whether physical or digital). How consumers communicate with the products determines their purchasing actions. One of many from Paco Underhill, author of Why We Buy: The Science of Shopping, keynote speaker, and founder of Envirosell, is this retail theory. There are two major components to the interior retail store layout:

- **Store Design**: The use of space management and strategic floor plans, including furniture, displays, fixtures, lighting, and signage. In order to optimise e-commerce websites, website designers and user experience (UX) researchers use space management methods and web design concepts. Later in this post, we'll further explore a range of common retail floor plans.
- **Customer Flow**: This is the action pattern and manner in which a customer navigates through a shop. It is important for retail management strategy to consider customer flow and the common trends that arise as consumers interact with products based on the store layout. Using analytics tools and data from in-store video and the wifi signal from smartphones, physical distributors can manage this.
- Solution providers such as RetailNext, for example, provide retailers with shopper analytics tools to understand flow and improve the consumer experience based on in-store video recordings. The technology also exists to track the digital movement of clients and the conduct of online shopping. Inline retailers can monitor customer activity using "cookies" and other tools, including how customers communicate with their website.
- While the architecture of the external retail store involves the design of the external store and customer flow, the following considerations are also included:
- The location of the retail store in Geogaphic (real estate)
- Building size and walkway length accessible from the entrance and exit Usage of furniture and exterior space for individuals to gather and connect with each other
- Type of retail building architecture
- Paint colour and preference of exterior construction materials
- Physical entrance architecture and exterior window displays

The aim of retail store design is to have a positive influence on customer experience and generate value, which is the primary objective of supply chain retailers. Read the article "How to Survive and Thrive in Retail Management" for more information on retail strategy and management.

Unit-2

Cross Merchandising:-

Cross merchandising refers to the display of opposite and unrelated products together to earn additional revenues for the store. Products from different categories are kept together at one place for the customers to find a relation among them and pick up all.

According to cross merchandising:

- Unrelated products are displayed together.
- The retailer makes profits by linking products which are not related in any sense and belong to different categories.
- Cross Merchandising helps the customers to know about the various options which would complement their product.
- Cross Merchandising makes shopping a pleasurable experience as it saves customer's precious time.

Examples of Cross Merchandising

- Mobile covers displayed next to mobile phones.
- Recharge coupons with new sim cards
- Batteries with electronic appliances
- Neck ties or cuff links displayed with men' shirt
- Fashion jewellery, rings, anklets, hand bags with female dresses
- Shoe laces, shoe shiners, shoe racks with shoes
- Audio CDs with CD Players

Visual Merchandising

Now visual merchandising is a widely used tool to bring success to the retail business. Visual Merchandising is getting higher acceptance because of its ability to visualize the idea. Attract the target customer through creating a visual effect on their mind. which induce to buy a product from the store. Visual merchandising is normally performed by the visual merchandisers.

A simple definition of Visual merchandising is a process of creating a visualization of marketing ideas for the purpose of creating attraction and interest in the mind of customers by visual means. Sometimes visual merchandising helps to make people better-understood the product and service type of business.

Characteristics of Visual Merchandising

From the above description of visual merchandising, you can identify the following characteristics of visual merchandising:

1. Visual merchandising is used for creating a visual effect.

2. This help to attract the customer and create an intention to the customer mind.
3. This idea is mainly applicable to a retail store of different products. But now you can see various uses of visual merchandising.
4. Success depends on how well you convert your ideas into the visual outcome.
5. One form of popular merchandising widely used in cloth shop/apparel industry

Application of Visual Merchandising

The scope of visual merchandising is broadening day by day. The main reason is a worldwide improvement in living standard, earning power, spending capability, technological development, innovation, etc. If you have money then you will have an end a number of things to buy. And marketers are targeting people those have smart earnings power. High rise shopping mall is made, thousands of different shops are in there. And to display their varieties of product, they are taking help of visual merchandising. They decorate their shop in a way that anyone can easily identify what product they are offering. If you look around then you can see all the popular brands creating a visual effect in their shop. This is possible they applied visual merchandising. Now the question is, where we can use visual merchandising? The answer is in the following list:

1. Apparel Store/Shop
2. Electronic Device Shop (Mobile, Computer Equipment, Accessories, etc.)
3. Luxuries item (Diamond, Gold, Platinum, Jewelries)
4. Foot Wear
5. Ornaments
6. Hotel & Restaurant
7. Car, Motorcycle, Cycle
8. Furniture
9. Specialized Equipment and Machinery and
10. Super shop etc.

Process of Visual Merchandising

Visual Merchandising: Definition, Forms, Process, and Importance

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3 Phases of Visual Merchandising

Three phases of visual merchandising help to clearly define the functions of visual merchandising. The phases are

- Visualize
- Attract and
- Convert into Sales

What is Merchandising

Merchandising is a set of activities Merchandisers do to sell the product or services to the target customers. Here merchandising is done by the merchandiser. And visual merchandising is one of the popular tools used by the merchandiser.

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Examples of Visual Merchandising

Suppose you are planning to buy a new dress. For buying you normally go to a particular place. But you did not yet select the shop or brand from where you will purchase your dress. After reaching there you saw a well-decorated shop with beautiful dolls is placed. Gorgeous dresses are displayed. salespersons are well dressed and the outside display is showing they are offering a 50% discount. You saw all of these and become interested to go inside the shop/stall. So your mind induces to visit their shop and purchase a few items. Here the main focus thing is, you were first influenced. And this influence is created by their visualization which is as a result of visual merchandising. They successfully influence you to buy their product and merchandisers are actually working for selling goods and services.

Let See Another Example of Visual Merchandising

a company trying to sell their product "Fresh Drinking Water". so they put this image for promoting their product. Here they were trying to use the emotion of health conscious people by showing the sugar level in a particular product. People know that too much sugar is not good for health, and they are showing their drinks is sugar-free. Actually, they are using visual merchandising for sales promotion of their product which will help them to sell their product.

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Importance of Visual Merchandising

1. Helps to Create brand awareness
2. Get the intention of Customer
3. Bring Target Customer
4. Share Idea of Product

Helps to Create Brand Awareness

In the early days, visual merchandising was used by popular brands. But now this trend is followed by a small business. Because of the advantage of creating brand awareness among the individuals.

Get Intention of Customer

It is easy to get the intention of the customer and influence them. People will be interested to visit your store with the help of visual merchandising. You made a design for your outlet in a way that looks attractive. You can expect that definitely, people will come to visit your store. And then all you need to offer your customer a better product and services.

Bring Target Customer

Through visual merchandising, you can design your store layout in an attractive way. That will bring your more target customer and increase your revenue. Proper merchandising planning is required to offer a better service.

Share Idea of Product

You may find both inside and outside of the store is decorated based on a particular product idea. The product which means the major value of your product. It can be in terms of value or in terms of quality. Share your product idea through visual merchandising will give you an extra edge of getting market competitiveness. Merchandising displays is the easiest way of sharing your product ideas.

Challenges of Visual Merchandising

- Costly Process
- Higher Need for Applying Creativity
- Time Consuming

Higher Need for Applying Creativity

To ensure effective business there is a requirement for creativity. A creative mind can design a perfect visualization of promotional ideas. Without creativity in the visual merchandising field, it is not possible to get your desired outcome.

Costly Process

As the design of the outlet is one of the costly operations of initial business startup so money should spend carefully. Proper planning is required for initiation to the execution of merchandising ideas.

Time Consuming

Design of store and construct accordingly is a time-consuming process. You may require at least two weeks for interior design. Setup of furniture, a fixture of furniture and then arrange your product. Another thing is, when you design your outlet you must need to find out a good interior designer.

Three Forms of Visual Merchandising

1. Retail Store
2. Online (Virtual)
3. Trade Fair

Visual Merchandising for Retail Store

You already know that; visual merchandising is mostly applicable to the retail store. Because here visibility is important to attract the target customer. Normally retail store is to be a physical store rather than virtual. The business owner spends millions of dollars on the design and outlook of their store. Apparel retailers are now more concern about visual merchandising. The reason is higher competition in the market. The retail store is a point of sale where a customer can experience the products.

Visual Merchandising for Online Store

Earlier people thought that visual merchandising is only applicable for retails store. That's why their core focus was for applying it to a retail store. But now because of the expansion of digital communication. And the flexibility of online transaction the demand for e-commerce is increasing day by day. People are now using online shopping facilities and shifting from traditional to digitalize. But the question is how visual merchandising can be used in the online shop? The idea is applying your visualization idea is through your website. Make a perfect design, which is attractive, user-friendly, auto responsive and also have an online payment option. As long as you provide the best product and services to your store customer, you will be successful.

The Visual Merchandising Process

1. Product Selection
2. Identify Target Customer
3. Select Location of Store
4. Design Layout of Store
5. Plan for Promotional Activities
6. Create Visualization
7. Attract Customers
8. Induce to Buy
9. Sell the Product
10. Satisfy the Customer
11. he Process of visual merchandising involves 10 steps and these are explained below:
12. The first step is to select or identify your product for which you want to do merchandising. Based on the product type you need to develop a strategy for sales and marketing. So this one is the crucial step in starting visual merchandising.

- **Identify Target Product Selection** -CustomerIdentify target customer is the second stage. In this stage, you must work for identifying and selection of target customer. Whether your target customers are child, adult, male, female or any other group. Based on your target customer you need to design your store layout. Because of different things preferred by a different group of people.
- **Select Location of Store**

The store location is one of the key success factors because a good location will give

you more customer exposure. Store location can be in highly populated areas. Or it

can be in the middle of the market. Or in a huge mall or any other place where your

target customers are moving around. At the time of selecting your store location,

youmust consider the store cluster.

- **Design Layout of Store**

 In this stage, you can hire a professional or you can do on your own if you

have enough expertise. When you design your store layout you the following things:

- **Use of Glass**:-If you want to make your store more visible from the outside.You must choose a glass of different design which may increase attractiveness. For a multi-story store, you should have proper floor plans.so that you can decorate using glass or any other means.

- **Window Displays**

Window displays are one of the popular and commonly used techniques for creating attractive store layout design. Because of the window displays, prospective buyers can see from a long distance, what kind of product and service they are offering. And what is the key benefit of that product is also displayed in windows. Here for designing window displays, visual merchandiser uses a high quality printed sticker. Which is attached to the outside and inside of the store wall.

- **Digital Displays**

Because of flexibility in displaying advertisement and all other promotional activities digital displays are heavily used. A high-quality big monitor/ digital displays are set in the store through which people easily can get attracted. People also able to know the features of a particular product from the displayed information. The cost of digital displays is decreasing that's why the demand and use of this product are increasing for visual merchandising. Digital displays are now more visually appealing for driving customers.

- **Color**

The color of wall, window, door, and shelf everything matters in visual merchandising. Because this will increase the visibility of your store and your product. Color preference for both male and female is different, so you have to keep in mind who is your target customer. The color scheme is one of the preferential parts of visual merchandising.

- **Height**

If you are targeting child then your inside decoration should be different. Your shelf should be set in a way that a child can see their desired cloth items. Eye level of different height should be carefully maintained.

- **Horizontal or Vertical Positioning of Products**

Your product can be a position like horizontal form or vertical form. It is all about your choice. If you go to a superstore. You may have seen that product is displayed horizontally and vertically based on the product type. Every furniture store should be placed with proper planning. Right furniture should be in the right place.

- **View**

Here, the view is the outside look of your store. If your store looks attractive from the outer view then you must definitely get a lot of customers visiting your store. A three-dimensional view will add an extra edge to your design. You can offer customer experience from the outside view also.

- **Lightning**

Most of the time sunlight is not enough. so you must depend on lightening but here the important thing is, the color of light and extent of lightning. You can use moderate lightening rather than heavy lightening for your apparel store.

- **Temperature**

If your store is always remaining hot then this is the problem. So, it will be better if you set air conditioning. But keep in mind that, before setting AC you need to calculate the air-cooling amount required for your store. A suitable temperature is preferable for the customer of the store.

- **Plan for Promotional Activities**

After layout design and required activities, you can plan for promotional activities. That is how you are going to promote your product or services. For promotion, you will be required to make a promotional tagline which you can use for creating a visual effect. People will see your promotional message from outside and if they become interested then definitely they will visit your store.

- **Create Visualization**

It's time to create a visualization effect in your store. If you can successfully create a visual effect which will help you to attract your target customer. The visualization effect will come from your interior and exterior design, your product setup and all other promotional activities.

- **Attract Customers**

A positive visualization effect will attract your target customer. And it depends up to you whether your customer converts into a loyal customer or not.

- **Induce to Buy**

Your store, your product, your price and the attitude of your salesperson will induce the customer to buy your product.

- **Sell the Product**

When you convert your target customer into an actual customer through visual merchandising. You must get your desired revenue and profit from your business. All your hard work will pay off to you as a reward.

- **Satisfy the Customer**

You know the long-term success of a business is depends on the satisfaction of a customer. A customer will be loyal if you provide prompt service. And your product quality is good enough to meet the customer satisfaction with the price they had paid. And as a visual marketer, it is your responsibility to ensure the satisfaction of your customer.

Types of Book merchandising

1-In-Store Display- Take into account of the internal display of the products to sell on shelves, billing counters, creatives, touch screen and Wall LED for engaging the customers through advertisements and brand awareness.

2-Windows and External Display- Helps in attracting customers using external VM's techniques such as displaying the products on windows, mannequins, standees, signage, gate arc's etc.

Tools For Visual Merchandising
- **Mannequins-** these are we human dummies, generally used in apparel Store, the garments are being worn to them to give the idea of the physical appearance.
- **Signs-** These are used for informational purposes, brand promotion, product awareness, also used for guidance of the customer.
- **Banners-** put behind to exhibit the product.
- **Sensory Inputs-** input such as sound lights fragrance are be used for targeting the customer through their senses. main tools used for these inputs are music lightings focus lights and fragrance which the customer can experience inside the store.
- **Point of purchase display-** customer buy what is see so in this method the product is kept so that customer can touch and feel it.

Unit-3

Customer buying Behaviour :-

Consumer buying behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Marketing success or failure of a company depends on target consumers' individual and group reactions expressed in the form of buying patterns. Since customer is the reason why any organization exists, it is necessary to understand the customer and study the pattern of his buying behaviour.

Following characteristics are found in their behaviour:

1.Bargaining – A trend of bargaining is often found in the behaviour of buyers. They prefer buying goods by reducing the price as told by the seller. Indian buyers too do not frame uniform price policy. The trend of bargaining is still in vogue in the Indian markets.

2-Quality vs. Price – Buyers focus on price instead of the variety of the goods. They therefore, prefer high price goods. A little bit change has come now because the consumers have now begun purchase of quality goods on higher price.

3-Brand or Trademark Consciousness – It is the characteristic of the behaviour of buyer that he appears now aware of the brand of items and considers these goods authentic and of higher quality.

4.Changing Consumption Patterns – Owing to widespread education, increase in income and standard of living as also desire of more comforts, the pattern of consumption is now being changed. The low income group and high income group are increasingly buying fridge, tape recorder, cooler, sewing machines etc.

5. Role of Women – The role of women is increasing day to day in the manner of decisions for purchase. The women do purchase of all kinds particularly in families where the husbands earn the bread.

6. Credit and Guarantee – New motives for purchase are getting their way rapidly because of having credit and guarantee facility available in the market. Such facilities are developing the trade and commerce.

7. Complaining – Buyers are gradually being aware of their rights. They have started exhibiting their complaints through media and the representations before the concerned authorities and the forums. They can lodge their complaint before consumer forum and thus, can receive the compensation against the damage/loss so sustained.

Factors affecting buying behaviour

Consumer behaviour analysis is useful in estimating the potential size of a market, in market segmentation, in identifying preferred product creation patterns, in identifying characteristics of alternative communication approaches, and in formulating the most preferred marketing mix for the purchase and repurchase of goods in order to secure a favourable buyer answer.

1. Private Factors:

Consumer behaviour is also affected by personal characteristics, such as:

The age of the customer,

 ii. Occupancy,

 iii. Economic status,

iv. Lifestyle, sort of,

V. Personality, and

vi. Concept-of-self.

i. Old age:

People change the goods and services they purchase over the course of their lives. There are also age-related preferences in food, clothing, decor, and leisure. In general, young people go for fashionable bikes, luxury watches, branded shirts, sunglasses by designers, athletic shoes, etc.

ii. Occupancy:

The profession of an individual determines the goods and services purchased. Blue-collar employees are more likely to purchase rugged work clothing, while white-collar workers are more likely to buy business suits. Marketers aim to classify occupational groups with an interest in their goods and services that is above average. A business may also specialise in manufacturing goods that a given occupational group needs. Computer software companies will then design various products for managers of brands, accountants, engineers, lawyers and doctors.

iii Economic circumstances:

The economic condition of a person may influence his or her choice of product. For instance, the availability of easy credit has prompted many consumers to purchase homes, costly vehicles, white goods, etc. Income-sensitive merchandise marketers typically pay careful attention to personal income, savings, and interest rate patterns. Marketers will take steps to redesign, reposition, and re-price their goods, all in line with market signs, if economic indicators point to a recession.

Lifestyle:

Lifestyle is the life pattern often reflected in the behaviours, preferences, and opinions of an individual. A business may want to target a specific lifestyle community, such as college students, with a specific product offering, such as blue jeans, and use advertisement that is in line with this group's values and beliefs. Airtel, for instance, used the tagline 'Har Friend ZarooriHaiYaar' to try to charm today's youth.

Personality:

The different personality of each customer affects his or her buying behaviour. Personality refers to the specific psychological attributes that contribute to reactions to one's own environment that are reasonably stable and enduring. Personality is generally characterised in terms of characteristics such as self-confidence, sociability, defence, adaptability, etc.For certain goods or brand choices, attitude may be helpful in assessing customer behaviour.

Concept-of-self:

In general, we purchase products and services that best reflect our self-image. To good benefit, marketers of passenger vehicles, bikes, branded clothes, leather goods, jewellery, etc., use the idea of self.

Unit 4

POS Machine-

A point of sale system, or POS, is the place where your customer makes a payment for products or services at your store. Simply put, every time a customer makes a purchase at your store, they're completing a point of sale transaction.The POS serves as the central component for your business; it's the hub where everything—like sales, inventory and customer management—merges.As evident as the benefits of a POS system are, we found that 56 percent of single-store retailers are still not using one. Instead, we found, many are still using a combination of manual methods, cash registers, QuickBooks and Excel for bookkeeping.

Key Features of a POS System: What to Look for When Buying

POS software buyers identified key features that retailers and restaurants look for in selecting a POS system:

Sales Reporting: On the surface, most POS systems enable you to look at your sales. The difference lies in how those numbers are presented, the ease at which data can be accessed and how much detail you get.

Your POS system should ideally be able to:

- Generate detailed sales reports (based on product, hour, employee, total cost of items sold, total retail amount, net profit, profit percentage, gross margin)

- Provide quick snapshots and charts on your store's sales performance

Inventory Management: One of the most important functions of a POS system, inventory management, at its very essence, keeps track of all products so you know when it's time to order/or not order specific products.

Your POS system should enable you to:

- Scan and count products digitally

- Manage your stock by creating product variations (size, color)

- Identify pieces of inventory with a unique serial number

- Track inventory levels across multiple locations

- Enable seamless ordering such as automatically setting custom reorders of best-sellers

- Consolidating purchases and orders in one order

Customer Management: Building strong relationships with your customers will lead to repeat business. A POS should have customer relationship management (CRM) to track all customer data.

Your POS system should give you the ability to:

- Attach a sale/transaction to a customer

- Keep track of your customers' purchase history

- Capture customer information such as name, age, birthday, phone number and email address

- Use email marketing to keep in touch with them

- More advanced systems will have a built-in loyalty program

Employee Reporting and Management: The performance of your employees can make or break the success of your store. Having the ability to set sales targets as well as know who your top performers are and who requires extra coaching will help increase sales.

Your POS system should give you the ability to:

- Add employees to your system

- Create and modify schedules for employees based on forecasted activity

- Email schedules to employees

- Track employees' hours weekly and over time

- Analyze who your top performers are

Understanding Point of Sale (POS) Terminology

People often wrongly use the terms a) POS, b) Point Of Sale System, c) POS Software and d) Point Of Sale Terminal interchangeably. We will work on explaining all the three concepts clearly first so you can follow the rest of this article with greater clarity.

1. POS System

A POS System is the overall hardware and software system used for billing in a POS Store. It usually consists of the following units for displaying the order total, product weight, etc. and other hardware units for scanning product barcodes, a printer for receipts and a cash register.

In today's times, card readers have also become an integral part of a POS system.

Here's what a **POS system** typically contains:

- A **display unit** to show the billing
- A **keyboard/touchscreen** device to select products and enter data
- **Barcode scanner** to scan billed objects
- A **Printer** to print the receipt
- **Cash register** – for storage of cash obtained during sales
- A **software interface** to complete the process

2. POS Software

The Software that runs on the POS System is what is usually referred to as the POS Software. Much like your laptops that run on Windows or Mac, or your phones that run on Android or iOS, a POS software serves as the terminal's operating system.

In the POS software interface, you can input data about the products that you will sell, tally order costs and transact financially. The POS software helps you to process orders in a retail store with the help of available hardware.

Many large retailers use POS software that has been custom-built for their specific needs. As you can imagine, POS software solutions are as diverse as the needs of the retail industry. Even hotels use a variant of a basic POS software algorithm to accept bookings, allot rooms and bill their guests.

3. POS Terminal

A POS (Point of Sale) terminal is a card reading machine or any other device that accepts payments for an order placed on the POS system. These machines may or may not be integrated with the POS Software.

You may have noticed that in some stores, the bill is printed and the card swiped on a single hardware device. These terminals are usually built into the system as a whole and are integrated with the POS software for seamless order management and faster checkouts.

POS terminals usually detect all modes of payments over swipe and chip-based cards- after all, that's what they were built to do! Modern POS Terminals also detect NFC/ contactless cards and other payment options such as Apple Pay, Google Wallet, Samsung Pay, etc.

4. POS Payments Explained

A point of sale purchase or payment is the specific point in time when a financial transaction takes place through a POS system.

For example, if you decide to buy two products and take them to the checkout counter, the staff there would scan the products and create a receipt.

In the moment when you pay for these items either by cash, card or a digital wallet, a POS purchase happens.

Usually, a transaction fee is applicable to those customers who pay in other countries using their card at stores. These charges show up as 'POS' on the card statement. It means that you have incurred that charge for using your card at a location other than those supported by your bank.

It is a bit like paying international roaming charges. Your bank needs to pay the other bank for processing your request.

Benefits Of A Point Of Sale Software

There are several benefits of using a Point Of Sale (POS) software in your store. We discuss some of them here.

1. **Greater Efficiency:**

   A traditional cash register relies heavily on the personnel's ability to remember the price and details of every single product in the store. As you can imagine, as the number of SKUs in your store grow, or every time you hire a new employee, the efficiency of such a transaction is vastly reduced.

   With POS software, all details of a product are already available to the personnel. All they need to do is scan the product's barcode and every detail is displayed to them, making the checkout process faster, and the queues shorter.

2. **Inventory Management:**

   As we've discussed earlier in this article, retailers find that moving to a POS software greatly improves their efficiency in inventory management. Just input your existing stock levels for each product when you set up your POS for the first time. From then on, for every order processed, the software adjusts inventory levels by itself.

   You can even process returns and replacements with ease. Simply tell the software which product the customer has returned and let it adjust inventory levels accordingly.

3. **Sales Reports:**

   Most POS software applications today offer sales reports and trend analysis. Both of these help you determine how your business is faring. You can also use these reports to forecast demand for the future and keep track of your sales during different time periods.

4. **Employee Identification:**

   Using POS software, you can track employees and their checkout speeds by using the code assigned to them. Before an employee can process an order, they need to first enter their employee code. Not just their speed, you can also review feedback from customers and identify which employees are performing well and which ones need more training. This helps you improve your in-store experience.

5. **Consistency Of The Catalog:**

For retailers selling across multiple locations, maintaining consistency of their product catalog can be a challenge. However, POS software maintains a digital catalog of data that is accessible across locations. In other words, you don't have to worry about setting the same product prices across stores, even during sale periods. Instead, the POS will do it for you.

How To Set Up A POS System?

Setting up a Point of Sale (POS system) involves setting up the hardware, software and the terminal. Let us go through each step in the same order.

1. Hardware Installation

POS hardware has two components that you cannot get rid of. They are the barcode scanner and the display unit. Both these devices are needed to scan a product and view the transaction, respectively. Apart from these, here are some other components to consider:

- Power Backup: If you choose to install the full setup including desktop devices, consider investing in a UPS to prevent data losses during a power cut.
- Connecting the components: Connect your hardware components to each other, and to the internet. If you will use a cloud-based POS, internet access is a must.
- Using an iPad POS: Primaseller works on a browser, or through the application. If you use an iPad in your store as the POS hardware, Primaseller helps you use the camera for product scanning and Square for payments, thus consolidating all POS components into one device.
- Printing receipts: You can connect the iPad or POS system to a printer of choice, choose a receipt template and start printing. Also, why not go green and just email the template instead? This way, you also get a hold of the customers' email addresses to send promotions to.

2. Software Setup

Depending on whether you choose a native POS or a cloud-based software product, these next steps will vary slightly.

- Native POS: Personnel from the service provider's company usually come in to install it on your systems and give you a demonstration.
- Cloud-based POS: If you are using cloud-based software, the process is much more straightforward. The backend is ready for you and all you need to do is integrate your store's database with the POS software.
- Primaseller'siPad POS: If you use Primaseller'siOS app on your iPad, setup is simply about logging into your Primaseller account and choosing your templates, as well as updating inventory for the first time.

3. Terminal Integration and Next Steps

Set up the POS terminal by attaching the card reader to your system using the same internet connection or a different one exclusively for the reader.

One of the main benefits of switching to a Point Of Sale from a traditional register is better management of inventory.

Take the time out to update your inventory information in your POS system to get the most out of using it. You can now

- process orders in your store
- accept payments for these orders using a variety of different terminals
- get up-to-date information on your inventory and stock levels
- see how much you are selling over a period of time
- plan your purchase orders based on your retail store's needs

Inventory Management in POS

You already know why you need to manage inventory efficiently. It improves your chances of making a sale, makes customers happy, and if done right, prevents you from loading up on

too much stock. Luckily, by maintaining a registry of all the products bought and sold, your POS software can help you manage inventory efficiently as well.

Beyond this basic function, some advanced applications with integrations can also help you manage inventory effectively across all your sales channels. This is particularly useful for retailers selling or planning to sell through more channels.

For example, Primaseller syncs with all your sales channels in real-time to prevent out of stock issues by dynamically updating your inventory.

You may choose to open more stores, or also sell online through your own website or a marketplace. Using integrated POS software like Primaseller, which we will discuss in detail later, helps you manage inventory seamlessly and dynamically across channels.

As you expand, the last thing you need is stress over managing multiple warehouses, channels, and orders. By investing in an advanced POS system at the very beginning, you have better chances of succeeding later.

What is an integrated POS software?

An integrated POS system today has a definition that goes beyond connecting all components to a single network. Broadly, an integrated POS contains elements that help you conduct your business more smoothly. Primaseller is an example of an integrated POS system. It offers several benefits and add-ons that help you grow with the same system as your business grows.

Benefits of an integrated Point of Sale Software

An integrated POS like Prime seller offers the following benefits for your business to help it grow:

- Seamless inventory tracking across one channel, or as many as you like
- Management of inventory as a single entity across all locations
- Dynamically tracking and updating inventory based on offline and online sales
- Simple setup of the cloud-based system on any device you like

- Options to manage your data and assign employee roles
- Collection and management of your customers' data for better remarketing and checkout experience
- Integration with QuickBooks Online to export your order receipts directly from all channels
- A centralized digital product catalog

An integrated POS (Point of Sale) solution becomes much more than just a site of the transaction. It almost doubles up as a business assistant.

Unit-6

Retail marketing refers to the range of activities undertaken in the retail store by the retailers as well as the brand to promote the products to the customers in order to generate awareness, interest, and sales.

In simple words, everything from the interior and exterior of the retail store, to in-store advertisements, product placements, offers and promotions, and the behaviour of store representatives comes under retail marketing.

Retail Marketing Strategies

Different retail marketing strategies can be planned and employed for different types of retail outlets. The elements which should be considered while crafting a retail marketing strategy are:

Target Market: The market segment which the retail outlet caters to.

Retail Format: It's the retail mix of the retailer and the type of the store (ownership-based, franchise-based, discount-store, etc.)

Sustainable Competitive Advantage: An advantage over the competitors.

The main objective of the retail marketing strategy is to differentiate the retail store from the competition by setting up and promoting a sustainable competitive advantage which leads to increased sales.

The contours of the retail marketing strategy include:

Retail Branding

Setting up a good brand name, logo, and positioning of the retail store is among the topmost priorities of a retail marketer. Customers are more motivated to buy a product from a branded retail store than an unbranded one.

Price Drops

A great way to attract customers is to provide the same quality (and quantity) of goods at a lesser price than the competition.

Limited Period Discounts & Offers

Limited period discounts and offers increase the sales temporarily and can help in word of mouth marketing and getting more customers (and returning customers).

Strategic Placements

Strategically placing items to where the customers are most likely to buy them is a great strategy to increase the sales. A perfect example is the placement of small inexpensive products (also called parasites) at the billing counter.

Strategic Store Design

The store design is the first touchpoint for the customers. The store designed for the people it serves to performs better than the one which isn't. A colourful and kids-friendly products placement suits a toyshop while classy look and colours suit a store selling men's suits.

Visual Merchandising

The better it looks in the store, the more chances are that the customer will buy it. Smart visual merchandising strategies help increase sales substantially.

Loyalty Programs

Loyalty programs are designed for better company-customer relationships. These programs involve exclusive discounts and offers for regular customers.

Strategic In-Store Advertisements

People often prefer the advertised brand over the non-advertised brand in the store. Strategic placements of such advertisements can substantially increase the sale of a specific brand or a product.

Training Employees To Be Smarter

Retail store employees play a very important role in the decision-making process of customers. They can make or break a product decision of the customer with the help of their relationship and selling skills.

Retail Marketing: The Changing Scenario

The retail industry is not the same as it was 20 years ago. There is an increase in the disposable income of the customers, their lifestyle has improved, and the intervention of the internet in commerce has caused much instability in the retail sector. Even the venture capitalists now prefer startups with the eCommerce business model than business models involving traditional distribution networks.

This has put much pressure on the marketers and retailers to increase sales in the retail stores, which eventually has led to more focus on the customer experience. Strategies are formed to improve the relationships with the customers and to make their stay in the store as hassle-free as possible.

Role of advertising in retail store

- The retailer through various ways of advertising strives hard to promote his brand amongst the masses for them to visit the store more often.
- Advertisements attract the customers into the store. They act as a catalyst in bringing the customers to the stores.

The advertisement must effectively communicate the right message and click on the customers. It should be a visual treat and appeal the end-users.

Advertisements have taglines to create awareness of a product or service in the most effective way.

- The tagline has to be crisp and impressive to create the desired impact.
- The tagline should not be lengthy else the effect gets nullified.
- It has to be catchy.
- It should be simple to memorize.

The moment an individual hears "Just Do it", he knows he has to visit a "Nike Store". That's the importance of a tagline.

Modes of Advertising

1. Nothing works better than promoting a brand through **signboards, billboards, hoardings and banners** intelligently placed at strategic locations like railway stations, crowded areas, heavy traffic crossings, bus stands, near cinema halls, residential areas and so on. Such advertising is also called as out of home advertising.

   Out of home advertising is a way to influence the individuals when they are out of their homes. The hoarding must be installed at a height visible to all even from a distance.

   Make sure it catches the attention of the passing individuals and influences them to visit the store.

   Keep it simple and make sure it doesn't confuse the customers; instead it should convey the information in its desired form.

2. **Print media** is also one of the most effective ways to promote a brand. Newspapers, magazines, catalogues, journals make the brand popular amongst the individuals. Retailers can buy a small space in any of the leading newspapers or magazines; give their ads for the individuals to read and get influenced.
3. **Television** also helps the brand reach a wider audience. Now a days retailers also use celebrities to endorse their products for that extra zing. Celebrities are shown using the particular brand and thus making it a hit amongst the masses.

Sachin Tendulkar - the famous Indian cricketer endorses Castrol India, MRF tyres, Adidas, Boost etc.A child gets influenced to drink Boost because his favourite cricketer drinks the same.

4. **Radio Advertisements** also help in creating brand awareness.
5. **Social networking** sites have also emerged as one of the easiest and economical ways to promote a product or brand.

What is a Signage ?

Any visual representation which gives information to the customers about a store, any office, building, street, park and so on is called a signage.

Signage helps the customers to easily reach their desired destination or locate a building by simply following the instructions displayed on it.

Role of Signage in Retail Industry:

- A customer can easily locate the store with the help of a signage.
- **Signboard gives all necessary information about the store**. The customer can easily come to know about the products kept at the store without actually bothering anyone. Visual Displays put inside the retail store can actually help the customers to easily locate the merchandise.
- **It is the signboard which actually attracts the customers into the store**. The signage should be interesting enough to pull the customers into the store as a retailer can't afford to lose even a single customer.
- The signboard should not be too small. End-users might miss a small signage and hence the whole idea of attracting the customers into the store gets nullified.
- The signboards are an effective medium of communication between the retailer and the customer.
- The signboard gives the store its unique identity and helps in furthering its brand image.
- A signage goes a long way in influencing the customer's buying decision. A single glance at the signboard helps the customer to decide whether he has to step into the store or not?

Inventory management in Retail industry:-Why Inventory Management ?

Gone are the days when customers had limited options for shopping. In the current scenario, if a customer does not find the desired merchandise at one retail shop, he has a second brand to rely on. A retailer can't afford to loose even a single customer. It is really important for the retailer to retain his existing customers as well as attract potential buyers. The retailer must ensure that every customer leaves his store with a smile. Unavailability of merchandise, empty shelves leave a negative impression on the customers and they are reluctant to visit the store in near future. Inventory management prevents such a situation.

One must understand that the products need some time to reach the store from the supplier's unit. The retailer must have sufficient stock to offer to the customers during the "lead time".

Managing inventory also helps the retailer during situations beyond control like transport strikes, curfews etc. The retailer has ample stock as a result of judicious inventory management even at the time of crisis.

Important Terminologies used in Inventory management

1. **SKU (Stock Keeping Unit)**

   Every product available at the store has a unique code. This code which helps in the identification and tracking of the products at the retail store is called as stock keeping unit or SKU.

   The retailer feeds each and every SKU in the master computer and can easily track the product in the stock just by entering the SKU Number.

   Assigning a unique code to the products avoids unnecessary searching.

   Example

   Let us take the example of "Numero Uno" which stocks denims, shirts, T Shirts and targets both men as well as women.

   SKU for Shirts

   - NU – M–40-FL-W
   - NU - M-38-FL-B

     Where:
     NU stands for Numero Uno
     M - Men
     40 - Collar Size
     FL - Full Sleeves
     W - White (Colour of the shirt)

   In the same way B in the second example would stand for Blue

   Simply typing NU – M–40-FL-W would let the retailer know whether the particular merchandise is available with him or not.

2. **New Old Stock (Abbreviated as NOS)**

   The stock which is never been sold by the retailer and now not even being manufactured comprises the new old stock. Such products do not have takers and may not be produced anymore.

3. **Stock out**

   Stock out refers to a situation when the retailer fails to fulfill the customer's requirement due to lack of merchandise. The merchandise is not available in the current inventory and thus the customer has to return home empty handed.

Preventing loss of inventory

Employees working at the store might get tempted to steal the merchandise.

Let us go through some tips which help to prevent loss of inventory:

- Check the bags of the employees before they leave the store.
- Raise an alarm whenever you find someone stealing something. Supporting a wrong deed is also a crime.
- Make sure that all the employees leave from one common door.
- Avoid multiple exits.
- Check garbage before dumping.
- Keep proper record of the inventory(Stock coming in and going out

Challenges for Retail store

Michael Porter's Five Forces Model helps in the determination of the industry attractiveness and in analyzing the prospects of growth and opportunities by assessing the competitive trends and the intensity of the rivalry amongst the existing competitors. It is a major strategic tool used for determining the industry potential/prospects and the possible threats which may limit the attractiveness of this industry and prevent new entrants from joining the competitive battle. It provides key insights to the organizations for crafting and implementing both long-term and short-term strategic plans.

The Five forces are Threat from the Competitors, Threat from the Substitutes, Buyer Bargaining Strength, Supplier Bargaining Power and the Intensity of the Competitive Rivalry. Let's analyze each of these forces from a retail industry perspective:

Threat from the Competitors

This is one of the key factors which will ultimately be deciding the attractiveness of the retail industry. New entrants will be able to learn from the mistakes of the existing players and may join the industry with improved strategies or corrective measures. The new entrants can offer low-cost offerings with improved features for luring the customers.

The competition in the retail industry is quite fierce and intense. As a result of this, the existing players may impose barriers to entry in the industry for the new players. These barriers can be imposed by strengthening the distribution infrastructure and the supply chain framework. Barriers for the new entrants can also be imposed by gaining a cost advantage or low-cost leadership and also in the form of economic regulations or trade barriers for foreign players. Apart from this, the threat to the entry of new players could be from the differentiation of the product, capital investment strength and strong loyalty of the customers for the existing players.

Threats from the Substitutes

The existence of substitutes will definitely affect the attractiveness of the industry and lower the profitability. This is because substitutes directly influence the prices of the products and the demand for the products from the customers as well. In the retail industry, the threat from

the substitutes is very high. With the availability of more substitute products, the buyers will get more options to choose from the available alternatives for satisfying their requirements. The willingness of the buyers to buy the substitute products is directly dependent upon various factors such as quality, prices and the performance of the substitute products.

If we analyze the retail industry, various factors such as availability of alternative options for buying like online shopping, different modes of payment, availability of home delivery service, and cost of the substitute products can intensify the threats from the substitutes.

Bargaining Power of the Buyers

Buyers are the firms or the individuals who are the ultimate purchasers of the industry products and services. Buyers include the end consumers, distributors, retailers and the industrial purchasers.

A buyer's bargaining power is expected to be higher if the scope for switching from one supplier to another exists. Moreover, if concentrated numbers of buyers purchase a large quantity of products, then the bargaining power of the buyers is expected to be higher. Apart from this, the industry bargaining power will be expected to be high for those products for which quality is given utmost importance.

Therefore, in case of the retail industry, the bargaining power of the buyers is expected to be very high because of the easy availability of plenty of substitutes with better price offerings, volumes purchased by the buyers, sensitivity towards the pricing/cost related factors and poor loyalty towards the brand.

Bargaining Power of the Suppliers

Suppliers supply the required raw materials or the inputs to the industry players. These inputs can be in the form of man, material, finance or technology related support from the suppliers. Various factors determine the bargaining power of the suppliers. The suppliers bargaining power is expected to be high if the quality of the raw material or the inputs are unique. The factors which govern the strength of the bargaining power of the suppliers are the uniqueness of the inputs or the raw materials, the quality of the product which is offered by the suppliers and more demand for the supplier's products will increase the bargaining power of the suppliers.

The intensity of the Competitive Rivalry

The higher the intensity of the competitive rivalry in the industry, the lesser will be the profitability of the firms. In the retail industry, the intensity of competitive rivalry is affected by a gamut of factors such as:

- Intensification of competition with new competitive players joining the industry.
- Gaining a competitive edge over the counterparts by achieving economies of scale in production
- Stiff competitive rivalry amongst the established retail tycoons or major industry players.
- Varieties offered in the product offerings for maximizing customer satisfaction and strengthening customer loyalty.

The other crucial factors which determine the intensity of the competitive rivalry are the pricing of the products, service quality, strategic alliances as mergers/acquisitions, etc. High competitive rivalry can be regarded as a threat because it weakens the profit prospects and the prices. On the other hand, low competitive rivalry can be viewed as an opportunity because this will open new avenues for maximizing profits for the firms.

To sum up, retail industry globally has been witnessing a paradigm shift since last few years. **The industry is faced with cut-throat competition and is still ruled by unorganized players though the organized retail sector has shown an incredible performance**. Various factors such as entry barriers, bargaining power of the buyers/suppliers, the intensity of competition and economies of scale should be taken into consideration by the retailers and work towards them for enjoying economies in scale and achieving a competitive edge in the industry.

Unit-7

Retail management

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

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

Need for Retail Management - Why retail management ?

Peter wanted to gift his wife a nice watch on her birthday. He went to the nearby store to check out few options. The retailer took almost an hour to find the watches. This irritated Peter and he vowed not to visit the store again.-An example of poor management.

You just can't afford to make the customer wait for long. The merchandise needs to be well organized to avoid unnecessary searching. Such situations are common in mom and pop stores (kirana stores). One can never enjoy shopping at such stores.

Retail management saves time and ensures the customers easily locate their desired merchandise and return home satisfied.

An effective management avoids unnecessary chaos at the store.

Effective Management controls shopliftings to a large extent.

- The retailer must keep a record of all the products coming into the store.
- The products must be well arranged on the assigned shelves according to size, colour, gender, patterns etc.
- Plan the store layout well.
- The range of products available at the store must be divided into small groups comprising of similar products. Such groups are called categories. A customer can simply walk up to a particular category and look for products without much assistance.
- A unique SKU code must be assigned to each and every product for easy tracking.
- Necessary labels must be put on the shelves for the customers to locate the merchandise on their own.
- Don't keep the customers waiting.
- Make sure the sales representatives attend the customers well. Assist them in their shopping. Greet them with a smile
- The retailer must ensure enough stock is available at the store.
- Make sure the store is kept clean. Don't stock unnecessary furniture as it gives a cluttered look to the store. The customers must be able to move freely.
- The store manager, department managers, cashier and all other employees should be trained from time to time to extract the best out of them. They should be well aware of

their roles and responsibilities and customer oriented. They should be experts in their respective areas.

- The store manager must make daily sales reports to keep a track of the cash flow. Use softwares or maintain registers for the same.
- Remove the unsold merchandise from the shelves. Keep them somewhere else.
- Create an attractive display.
- Plan things well in advance to avoid confusions later on.
- Ask the customers to produce bills in case of exchange. Assign fixed timings for the same. Don't entertain customers after a week.

Characteristics, Functions and Services of a Retailer

In the fast changing globalized and a technology-driven business world, Retail industry over last few decades has witnessed a sea change. World's largest retail giant of the present times Walmart is operating worldwide by establishing hypermarkets in various countries by taking the help of sophisticated means of communication as well as information systems technology.

A careful analysis of the trends reveals that in the Fortune 500 list of organizations, 50 are from retail industry and the top rank is occupied by the world's No. 1 retail giant Walmart. The statistics convincingly reveal how fast the retail industry has grown and paved the path for expansion of business as well as employment opportunitie

Characteristics of a Retailer

- In the entire distribution chain, a retailer is considered to be the final link, who deals directly with the customer.
- A retailer purchases in bulk from the wholesalers and sells the products to the customers in small quantities.
- A retailer essentially maintains a variety of merchandise.
- The aim of a retailer is to achieve maximum satisfaction by exceeding their expectations and delivering exceptional services.

Key Functions Performed by a Retailer

- A retailer performs the dual functions of buying and assembling of goods. The responsibility of a retailer is to identify the most economical source for obtaining the goods from the suppliers and passing on the advantages to the consumer.
- The retailers perform the functions of warehousing and storing. They store the goods in bulk and make them available as per the requirement of the consumer. Warehousing and store keeping helps in ensuring uninterrupted availability of the goods to the consumers.
- The primary function of a retailer is selling the products to the customers for which various techniques or business practices are being adopted by the retailer to achieve the strategic goals.
- The prime focus of a retailer is on maximizing customer satisfaction by delivering quality products and services both on cash as well as credit basis. As a result of

which, retailer always runs the risk of accumulating bad debts on account of non-payment of the amount from the consumer.

- A retailer needs to have robust risk management capabilities. Various kinds of risks can be involved in a retail business which a retailer should be well prepared with like loss or damage of the products due to deterioration in quality, perishability or spoilage. A change in customer's buying preferences or tastes can also affect the retail business to a great extent, or even the products may be damaged due to the natural calamities or vagaries of nature.
- A retailer performs the crucial function of grading for all those goods which at times are either left ungraded by the wholesalers or manufacturers so that the customers readily accept the goods. The retailer is responsible for the packing of goods in small packages or small containers for the customer's convenience.
- The retailers are the direct point of contact or communication with the customers; hence they gather information regarding the changing tastes and preferences of the consumers, pass on the customer feedback to the manufacturers for continuous improvement in service delivery.
- Retailers act as a vital channel for the launch of new products in the market as they are the direct interface with the consumers and can communicate directly with the targets consumers about the new product features and advantages.
- The retailers are responsible for the product promotion and advertisement by planning the product displays and visual merchandising for attracting the customers.

Services Provided by a Retailer

To Customers:

- A Retailer ensures ready stock availability of goods for the customers in sufficient quantities and sells the goods to the customers as per their quantity specifications.
- A retailer ensures availability of a wide variety of choices of products for the customers by keeping different varieties at various prices and also different brands as well.
- A retailer can provide credit facilities and heavy cash discounts on the purchase of different products to the customers.
- Retailers can provide customized services and pay personalized attention to the customers for achieving a higher level of satisfaction with the delivery of product or service.
- Retailers introduce new products to the customers and also guide them with the usage of the products.
- Retailers can provide additional services like free home delivery or after sales services.
- Retailers purchase and maintain a stock of those products which are mostly demanded by the customers. They aim at catering to the requirements of all kinds of customers with varied buying capacities.

To Wholesalers:

- Retailers are a valuable source of information and feedback for the wholesalers who in turn pass on the same information to the producers of the products. Crucial information related to the changes in the buying preferences of the customers, their experience with the usage of the products, feedback on the prices and quality of the products is passed on to the wholesalers. This helps in improving the existing services and in customizing the product solutions as per the requirements of the customers.
- A retailer absorbs most of the burden of the wholesaler and also of the manufacturer by selling the goods in small quantities to the customers. The wholesalers are relieved from the burden of maintaining direct touch with the customers and managing the entire gamut of activities involved in convincing the customers for purchasing their products.
- Retailer supports the wholesaler by acting as a channel for distributing the goods to the customers.
- Retailer acts as the point of contact between the customer and the wholesaler. Retailers are responsible for creating and improving the demand for various products by taking care of the display and merchandising activities.
- Retailers act as a major source of funding for the wholesale trade by placing the orders and making payments in advance to the wholesalers for those goods.

Category Management

The mechanism of selling merchandise in small quantities from a fixed location directly to the individuals for their end use is called as retailing. The fixed location can be anything like super market, hyper market, department stores and so on.

Merchandise - Merchandise refers to the various products available at the store for sale to the end-users. It is the display of the merchandise which actually attracts the customers into the store.

Let us suppose all the products available at the store are stocked at one place only. Would such a display impress the customers ?

The answer is NO. Presentation of products is essential.

As a solution to the above problem, the retailers came out with the concept of category management.

The concept of segregating similar products into separate groups is called as category management. The complete range of merchandise available at the retail store is divided into separate product categories consisting of related products.

Categories in a retail store refer to the various groups which consist of products belonging to a similar family. The retailer smartly displays all the related products together as distinct categories for his as well as the end-user's convenience.

Example

Toothpaste, Tooth Brush, Mouth wash, Tongue cleaner, soap, shampoo, body wash, cosmetics etc, can be displayed together under a single category called personal care section.

Vegetables, Fruits, Tinned Food, Juice, meat, dairy products form a single category.

Certain retail stores also classify their merchandise into women, men as well as kids category.

Department stores also have separate categories like:

Apparels, Footwear, Jewellery, Electronic appliances, Mobiles, Watches, Home furnishings, house hold appliances and so on.

Category

- The complete range of merchandise at the store is divided into separate groups consisting of related products. Such groups are called as categories.
- Each category is treated as a separate business entity.
- The retailer calculates the profit and loss of each category separately.
- Each category contributes in its own way to the profitability of the store.
- The retailer does not promote a single brand but the complete category.
- The concept of categories has gone a long way in developing a strong bond between the retailer and the supplier.

Why Separate Categories ?

- The classification of products into separate category benefits the customers and makes their shopping a pleasurable experience.
- The customers as per their interest, pocket and need can walk up to the respective categories, check out the various options and decide what to buy and what not to buy.

Eight Step Process of category management

- Define the Category

The retailer must sort out the similar products which can be included in a single category. He must make sure that the products bear a strong connection with each other.

- Role of the Formed Category
- Evaluate the current Performance of the category
- Decide targets for the category.
- Devise an overall Strategy to promote the category.
- Formulate specific steps to increase the sales of the category.
- Implementation of the above steps.
- Review and feedback.

However some retailers find the above process cumbersome and only follow the below five steps:

- Form and Review the category.
- Decide the target consumers of the particular category.
- Planning and formulating strategies for the category.
- Implementation of the above strategies
- Results Evaluation

Category Captains

The retailer generally appoints one individual who supplies all the products of a single category. This individual also called as supplier is known as a category captain.

The suppliers are equally responsible for the category and contribute their level best to maximize the revenue of the particular category. He works in close coordination with the retailer and is responsible for the profit and loss of his assigned category.

Quality of a sales person in retail

Working in retail helps you gain and develop several skills and characteristics that you can later in life. These include, empathy, active listening, patience, adaptability, communication skill, and more.

Retail skills and characteristics that typically come naturally

1. The desire to help others
The most important trait in a sales associate is an interest in helping others. Retail as an industry is geared towards making customers' lives better through one product or another. A tremendous retail employee is interested in figuring out what a customer wants and how to get it to them.
Take, for instance, Apple. The retailer looks for "people that can't be told things are impossible." This will ultimately lead them to be able to sell well, educate the customer on products relevantly, and provide top-notch customer service.

2. Empathy
An empathetic employee is one who can put themselves in your customers' shoes and truly understand what they want.
Empathy is the basis for amazing active listening skills and more than one expert has identified this trait as the thing that will save brick-and-mortar retail.

3. Patience

Patience is a crucial ingredient in excellent customer service skills.

The truth is that sometimes you will have to work with a customer who wants to take things very slowly, and you'll have to match your pace to theirs. Or you'll be confronted with a customer that wants you to run to the back ten times to find exactly the right product.

4. Friendliness

While you don't need to be an extrovert to be a great retail employee (I knew one or two introverts who crushed the game), you do have to be friendly.

Retail is a people-oriented industry. Sales associates must be kind and welcoming to everyone who walks through the door. Friendliness provides an essential basis for all selling and customer service skills.

5. Must be a quick learner

From your very first day on the job as a sales associate, you'll be inundated with information: how to work the register; how to run a sale; how to fold the clothes correctly.

This never really ends either. Stores update their inventory roughly once a month, giving employees a whole new catalog to memorize. Stores also tend to change their displays up weekly, requiring employees to learn anything from a minor new layout to a complete store shift.

As an extension of this, retail employees of today *must* understand how to use technology. So much of retail work is seamlessly integrated with things like mobile POS technology that it is not an option for a sales associate to struggle with technology. (More on this later.)

During my time there were more than a few older employees who could never figure out how to work the register well and as such created backups at the counter, ultimately causing a lot more work for everyone else and headaches for customers.

6. Must be able to multitask (and prioritize)

Retail associates must be able to work with multiple customers at once while taking care of go-backs and keeping the store neat. Associates must also be able to prioritize customers and other tasks.

Plus, it happens all too often that multiple customers will actually seek your help at the same exact time, so employees must be able to handle this.

7. Must be able to handle physical exertion

For a job that requires you to be on your feet for 5+ hours, you would think this trait would be a no-brainer for managers to hire for.

You'd be wrong.

I saw multiple employees hired during my time who were unable to handle physically exerting for that long. There's not too much more to say about this other than that working the floor is a demanding activity and people need to be hired accordingly.

8. Must be resilient

Retail is a tough industry. Associates must be good at bouncing back whenever they encounter difficult customers. Resilience is also required to weather sales slumps. If your store is experiencing a downturn, your employees need the ability to recover from slow days or months.

Further Reading

Need more staffing tips and insights? Check out The Ultimate Guide to Training and Motivating Retail Employees, an in-depth resource packed with actionable takeaways for motivating employees and boosting staff productivity. In this guide, you'll learn:
- How to empower your workforce to maximize happiness and productivity
- What tools and methods to use when educating your staff
- How to motivate your staff to bring their best selves to work

Retail skills that can be taught
9. Active listening skills
Active listening skills are crucial for all customer service and salespeople. It's not the most natural skill to develop but with practice, anyone can become an active listener.
How to develop active listening skills
- Encourage your employees to speak to customers in a format where they repeat back most of what a customer has just said to confirm it. This template forces an employee to pay more attention to what the customer is saying.
- You can also coach your employees on their body language. Open body language helps the customer feel heard — and it can actually help your employees pay better attention.

10. Deep product knowledge
A great retail sales associate has a very deep knowledge of your catalog. This enables them to field questions and create solutions for your customers.
This is a skill that can only be gained after working hands-on with all your products for a period of time, but there are some things that management can do to make the process easier.
How to develop retail product knowledge
- Identify a few key products and what makes them special. Teach these to your brand new employees to as the foundation of their knowledge.
- Keep flyers or posters in the break room or behind the register for your employees to quickly check with relevant product information. For instance, a store that sells multiple fits of pants may want to create a little infographic of the key differences between the pants to help employees learn them quickly.
- Hold "unboxing sessions" with your team. That's what Elevator, an accessories and jewelry boutique in Toronto is doing. "Whenever new designers arrive at the store, we sit down with the product in front of us, look at it really thoroughly. We talk about the materials that it's made from, who the designer is, what's particularly unique about this product, and how to demonstrate it," says store owner NikoDownie.
- As you release new items, pick the top 5-10 items to include on some type of infographic to again, disseminate the information about these products. The store I worked at released a new poster each month of the "Key 10." This poster included not just information about the items we were meant to learn, but they actually chose the Key 10 items based on what sold well together, making it easier for us to upsell new items.
- There's no better way to learn about an item than to use it. Have your employees get hands-on with your products so they can fully understand how they work. LUSH, for instance, actually sends new employees on entire days of interactive training to fully understand LUSH's products.

The store I worked at used all of these methods at different times throughout my employment and I always found them to be extremely useful. I can still tell you the four pant cuts they had during my time and what made them different.

11. Industry expertise

Modern shoppers are extremely well-informed and 83% of consumers believe that they're more knowledgeable than retail associates.

To successfully engage shoppers, your team must develop the right industry expertise. It's no longer enough to have basic product knowledge. In-store associates need to be true experts and provide information that shoppers don't already know.

How to develop industry knowledge in retail

- The best way to develop industry knowledge is to regularly keep up with what's going on in your field. Attend trade shows and events, read industry publications and follow experts in your space. Engage in these learning activities daily, and you and your team will have no trouble developing and maintaining your industry knowledge!

12. Communication skills

Your employees will need to be articulate while greeting customers, answering their questions, explaining to a customer why one of your products will solve one of their problems and more.

How to develop communication skills in retail

Consider role-playing during slow or off hours. This article provides a solid guide to get started, but the general idea is to create a scenario with goals for your staff to act out.

You should provide the players with a template for what you want them to say to start out with. Use positive and negative scenarios that have actually happened in your store to help employees learn from real mistakes or successes.

It's also important for managers to immediately call out communication successes and failures while they're fresh in the employee's mind. If you notice something happening, wait until your associate disengages with their customer and quietly correct or praise them.

I had a manager who was excellent at this. She helped me develop a presence of mind when I spoke to customers by pulling me aside and kindly letting me know how I can improve.

13. Sales/customer service skills

I've lumped these two skill sets together because your best customer service providers should be your best salespeople. Your employees need to know how to work a customer through the stages of the sale.

They need to be able to greet someone, access their interests/problems, create a solution for them, and move the customer from curiosity to closing successfully.

You can help your employees develop these skills in many ways but here are some suggestions:

- Use modular training, in which you train in short segments, rather than long ones. My store did this with new recruits in three-hour sessions over some days, but Hank Boyer, President and CEO of Boyer Management Group suggests time periods as short as 1 hour.
- Use different learning tools and methods. Everyone learns differently, not to mention, certain types of training methods can save you time. For instance, at my store, new recruits were shown a series of short videos which provided a lot of information about the sales cycle, store policies, and other things to expect. These videos ultimately saved my manager a lot of time instructing me with the basics. And while my videos were

made by our corporate office, even a very small store could use a mix of <u>Youtube videos</u> on retail selling and perhaps a few self-made videos on your particular store using your phone.
  ▪ Role-playing is one of the very best ways to train someone in retail. You can practice anything from implementing a return policy to how to react when someone walks out of the dressing room in their underwear (true story).

14. Tech skills

Being able to understand gadgets like mobile devices and retail systems is another important skill. Not having a solid grasp of retail technology could result in mistakes and inefficiencies. For example, if an associate is slow to understand how your POS system works, they may end up delaying the checkout process, thus diminishing customer satisfaction.
How to develop tech skills in retail

  ▪ Implement hands-on training. There's only so much that a tech manual or demo can teach. If you want your retail employees to fully grasp your in-store tech (e.g., POS system, CRM, inventory management solution) you need to give them first-hand knowledge. If someone is still learning the ropes, consider creating a test account that they can play with. Another idea is to pair trainees with tech-savvy employees who can show them how things are done.
  ▪ You should also take advantage of your solution provider's support offerings. Some vendors provide resources like help centers, webinars, whitepapers, and more. Your provider may even assign a dedicated account rep (sometimes called "customer success rep") who can chat with you on the phone and talk you through any support issues. Be sure to put these resources to good use so you and your team can fully understand your in-store technologies.

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