Subject: RM

Subject code: MBPC3003

MBA Semester: 3rd SEM.

Lecture notes prepared by: Prof. Arati Panda

DISCLAIMER

These lecture notes have been compiled using information from various standard textbooks, reference materials, and academic resources. They are designed solely for educational and learning purposes and do not claim full originality. The content represents a collective interpretation and synthesis of information from multiple sources to facilitate the teaching–learning process for students. It is intended to serve as supplementary study material, not as a replacement for prescribed textbooks or classroom instruction. While every effort has been made to ensure the accuracy and relevance of the material, the author bears no responsibility for any unintentional errors or omissions. This document is strictly for academic use and not for commercial distribution.

MBPC3003 RETAIL MANAGEMENT (3-0-0)

Course Objectives:

1. To understand & familiarize the unique challenges inherent in managing retail services.
2. To explain the concepts and theories of retail management
3. To apply retail management concepts and utilize tools and strategies to address challenges in retail management.
4. To evaluate the effectiveness of different retail strategies in achieving business objectives.

Module-I :

Emergence of organized retail in India,Retailing–Role, Relevance and Trends, Retail organization, Types of retailers,Retail Formats, Retail Consumer Behaviour, Retail Marketing Mix., Retail Market Strategy, Technology in Retail.

Module-II:

Retail Location Decisions, Merchandise Planning, Managing Assortments,44 StoreManagement, Layout, Design, Space Management, Visual Merchandising, Retail Aesthetics, Retail Atmospherics, Retail Equity.

Module- III:

Retail Communication Mix, Selection of promotion mix, Retail sales Promotion,Retail Pricing: Price Setting, Pricing Strategies, GMROI, Managing Retail Brands- Branding strategies in retail: Brand equity, Retail brand extension, Creating brand value. Overview of Retail Analytics.

Course Outcomes:

CO-1: Interpret retail industry fundamentals: Gain a solid understanding of the fundamental principles, concepts, and dynamics of the retail industry, including market trends, consumer behaviour, and competitive analysis.

CO-2: Apply effective retail management strategies: Develop the ability to apply strategic thinking and decision-making skills to manage key aspects of retail operations, such as merchandising, inventory control, store layout, and pricing.

CO-3: Enhance customer service and sales techniques: Acquire the knowledge and skills necessary to provide exceptional customer service and employ effective sales techniques to drive customer satisfaction, loyalty, and maximize sales revenue.

CO-4: Develop and disseminate a strategic roadmap for building and managing a successful retail brand that drives customer loyalty, increases market share, and enhances the overall brand equity of the retail business.

Text Books :

- Retailing Management Text and Cases, by Swapna Pradhan, Mc GrawHill
- Retailing Management, Michael Levy, Borton A Weitz, Ajay Pandit, Mc GrawHill
- Retailing Environment and Operations, Andrew J. Newman and Peter Cullen, Cengage Learning
- Retail Management A Strategic Approach, Barry Berman, Joel Evans, Mini Mathur, Pearson
- Retail Management, Suja Nair, Himalaya Publishing Home

MODULE- 1

What is organized retail?

Organized retail refers to large-scale trading activities run by registered, licensed retailers, such as corporate-backed hypermarkets, supermarkets, and specialty chains. Unlike the traditional, unorganized sector of small, family-owned shops (Kirana stores), organized retail operates on a modern, professional, and technology-driven model.

<u>Emergence of organized retail in India</u>

Pre-1990s: Initiation phase

Before the liberalization of the Indian economy, the retail market was dominated by traditional, unorganized formats such as:

- **Kirana stores:** Local "mom-and-pop" shops that offered a personal touch and credit to regular customers.
- **Haats and Melas:** Weekly or seasonal open-air markets, particularly in rural areas, where local vendors sold goods.

The early seeds of organized retail were sown by textile companies like Raymond's and Bombay Dyeing, who began setting up exclusive company-owned or franchisee stores. State-run cooperatives like Super Bazaar and Kendriya Bhandar also had a notable, albeit limited, presence.

1990–2005: Conceptualization phase

Following the economic liberalization, privatization, and globalization (LPG) policies in the early 1990s, the organized retail sector began to evolve rapidly.

- **Entry of "pure play" retailers:** New retail chains emerged, focusing specifically on retail rather than being an extension of manufacturing. Examples include Shoppers' Stop (1991) and Pantaloon (1997).
- **Apparel-focused growth:** The initial organized retail expansion largely concentrated on the apparel and fashion segments.

- **Inflow of international brands:** Foreign companies such as Nike, Reebok, and McDonald's entered the market, introducing Indian consumers to international retail experiences.

2005–2010: Expansion phase

This period witnessed aggressive expansion as large Indian industrial houses, such as Reliance, Tata, and Aditya Birla, entered the retail market.

- **Growth drivers:** A young, growing middle class with higher disposable income, increasing urbanization, and more working women fueled this expansion.
- **New formats:** The retail landscape diversified with the introduction of new formats, including hypermarkets, multiplexes, and food courts.
- **Increased investments:** Investments in organized retail surged as large conglomerates and foreign players recognized India's potential.

2010 onwards: Consolidation and technology phase

As competition intensified, retailers began to focus on strengthening their existing operations and adopting modern technology.

- **Rise of e-commerce:** The growth of the internet and digital payments led to a boom in e-commerce, with online retailers competing with and challenging traditional brick-and-mortar stores.
- **Omni-channel strategy:** To stay competitive, retailers began adopting omni-channel strategies, integrating their physical stores with their online platforms for a seamless customer experience.
- **Technological integration:** Organized retailers incorporated advanced technologies like barcoding, customer relationship management (CRM), and data analytics to optimize operations and personalize the shopping experience.

Retailing's role in the Indian economy

For consumers:

- Wider choice: Organised retail offers a wide variety of brands, quality products, and merchandise, providing consumers with more options.
- Convenience: Modern formats like supermarkets and malls provide a convenient, "one-stop" shopping experience, saving consumers time and effort.
- Value for money: By streamlining the supply chain and eliminating middlemen, organised retailers can often provide better products at cheaper prices.
- Better services: Consumers benefit from improved services like trained staff, proper billing, and better store infrastructure.

For producers/manufacturers:

- Market access: Retailers act as intermediaries, connecting producers to a broad customer base and helping them sell products in small, manageable units.
- Information flow: Retailers collect market information on consumer needs and preferences, which is valuable feedback for manufacturers.
- Reduced supply chain: Large organised retailers can deal directly with manufacturers and farmers, reducing the number of intermediaries in the supply chain.

For the economy and society:

- Employment generation: After agriculture, the retail sector is one of the largest employers in India, providing jobs for skilled, semi-skilled, and unskilled workers.
- Economic growth: The retail industry contributes significantly to India's GDP and has been one of the fastest-growing sectors.

- Socio-economic development: The growth of retail, especially in rural areas, can help drive overall development by generating employment and modernizing infrastructure.
- Tax revenue: Organised retailers, being registered businesses, contribute to the government's tax revenue through sales and other taxes.

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 fulfil 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.

Meaning of Retailing:

According to Kotler: ´Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business uses.

Characteristics of Retailing:

1. Direct interaction with customers/end customers.
2. Sale volume large in quantities but less in monetary value
3. Customer service plays a vital role
4. Sales promotions are offered at this point only
5. Retail outlets are more than any other form of business
6. Location and layout are critical factors in retail business.
7. It offers employment opportunity to all age.

<u>Types of Retailers:</u>

1) Department Store:

Department stores are large retailers that carry wide breadth and depth of products. They offer more customer service than their general merchandise competitors. Department stores are named because they are organized by departments such as juniors, men 's wear, female wear etc. Each department is act as —mini-store. Means each department is allocated the sales space, manager and sales personnel that they pay an attention to the department. IMC programme for each department is different and particular. Department store utilizes various sources for marketing communication. Due to overstoring most of the budget are spending on advertising, couponing and discounts. Unfortunately, the use of coupons diminishes profits and creates a situation where consumer does not buy unless they receive some type of discount.

2) Convenience stores:

Convenience stores are located in areas that are easily accessible to customers. Convenience store carries limited assortment of products and are housed in small facilities. The major seller in convenience stores is convenience goods and non-alcoholic beverages. The strategy of convenience stores employ is fast shopping, consumer can go into a convenience stores pick out what they want, and check out relatively short time. Due to the high sales, convenience store receives products almost daily. Because convenience store don't have the luxury of high-volume purchase.

3) Full line Discount Stores

It conveys the image of a high volume, low cost, fast turnover outlet selling a broad merchandise assortment for less than conventional prices. It is more to carry the range of products line expected at department stores, including consumer electronics, furniture and appliances. There is also greater emphasis on such items as auto accessories, gardening equipment, and house wares. Customer services are not provided within stores but at centralized area. Products are sold via self-service. Less fashion sensitive merchandise is carried.

4) Specialty Store:

Specialty store carries a limited number of products within one or few lines of goods and services. They are named because they specialize in one type of product. Such as apparel and complementary merchandise. Specialty store utilizes a market segmentation strategy rather than typical mass marketing strategy when trying to attract customers. Specialty retailers tend to specialize in apparel, shoes, toys, books, auto supplies, jewellery and sporting goods. In recent years, specialty stores have seen the emergence of the category killer. Category killers (sometimes called power retailer or category specialty) are generally discount specialty stores that offer a deep assortment of merchandise in a particular category.

5)Variety Store

Variety store offers deep assortment of inexpensive and popular goods like stationary, gift items, women 's accessories, house wares etc. They are also called 5 to 10 percent store because the merchandise in such stores, used to cost much.

6)Flea Market

Flea market is a literal transaction of the French aux puces, in outdoor bazaars in Paris. A flea market is the outdoor or indoor facility that rent out space to vendors who offer merchandise, services and other goods that satisfy the legitimate needs of customers. Flea market provides opportunity for entrepreneur to start business at low price. A flea market consists of many retail vendors offering a variety of products at discount price at places where there is high concentration of people.

7) Factory Outlets

Factory outlets are manufacturer owned stores selling manufacturers closeouts, discontinued merchandise, irregulars, cancelled orders, and sometimes in seasons, first quality merchandise.

8)Combination Store

Because shoppers have been demanding more convenience in their shopping experience, a new type of food retailers has been emerging. This type of retailer combines food items and non-food items to create one stop experience for the customer. Combination stores are popular for the following reasons. They are very large from the 30000 to 100000 or more sq. ft. this leads to operating efficiencies and cost savings. Consumer like one stop shopping and will travel further to get to the store. Impulse sales are high.

9)Warehouse Clubs and Stores.

Warehouse clubs and stores were developed to satisfy customers who want to low prices every day and are willing to give up service's needs. These retailers offer a limited assortment of goods and services, both food and general merchandise, to both end users and midsize businesses. The stores are very large and are located in the lower rent areas of cities to keep their overhead low-cost low. Generally, warehouse clubs offer varying types of merchandise because they purchase product that manufactures have discounted for variety of reasons. Warehouse clubs rely on fast moving, high turnover merchandise. One benefits of this arrangement is that the stores purchase the merchandise from the manufacture and sell it prior to actually having to pay the manufacturer.

Non-Store Retailing.

1. Direct Marketing.
2. Electronic/Internet/E- Direct Selling.
3. Vending Machines

4. Catalogue Marketing
5. Franchising Direct Marketing

- **Direct marketing**
  Direct marketing is defined as an interactive system of marketing, which uses non personal media of communication to make a sale at any location or to secure measurable response. Direct marketing is a method wherein the manufacturer or producer sells directly to retailer, user or ultimate consumers without intervening intermediaries. This offers flexibility with maximum controls of sales efforts and marketing information feedback. **Various forms of Direct Marketing-telemarketing, Direct mail marketing, television, marketing,**
- **Direct Selling**
  In contrast to direct marketing, which involves no personal contact with consumers, direct selling entails some type of personal contact. This contact can be at the consumer home or at an out of home location such as the consumer office.
- **Vending Machines**
  Vending machines represents an additional class of retail institutions. Essentially, vending is non store retailing in which the consumer purchases a product through a machine. The machine itself takes care of the entire transaction, from taking the money to providing the product. Vending machine offerings range from typical products such as soft drinks and candy to insurance, cameras, phone calls, phone cards, books, paper and pens.
- **Catalogue Marketing**
  Mail Orders marketing/Catalogue Marketing, also called as mail order business, is one of the established methods of direct marketing. Since mail orders marketers use catalogues for communication with the consumer, this form of marketing is often referred to as catalogue marketing. In these methods the consumer

becomes aware of product through information furnished to them by the marketer through catalogues dispatched by mail.

- **Franchising**

  Franchise in French means privilege or freedom. Franchising refers to the methods of practicing and using another person 's philosophy of business. The franchisor grants the independent operators the right to distribute its products, techniques and trademarks for a percentage of gross monthly sales and royalty fee. Various tangibles and intangibles such as national or international advertising, training and other support services are commonly made available by the franchisor. Agreements typically last five to twenty years, with premature cancelation or termination of most contracts bearing serious consequences for franchisees.

<u>Retail formats in India</u>

Retail formats can be broadly categorized into store-based, non-store-based, and web-based formats.

✓ **Store-based formats**

- **Mom-and-Pop stores (Kirana Stores):** Small, family-owned shops that cater to the local community. They offer convenience, personal service, and credit facilities.
- **Departmental Stores:** Large retail units offering a wide variety of goods, from clothing to home furnishings, divided into separate departments.
  - **Examples:** Shoppers' Stop, Lifestyle.
- **Supermarkets:** Large, low-cost, self-service stores focused primarily on groceries and household items.
  - **Examples:** More, Spencer's Daily.
- **Hypermarkets:** Extremely large retail spaces that combine a supermarket and a department store, offering a vast range of products, including groceries and general merchandise.
  - **Examples:** Big Bazaar, D-Mart.

- **Convenience Stores:** Small stores in residential areas that offer a limited line of high-turnover products and are open for long hours.
    - **Examples:** 24Seven.
- **Specialty Stores:** Focus on a single type of product line, providing deep product knowledge and customer service.
    - **Examples:** Titan (watches), Croma (electronics).
- **Shopping malls:** A collection of independent retail stores and entertainment options under a single roof.
- **Discount Stores:** Sell products at lower prices than traditional retail outlets by offering a limited range of products.

✓ **Non-store and web-based formats**

- **E-commerce Marketplaces:** Online platforms connecting multiple sellers with customers, offering convenience and a vast product selection.
    - **Examples:** Amazon India, Flipkart.
- **Direct-to-Consumer (D2C) Websites:** Brands that sell their products directly to customers through their own online platforms, bypassing intermediaries.
- **Direct Selling:** Sales representatives sell products directly to consumers at their homes or workplaces.
- **Omnichannel Retailing:** Integration of online and offline channels to provide a seamless shopping experience for customers.

Customer buying behaviour:

The buying Process

1. **Need recognition / Problem recognition**: The need recognition is the first and most important step in the buying process. If there is no need, there is no purchase. This recognition happens when there is a lag between the consumer 's actual situation and the ideal and desired one. However, not all the needs end up as a buying behaviour. It requires that the lag between the two situations is quite important. But the ―way‖ (product price, ease of acquisition, etc.) to obtain this ideal situation has to be

perceived as —acceptable by the consumer based on the level of importance he attributes to the need.

2. **Information search:** Once the need is identified, it's time for the consumer to seek information about possible solutions to the problem. He will search more or less information depending on the complexity of the choices to be made but also his level of involvement. (Buying pasta requires little information and involves fewer consumers than buying a car.)
3. **Alternative evaluation:** Once the information collected, the consumer will be able to evaluate the different alternatives that offer to him, evaluate the most suitable to his needs and choose the one he thinks it 's best for him. In order to do so, he will evaluate their attributes on two aspects. The objective characteristics (such as the features and functionality of the product) but also subjective (perception and perceived value of the brand by the consumer or its reputation).
4. **Purchase decision:** Now that the consumer has evaluated the different solutions and products available for respond to his need, he will be able to choose the product or brand that seems most appropriate to his needs. Then proceed to the actual purchase itself.
5. **Post-purchase behaviour:** Once the product is purchased and used, the consumer will evaluate the adequacy with his original needs (those who caused the buying behaviour). And whether he has made the right choice in buying this product or not. He will feel either a sense of satisfaction for the product (and the choice). Or, on the contrary, a disappointment if the product has fallen far short of expectations.

<u>Retail consumer behaviour</u>

Retail consumer behaviour is the study of how individuals, groups, and organizations make decisions regarding the selection, purchase, use, and disposal of goods and services. For a retailer, understanding this behaviour is critical for developing effective strategies.

Factors influencing retail consumer behaviour:

- **Individual factors:**
  - **Psychological factors:** Learning, motivation, attitude, confidence, and beliefs all influence a consumer's decision to buy.
  - **Personal factors:** Age, gender, education level, and lifestyle affect consumer preferences and spending habits.
  - **Economic factors:** An individual's income and purchasing power heavily determine their retail choices.
- **Group factors:**
  - **Social factors:** Family, reference groups, and social status play a significant role in shaping consumer behaviour.
  - **Cultural factors:** Subculture and social class influence how people perceive and purchase products.
- **Retailer-specific factors:**
  - **Product attributes:** Quality, brand, and merchandise assortment are key decision-making factors.
  - **Store attributes:** Store atmosphere, layout, trained sales personnel, and parking facilities influence the shopping experience.
  - **Marketing strategies:** Retail promotions, pricing, and services can motivate consumers to buy.

Retail marketing mix

The retail marketing mix consists of the strategies and tactics retailers use to attract, satisfy, and retain customers. While the traditional marketing mix consists of 4 Ps (Product, Price, Place, and Promotion), the retail marketing mix is often expanded to 7 Ps to include People, Process, and Physical Evidence.

The 7 Ps of the retail marketing mix:

- **Product/Merchandise:** The selection of goods and services offered, including assortment, variety, and quality.
- **Price:** The pricing strategy used for merchandise, including competitive pricing, value-based pricing, and discounts.

- **Place:** The location of the retail store, whether it's a physical store, an online platform, or an omnichannel setup.
- **Promotion:** The communication mix used to inform and persuade customers, such as advertising, sales promotions, and in-store displays.
- **People:** The employees and customer service representatives who interact with customers. Their knowledge, behaviour, and efficiency are crucial for customer satisfaction.
- **Process:** The procedures and mechanisms involved in the delivery of a service or product, from checkout to returns. A smooth process enhances the customer experience.
- **Physical Evidence/Presentation:** The tangible elements of the retail environment that customers can see and experience, such as store design, layout, signage, and packaging.

Retail market strategy

Retail market strategy involves all the activities and plans a retailer uses to attract customers and achieve its business goals.

- **Location strategy:** Choosing the right location is critical. Organized retailers strategically open stores in high-traffic urban areas, residential neighbourhoods, or suburban malls to attract target consumers.
- **Merchandise strategy:** This involves deciding on the product variety, assortment, and quality to offer. It requires proper inventory management and supply chain efficiency to ensure products are always in stock.
- **Pricing strategy:** Retailers can use various pricing methods, such as competitive pricing, promotional pricing (discounts, sales), or a value-based approach, to attract and retain customers.
- **Promotional strategy:** This includes all the activities used to communicate with customers, such as advertising, sales promotions (e.g., "buy one, get one free"), and in-store promotions.

- **Store layout and atmosphere:** The physical design of the store, including its layout, lighting, music, and decor, is used to create a specific shopping environment and influence consumer behaviour.

Technology in retail

Technology has been a key driver in the growth of organized retail, helping retailers manage operations and improve the customer experience.

- **Supply chain management:** Advanced software helps retailers track inventory, manage logistics, and forecast demand more accurately, leading to reduced costs and better product availability.
- **Point-of-sale (POS) systems:** Computerized billing and inventory systems speed up the checkout process and provide valuable data on sales trends.
- **Barcoding and RFID:** Barcodes on products allow for quick scanning and tracking of items, while Radio Frequency Identification (RFID) technology offers more advanced inventory management capabilities.
- **Customer Relationship Management (CRM):** Retailers use software to collect customer data, track purchasing behaviours, and personalize marketing efforts and loyalty programs.
- **E-commerce and omnichannel retailing:** The rise of e-commerce and mobile commerce allows retailers to sell products online. Omnichannel retailing integrates online and offline channels to provide a seamless customer experience, such as allowing customers to buy online and pick up in-store.
- **Data analytics:** By analysing data from transactions and online behaviours, retailers can understand consumer trends, optimize product placement, and personalize offers.

MODULE- 2

Retail Location Decisions

Retail location decisions involve a multi-step process from selecting a city to identifying a specific site, and require evaluating macro and micro factors like target demographics, purchasing power, competition, accessibility, and costs. Key considerations include foot traffic, parking, proximity to complementary businesses, and the cost of rent and taxes, as a poor location can negatively impact success.

Macro-level factors

- **Population and Demographics:** Analyse population size, density, growth rate, household numbers, and demographic characteristics like income, age, and education.
- **Purchasing Power:** Evaluate the general economic climate and the population's ability to spend.
- **Business Climate:** Assess the overall economic prosperity of the area, as a good business climate can lead to increased sales.

Micro-level factors

- **Traffic and Accessibility:** Consider the volume of both pedestrian and vehicular traffic, and whether it represents potential customers. Evaluate the ease of access to the site.
- **Parking:** Ensure adequate and convenient parking is available, especially for stores relying on vehicular traffic.
- **Competition:** Proximity to competitors can be beneficial for observation, but the number of competitors impacts market saturation. It is important to analyse whether the area is over-stored, saturated, or under-stored.
- **Complementary Businesses:** Locating near complementary stores can attract more customers.

- **Costs:** Analyse the cost of rent, taxes, and other operational expenses. Lower costs can lead to higher profit margins.
- **Security:** Consider the level of security in the area, as high crime rates can increase costs.
- **Delivery Access:** If the business offers delivery, the ability for delivery vehicles to access the location is important.

Location decision steps

1. **Selection of a City:** Choose the city based on macro-level factors like population and economic conditions.
2. **Selection of an Area within the City:** Identify the best district or shopping centre within the city, considering customer attraction, traffic, and accessibility.
3. **Identification of a Specific Site:** Finally, select the precise location based on micro-level factors like parking, visibility, and lease costs.

Type of Retail Location:

1. Free standing location: Where there are no other retail outlets in the vicinity of the store and therefore depend on its own pulling power and promotion. Dhabas on highways.

2. Neighbourhood stores: Located in residential neighbourhoods and serve a small locality. They sell convenience products like groceries.

3. Highway stores: Located along highways or at the intersections of two highways and attract customers passing through these highways. Fast food restaurants, Dhabas with good parking facilities.

4. Business associated location: These are locations where a group of retail outlets offering a variety of merchandise work together to attract customers to their retail area but also compete against each other for the same customers.

Merchandise planning

Merchandise planning is a part of retail inventory management that anticipates demand and allocates resources to make the right products available at the right time.

Retail merchandise planning typically includes:

- Demand forecasting
- Seasonal planning
- Optimizing inventory levels
- Vendor management
- Pricing strategy
- Store layout

Why Is Merchandise Planning in Retail Important?

The goal of merchandise planning is to have the right amount of stock at the right time, place, and price.

Merchandise planning offers a few distinct advantages for small retailers.

- **Increases sales:** Dealing in a great product selection and pricing strategy will help attract customers to your store and keep profits high.
- **Improves customer retention**: When you consistently have the types of products that customers are looking for, they're more likely to choose your store in the future.
- **Reduces costs:** Taking a strategic approach to what and how much you sell will ensure you don't overstock items you don't need, reducing costs.
- **Improve marketing ROI:** Instead of trying random sales and ads and seeing what sticks, know what products are coming in and plan your marketing strategy accordingly.

The Five Components of Retail Merchandise Planning

There are five components of merchandise planning:

- **Product:** Choose the various items you sell (e.g., staples, seasonal products, fad products, etc.) and have adequate stock.
- **Price:** Set prices that appeal to a wide range of customers while maintaining profitability.
- **Assortment:** Choose the product categories you'll offer and determine how they change with the time of year.
- **Range:** Decide how many different products you'll have within each product category (e.g., if you sell whiskey, how many brands of Scotch will you sell?).
- **Space**: Lay out your store so customers can quickly find the items they want.

Managing Assortment

In Assortment Planning we use store grades as a way to reduce the number of decisions we have to make. If we had to plan every store individually, we would end up repeating similar assortments many times. Planning at the store grade level allows us to be most effective as a result of our efforts.

What measures should we use to create the grades? Retailers commonly use sales value as the basis for store grading. This allows them to group together similarly performing stores, on the basis that they should have similar ranges assorted to them. As they become more sophisticated many retailers begin to incorporate space into the equation. This often results in a two-tier grade system with space sub grades within each sales grade. Superficially, this would appear to be a reasonable approach, and it generally does provide more efficient planning that not using grading at all. However, it places its emphasis on the wrong element - sales.

When we are making decisions about assortments, we are primarily deciding which items will go to which stores in which periods. The first question that we need to ask ourselves is how many items we should be sending to each store or store grade. The factor that limits the number of items is not primarily sales velocity (derived from sales value), but space available for display. Space is a limiting factor in bricks and mortar stores in the same way as production capacity is in manufacturing. If we are going to send similar ranges to groups of stores it makes far more sense to group these by space available for display than by sales value. Of course, this assumes that you have accurate records on space at the product level you wish to grade by, and that you have systems in place to keep these records accurate and up to date. But what about sales? Well, we can allow the replenishment systems to pick up on rates of sale and to refill accordingly. We are not ignoring sales; we are merely saying that there are more relevant measures that we can use for grouping stores for assortment planning.

Once we have decided which measures to use for grading, we also need to decide at what level we wish to grade.

There are 4 factors that will influence our decisions here:

♣ The availability of data for the selected measure

♣ The availability of a system that will calculate the grades at the selected level

♣ The availability of a range and assortment planning system that can use the grades at the selected level

♣ The ability of our transactional systems to execute plans based on the selected level

<u>What's So Difficult About Planning Assortments?</u>

With Assortment Planning, the planning exercise is fast, intuitive and efficient. Without automated planning tools, however, doing the entire job manually would inundate your staff with these tasks:

♣ Manage the end-to-end process of building, managing and planning assortments for new and existing products (and their variations)

♣ Keep up with assortment hierarchies, including start and end dates and unlimited assortment information

♣ Track attribute mix versus target

♣ Analyse best sellers from previous or similar assortments

♣ Plan unique assortments to accommodate each location's specific situation

♣ Plan placeholder and proxy items with like history

♣ Plan and track items using multiple measures and versions and reconcile back to financial goals

♣ Plan by average store, cluster or store in your retail channel

STORE MANAGEMENT

The retail business operations include all the activities that the employers perform to keep the store functioning smoothly. The shopping experience of a customer is planned before the customer enters, shops, and leaves the store with a smile or with agony by carrying a perception about the store. This experience drives the customer's decision of visiting the store in future.

Store Management

The retail store being the fundamental source of revenue and the place of customer interaction, is vital to the retailer.

The store manager may not himself perform, but is responsible for the following duties:

♣ Maintaining cleanliness in the store.

♣ Ensuring adequate stock of merchandise in the store.

♣ Appropriate planning, scheduling, and organization of staff, inventory and expenses, for short and long-term success.

♣ Monitoring the loss and taking preventive measures to protect the company's assets and products in the store.

♣ Upgrading store to reflect high profitable image.

♣ Communicating with head office/regional office when required.

♣ Conducting constructive meetings with staff to boost their morale and motivate the staff to achieve sales goals.

The term "store management" refers to the efficient management of materials. It ensures that all the various activities involved during the process of storekeeping are carried out economically and efficiently.

According to Maynard, "Store management is to receive materials, to protect them while in storage from damage and unauthorized removal, to issue the materials in the right quantities, at the right time to the right place and to provide these services promptly and at minimum cost".

Receipt and incoming goods receipt is the process of checking and accepting from all sources (vendors, production units, repairs units etc) all materials and parts which are used in the organisation.

Inspection of all receipt's inspection involved examination of incoming consignment for quality, very often there is a separate quality control inspection department which undertakes this work for most materials.

Storage and preservation storage and preservation involve items to be big grand captain storage beans and impounds, as usual indicates in the yard. The location is usually indicated in the transaction card.

Identification of all materials stored identification is the process of systematically defining and the describing all items of materials in stock. It includes the preparation of play stores code, bad option of materials specifications and the introduction of a degree of standardisation.

Material handling Material handling involves moment and handling. This can be manual or mechanical heavy items dangerous or inflammable sports and delicate merchandise have all to be handled differently.

Packaging Materials dispatched to customers from the finished goods store or from one store to another at different location required to be packed.

Issue and dispatch sharing dispatch is their process of receiving demands, selecting the items required and handling them over to users or dispatching them to customers.

Layout Design

Types of store layout:

1. **Grid (Straight) Design**
   • Best used in retail environments in which majority of customers shop the entire store
   • Can be confusing and frustrating because it is difficult to see over the fixtures to other merchandise
   • Should be employed carefully; forcing customers to back of large store may frustrate and cause them to look elsewhere
   • Most familiar examples for supermarkets and drugstores

2. **Curving/Loop (Racetrack) Design**

• Major customer aisle(s) begins at entrance, loops through the store (usually in shape of circle, square or rectangle) and returns customer to front of store

• Exposes shoppers to the greatest possible amount of merchandise by encouraging browsing and cross-shopping

3. **Free-Flow Layout**
   • Fixtures and merchandise grouped into free-flowing patterns on the sales floor – no defined traffic pattern
   • Works best in small stores (under 5,000 square feet) in which customers wish to browse
   • Works best when merchandise is of the same type, such as fashion apparel
   • If there is a great variety of merchandise, fails to provide cues as to where one department stops and another starts

4. **Spine Layout**
   - Variation of grid, loop and free-form layouts
   - Based on single main aisle running from the front to the back of the store (transporting customers in both directions)
   - On either side of spine, merchandise departments branch off toward the back or side walls
   - Heavily used by medium-sized specialty stores ranging from 2,000 – 10,000 square feet

Layout: external factors

- Size must be adequate to accommodate business needs.
- Appearance must create the proper image or —personality‖ for the business in the customer ‘s eyes.
- Entrances must invite customers to come in.
- Create effective window displays and change them often;
- they can be powerful sales tools. Must comply with Americans with Disabilities Act (ADA).

Pay attention to the business sign, the most direct method of reaching potential customers.

<u>Building interiors</u>

- Ergonomics is an integral part of any design.
- Proper layout and design pay off in higher productivity, efficiency, or sales.
- Proper lighting is measured by what is ideal for the job being done.
- Careful selection of colours can create the desired impressions among customers and employees.
- Appealing to all of the customer ‘s senses can boost sales.

<u>Visual merchandising:</u>

The use and manipulation of attractive sales displays and retail floor plans to engage customers and boost sales activity. In visual merchandising, the products being sold are typically displayed in such a way as to attract consumers from the intended market by drawing attention to the product's best features and benefits.

Visual merchandising includes window displays, signs, interior displays, cosmetic promotions and any other special sales promotions taking place.

Components of Visual Merchandising

There are certain things which a retailer needs to take care while proceeding with the process of displaying his products. These components when combined together in a proper ratio will make a successful outcome.

Make Merchandise the Focal Point

The main goal of display is to showcase the products within the overall display area. Customers give three to five seconds of their attention to window display. The retailers' visual message should be conveyed to the customer in that short period of time. It should not be like an unsuccessful TV advertisement, where the product is forgotten altogether and only the concept of the commercial remains in the mind of the viewer. The arrangement of window display should go with the product and should not suppress them to make it discernable to the eye.

Right Choice of Colours is Vital

Colour is one of the most powerful tools in the Visual Merchandising segment. It is a visual perceptual property. Colours can be associated with emotions, special occasions and gender. It attracts attention and pulls more customers into the store. A retailer has to focus on the right choice of colour that would match with the theme of display. It is not possible to satisfy everyone all the time, but it is possible to cultivate the taste of customers gradually and purposefully. A right choice of colours in the display items can turn walkers into stoppers and significantly convert them into customers. It is therefore mandatory to choose the right colour for the right theme of display. A Halloween display would require black colour in the display theme.

Cleanliness

Neat and clean arrangement is the foundation of an inviting a successful visual display. A beautiful display can be ruined by a cracked sign holder or an unclean display environment. Effective cleaning schedule of showcases and display fixtures is required.

Change the Display Settings in Frequent Intervals

Changing the arrangement of the displays in regular intervals will initiate new interest about the products in the minds of the customer. By designing a planogram and activating changes frequently one can thus be a proactive retailer. With globalisation and the retail boom, visual merchandising is growing in leaps and bounds. It is not simply concerned about decorating a store beautifully; but must also symbolise the brand keeping the target audience in mind.

RETAIL SPACE MANAGEMENT

Getting the right store and shelf-space management strategy is key to driving traffic, retail sales revenues, and profitability. Retailers have to understand consumer needs, preferences, and purchase behaviour across online and offline channels to better "curate" assortments and to optimize their space and assortments. They can use facilities productively by identifying the right amount of space, the right number of brands, and the placement of each product category to most profitably meet retailer and customer needs. Sometimes, retailers drop merchandise lines because they occupy too much space relative to sales, margins, and/or turnover. Today, many department stores focus more on apparel and cosmetics and less on electronics, appliances, and home furnishings (such as carpeting and window treatments).

What is Space Management?

It is the process of managing the floor space adequately to facilitate the customers and to increase the sale. Since store space is a limited resource, it needs to be used wisely.

Space management is very crucial in retail as the sales volume and gross profitability depends on the amount of space used to generate those sales.

Optimum Space Use

While allocating the space to various products, the managers need to consider the following points:

Product Category:

- Profit builders: High profit margins-low sales products. Allocate quality space rather than quantity.
- Star performers: Products exceeding sales and profit margins. Allocate large amount of quality space.
- Space wasters: Low sales-low profit margins products. Put them at the top or bottom of shelves.
- Traffic builders: High sales-low profit margins products. These products need to be displayed close to impulse products.
- Size, shape, and weight of the product.
- Product adjacencies – It means which products can coexist on display?
- Product life on the shelf.

Retail Floor Space

Measure the total area of space available.

- Divide this area into selling and non-selling areas such as aisle, storage, promotional displays, customer support cell, (trial rooms in case of clothing retail) and billing counters.
- Create a Planogram, a pictorial diagram that depicts how and where to place specific retail products on shelves or displays in order to increase customer purchases.
- Allocate the selling space to each product category. Determine the amount of space for a particular category by considering historical and forecasted sales data.

Determine the space for billing counter by referring historical customer volume data. In case of clothing retail, allocate a separate space for trial rooms that is near the product display but away from the billing area.

- Determine the location of the product categories within the space. This helps the customers to locate the required product easily.

  - Decide product adjacencies logically. This facilitates multiple product purchase. For example, pasta sauces and spices are kept near raw pasta packets.

- Make use of irregular shaped corner space wisely. Some products such as domestic cleaning devices or garden furniture can stand in a corner.

- Allocate space for promotional displays and schemes facing towards road to notify and attract the customers. Use glass walls or doors wisely for promotion.

Retail Atmospherics and Retail Aesthetics

The important element of the store interiors is termed as atmospherics and aesthetics. Atmospherics is the design of an environment with the help of visual communications, lighting, colour, music, and scent to stimulate customer's perceptual and emotional responses and thereby influence their buying behaviour. Philip Kotler first introduced the concept of atmosphere. Retailers in India are fast learning the effects of various elements of atmospherics on customers.

Aesthetics on the other hand takes into consideration factors like the actual size of the store, the colours, textures, etc, used within the store to create a particular look and feel for the store. Texture deals with the look and feel of materials. Every material item possesses a texture. Visual texture is the result of light refracted form any surface. Balance on the other hand, is the distribution of weight in a display. Three types of balance exist: symmetrical, asymmetrical and open.

Store Interiors are a function of the fixtures, flooring, ceiling, lighting and signage used within the store to create a particular look.

Most of the UK's largest retailers have a huge investment or asset tied up in their store portfolio. It is therefore in their interest to keep a high level of customer traffic moving through the store in order to maintain an adequate return on that investment. Good use of design in stores helps keep customers interested in store-based shopping. When consumers have a high level of choice, they will visit places where they feel comfortable inspired and even entertained. Customers are nowadays more design literate; the plethora of interior style media offerings has created a body of consumers that are not willing to tolerate badly designed and poorly decorated space.

Competitive threats from home shopping means that the store environment has to have something special to offer, and international competition can also force retailers to pay more attention to their selling environments. Spanish fashion retailers Mango and Zara, who use clean-cut and modern store interiors, have been able to threaten domestic retailers in the UK middle-market women's clothing sector.

Store design has always been used to reinforce other elements of a retail strategy.

Retailer equity

The concept of retailer equity refers to assets and values owned by retailers, similar to customer-based brand equity, which is an asset of the retail store associated by the consumer with the receiver's name and symbol. Retailer equity studies view a retail store as a brand. For example, a Wal-Mart store can be considered a brand of the retailer, and the value added to that store by the brand of Wal-Mart becomes retailer equity.

In particular, studies involving retailer equity have defined retailer assets based on customer or marketing perspectives rather than on the concept of financial assets, similar to those of Aaker. The retailer equity studies are similar in that they suggest a retail equity model that reflects the unique circumstances of each retailer based on the studies of brand equity, though there are some differences in the composition of the studies.

As such, the consumer-based retailer equity represents the overall assessment of the retail channel as a strong, attractive, and unique brand by the consumer. Therefore, high retailer equity allows customers to easily identify and recall retailers, have many positive and strong associations associated with them, recognize them as high quality retailers, and have loyalty to them. In addition, retailers with high brand equity levels perform many important market functions including non-elastic price sensitivity, sustained price premium, successful brand expansion, high market share, competitive cost structure, and high profitability. In summary, retailer equity means the utility and value added to the retail store by the name of the retailer and is an important differentiator for the competitive advantage.

MODULE- 3

Retail Communication Mix

From times unknown, retailers have tried to attract the customers towards their products and services and more importantly their store through novel methods. At one point of time, few decades back the retailer seems to know the names of the customers as well as their nature of purchase. On the other hand, customers used to associate themselves with the specific store based on the relationship they had, with the retailer. That was an era which was marked by lesser number of stores as well as, equally lesser number of customers. Over a period of time things have changed drastically to make the customers more demanding. To make things grimmer, there has been a quantum jump in the number of stores as well as individual sizes of major stores. All these factors have led to a situation whereby; the customers are on the lookout for the best bargain. The purchase decision is just not based on relationship but on hardcore monetary gain and the experience quotient derived out of the shopping transaction. All this has made marketing communication a significantly critical area from the source point of view. This is because, customer visits are perception based in the first instance and there onwards it is based on their own experience. Whether it is a matter of perception for a first-time visitor a satisfying experience within the store and a sense of happiness for transacting with the store, all depends upon the marketing communications strategy of the store.

REASONS GOVERNING THE CHANGED CUSTOMER ATTITUDE

Scarcity of time: Majority of the families are dual earning and have various commitments to attend. They thus face paucity of time to invest in purchase transactions. With increasing distances, a major part of the consumer time is consumed in commuting. This leads to an increase in time cost for the customer. Thus, they have become very conscious about the time factor.

Lifestyle and Status: Customers in general have developed 'a great sense of individualism. People follow distinct lifestyles and would not like to compromise there. This leads to an intensive search by the customer for specific product types and styles.

RETAIL MARKETING COMMUNICATION

All means adopted by a retail store to communicate a store specific message to the customers constitute the retail marketing communication. Therefore, we can say, whatever, a store does to communicate to the target audience regarding the visit worthiness of the store can come under the broad heading of retail marketing communication.

BASIC TASKS OF COMMUNICATION

1) Intimate the customers about the presence of a store or outlet.

2) Invite them to visit the store and make it really an attractive proposition to do so.

3) Amidst all the media clutter make a consistent effort to remind them to do so.

SELECTION OF PROMOTION MIX

With the growth of retailing in India you must be observing that there has been a tremendous rise in various schemes which the retailer opts to boost his sales. You must have visited a retail outlet with the banners about discounts, free gifts, and other such attractive schemes. All these constitute retail sales promotion. Such sales promotion tools are excellent generators of demand is used strategically with a proper timing.

PROMOTIONAL OBJECTIVES

A retail outlet may have multiple promotional objectives. Long-term objectives of a retail store can be to create a positive store image which has a lasting impact on its customers. More important as it is about this positive image is that it should be a differentiating factor for the store amongst a host of competitors.

Short-term objectives can be primarily to attract new customers. Moreover, it can also claim for an increase in frequency of visits from the existing customers.

Advertising

- Persuasive advertising (health and wellness clubs, hospitality industry).

- Corporate advertising (financial service providers sponsoring a particular magazine or an advertorial circulated to specific corporates about the services rendered by the financial service provider).

- Informative advertising (a practise of consumer durables firms informing prospective consumers of the features and related benefits of the product).

- Financial advertising (ads released by mutual funds, banking entities, insurance firms informing investors of product features, inherent risks and benefits).

- Classified advertising (in book catalogues offering sale of products, services, etc.)

TYPES OF SALES PROMOTIONS

If we look into types of sales promotion schemes, we find there is a definite distinction which draws a line between the two classifications of sales promotion. Before we get into classification you must understand that the sales promotion schemes do not only help the retailer to boost his sales but, also supports the cause of the manufacturer. Therefore, it is also the responsibility of the manufacturer to contribute in the endeavour of the retailer. Now coming back to classification, the two types of sales promotions can be

- Sales promotion completely financed by the retailer
- Sales promotion jointly financed by the retailer and manufacturer

RETAIL SALES PROMOTION

Sales promotion encompasses the paid communication activities other than advertising, public relations, and personal selling that stimulate consumer purchases and dealer effectiveness. The purpose of a promotional campaign is to build sales in the short term—or sometimes as a long-term strategy of constant promotional pushes to reach sales goals. It includes displays, contests, sweepstakes, coupons, frequent shopper programs, prizes, samples, demonstrations, referral gifts, and other limited time selling efforts outside of the ordinary promotion routine.

OBJECTIVES

Sales promotion goals are:

▶ To increase short-term sales volume

▶ To maintain customer loyalty

▶ To emphasize novelty

▶ To complement other promotion tools

ADVANTAGES AND DISADVANTAGES

The major advantages of sales promotion are that:

▶ It often has eye-catching appeal.

▶ Themes and tools can be distinctive.

▶ The consumer may receive something of value, such as coupons or free merchandise.

▶ It helps draw customer traffic and maintain loyalty to the retailer.

▶ Impulse purchases are increased.

The major disadvantages of sales promotion are that:

▶It may be hard to terminate certain promotions without adverse customer reactions.

▶The retailer's image may be hurt if trite promotions are used.

▶Frivolous selling points may be stressed rather than the retailer's product assortment, prices, customer services, and other factors.

▶Many sales promotions have only short-term effects.

PLANNING A RETAIL PROMOTIONAL STRATEGY

Determining Promotional Objectives

A retailer's broad promotional goals are typically drawn from this list. In developing a promotional strategy, the firm must determine which of these are most important: ▶Increase sales.

▶ Stimulate impulse and reminder buying.

▶Raise customer traffic.

▶ Get leads for sales personnel.

▶ Present and reinforce the retailer image.

▶ Inform customers about goods and services.

▶ Popularize new stores and Web sites.

▶ Capitalize on manufacturer support.

▶Enhance customer relations.

▶ Maintain customer loyalty.

Selecting the Promotion Mix

After a budget is set, the promotional mix is determined: the retailer's combination of advertising, public relations, personal selling, and sales promotion. A firm with a limited budget may rely on store displays, Web site traffic, flyers, targeted direct mail, and publicity to generate customer traffic. One with a large budget may rely more on newspaper and TV ads. Retailers often use an assortment of forms to reinforce each other.

RETAIL PRICING

The price at which the product is sold to the end customer is called the retail price of the product. Retail price is the summation of the manufacturing cost and all the costs that retailers incur at the time of charging the customer.

Factors Influencing

Retail Prices

Retail prices are affected by internal and external factors.

Internal Factors Internal factors that influence retail prices include the following:

• Manufacturing Cost: The retail company considers both, fixed and variable costs of manufacturing the product. The fixed costs do not vary depending upon the production volume. For example, property tax. The variable costs include varying costs of raw material and costs depending upon volume of production. For example, labour.

• The Predetermined Objectives: The objective of the retail company varies with time and market situations. If the objective is to increase return on investment, then the company may charge a higher price. If the objective is to increase market share, then it may charge a lower price.

• Image of the Firm: The retail company may consider its own image in the market. For example, companies with large goodwill such as Procter & Gamble can demand a higher price for their products

. • Product Status: The stage at which the product is in its product life cycle determines its price. At the time of introducing the product in the market, the company may charge lower price for it to attract new customers. When the product is accepted and established in the market, the company increases the price.

• Promotional Activity: If the company is spending high cost on advertising and sales promotion, then it keeps product price high in order to recover the cost of investments.

External Factors

External prices that influence retail prices include the following:

• Competition: In case of high competition, the prices may be set low to face the competition effectively, and if there is less competition, the prices may be kept high.

• Buying Power of Consumers: The sensitivity of the customer towards price variation and purchasing power of the customer contribute to setting price.

• Government Policies: Government rules and regulation about manufacturing and announcement of administered prices can increase the price of product.

• Market Conditions: If market is under recession, the consumers buying pattern changes. To modify their buying behaviour, the product prices are set less.

• Levels of Channels Involved: The retailer has to consider number of channels involved from manufacturing to retail and their expectations. The deeper the level of channels, the higher would be the product prices.

Demand-Oriented Pricing Strategy

The price charged is high if there is high demand for the product and low if the demand is low. The methods employed while pricing the product on the basis of demand are:

• Price Skimming: Initially the product is charged at a high price that the customer is willing to pay and then it decreases gradually with time.

• Odd Even Pricing: The customers perceive prices like 99.99, 11.49 to be cheaper than 100.

• Penetration Pricing: Price is reduced to compete with other similar products to allow more customer penetration.

• Prestige Pricing: Pricing is done to convey quality of the product.

• Price Bundling: The offer of additional product or service is combined with the main product, together with special price.

Cost-Oriented Pricing Strategy

A method of determining prices that takes a retail company's profit objectives and production costs into account.

These methods include the following:

Cost plus Pricing: The company sets prices little above the manufacturing cost. For example, if the cost of a product is Rs. 600 per unit and the marketer expects 10 per cent profit, then the selling price is set to Rs. 660.

Mark-up Pricing: The mark-ups are calculated as a percentage of the selling price and not as a percentage of the cost price.

Break-even Pricing: The retail company determines the level of sales needed to cover all the relevant fixed and variable costs. They break-even when there is neither profit nor loss.

Target Return Pricing: The retail company sets prices in order to achieve a particular Return On Investment (ROI).

Competition-Oriented Pricing Strategy

When a retail company sets the prices for its product depending on how much the competitor is charging for a similar product, it is competition-oriented pricing.

• **Competitor's Parity:** The retail company may set the price as close as the giant competitor in the market.

• **Discount Pricing:** A product is priced at low cost if it is lacking some feature than the competitor's product.

Differential Pricing Strategy

The company may charge different prices for the same product or service.

- **Customer Segment Pricing:** The price is charged differently for customers from different customer segments. For example, customers who purchase online may be charged less as the cost of service is low for the segment of online customers.

• **Time Pricing:** The retailer charges price depending upon time, season, occasions, etc. For example, many resorts charge more for their vacation packages depending on the time of year.

• **Location Pricing:** The retailer charges the price depending on where the customer is located. For example, front-row seats of a drama theatre are charged high price than rear-row seats.

GMROI

Gross margin return on investment (GMROI) shows the relationship between the gross margin in dollars (total dollar operating profits) and the average inventory investment (at cost) by combining profitability and sales-to-stock measures:

The gross margin in dollars equals net sales minus the cost of goods sold. The gross margin percentage is derived by dividing dollar gross margin by net sales. A sales to-stock ratio is derived by dividing net sales by average inventory at cost. That ratio may be converted to stock turnover by multiplying it by [(100 - Gross margin percentage)/100].

Gross margin return on investment is a useful concept for several reasons:

▶It shows how diverse retailers can prosper. A supermarket may have a gross margin of 20 percent and a sales-to-stock ratio of 15—a GMROI of 300 percent. A women's clothing store may have a gross margin of 50 percent and a sales-to-stock ratio of 6—a GMROI of 300 percent. Both firms have the same GMROI due to the trade-off between item profitability and turnover.

▶It is a good indicator of a manager's performance because it focuses on factors controlled by that person. Interdepartmental comparisons can also be made.

▶ It is simple to plan and understand, and data collection is easy.

▶ It can be determined if GMROI performance is consistent with other company goals. The gross margin percentage and the sales-to-stock ratio must be studied individually. If only overall GMROI is reviewed, performance may be assessed improperly.

BRANDING STRATEGIES IN RETAIL

Retail brands have gained its popularity in the past few years. More over the retail brands are closer to the consumer. There is the more possibility of communication between consumers and the physical share space where one to one marketing is going on. Retailers can able to identify from their store and brands. Generally, retailers are silent as the product brand depends upon the liking of consumers. There is a direct relationship between the retailers and the consumers because they are the best person to know the consumer's choice. As trust is the major component in retail business" there by good relation builds good foundation of the total system that will enhance long term relationship with a sense of loyalty. The aim of this study is to identify the impact of branding in Retail industry) of India.

A brand is more than just a logo or a name" it is a complex and dynamic set of consumer beliefs entrenched in consumers' hearts and minds. Building a core brand requires understanding consumer needs and developing a point of difference that is meaningful and sustainable in generating customer loyalty. A strong brand takes a lifetime to build but %t can take moments to destroy. But properly executed" it helps built trust and a preference for a specific retailer. A customer who trusts and likes a certain brand is more likely to buy additional products or services based on loyalty alone.

Brand strategy

It is imperative that retailers have systematic strategy on issues like whether to level of the retail brand or corporate brand and decision Also one product/one brand that they may be selling their shop. Retailers can also decide to launch high quality retailer brands, 'own labels' backed by pro motional campaigns" reinforcing clear personalities Pricing policies" today position retailer brands good value lines or premium lines (Nilgiris department stores prices its grocery lines above manufacture brand prices). The view that retailer brands offer cheaper alternative to manufacturer brand is no longer valid.

BRAND EQUITY

A brand is a distinguishing name or symbol, such as a logo, that identifies the products or services offered by a seller and differentiates those products and services from the offerings of competitors. In a retailing context, the name of the retailer is a brand that indicates to consumers the type of merchandise and services offered by that retailer.

Value of Brand Image

Brands provide value to both customers and retailers. Brands convey information to consumers about the nature of the shopping experience—the retailer's mix— they will encounter when patronizing a retailer. They also affect customers' confidence in their decisions to buy merchandise from a retailer. Finally, brands can enhance customers' satisfaction with the merchandise and services they buy. The value that a brand image offers retailers is referred to as brand equity. Strong brand names can affect the customer's decision-making process, motivate repeat visits and purchases, and build loyalty. In addition, strong brand names enable retailers to charge higher prices and lower their marketing costs.

A strong brand image also enables retailers to increase their margins. When retailers have high customer loyalty, they can engage in premium pricing and reduce their reliance on price promotions to attract customers. Brands with weaker images are forced to offer low prices and frequent sales to maintain their market share. Finally, retailers with strong brand names can leverage their brands to introduce new retail concepts with only a limited amount of marketing effort.

Retail Brand Extension

A company uses its well-known brand name to introduce a new product or service in a different category. This new product is called the "brand extension," and the original brand is the "parent brand".

Types of brand extension

- **Line extension:** Launching a new product within the same category as the parent brand, such as a new flavour of an existing product (e.g., chocolate bars to chocolate powder, although this can be a grey area).
- **Category extension:** Introducing a product in a completely new category (e.g., a brand of cookies extending into making ice cream sandwiches).
- **Product form extension:** A product is introduced in a different form, which may be considered a brand extension if it is perceived as a different category by customers (e.g., liquid milk to dried milk).

- **Companion product extension:** Launching a new product that is used with an existing product (e.g., a brand of shoes extending to offer sunglasses).

Why it works (advantages)

- **Leverages brand equity:** It transfers the reputation and trust of the parent brand to the new product.
- **Reduces risk:** Customers are more likely to try a new product from a trusted brand, reducing perceived risk.
- **Increases efficiency:** Advertising for the parent brand and its extensions can reinforce each other, lowering overall promotional costs.
- **Saves costs:** It is less expensive than creating a new brand from scratch.
- **Reaches new customers:** It can expand the customer base by appealing to both existing and new customers.

When to use brand extension

- **Leverage existing brand equity:** When there is already a strong and positive brand reputation.
- **Logical connection:** When consumers can see a clear connection between the parent brand and the new product.
- **Reinforces brand equity:** When the extension contributes to and strengthens the parent brand's overall image.

Creating brand value

Creating brand value involves defining your target audience and unique value proposition, building a strong brand identity through a consistent voice and story, and delivering a high-quality, customer-centric experience. Key steps include research, brand positioning, crafting a narrative, developing brand assets, and ensuring all business operations and marketing efforts are aligned with your core values to foster customer loyalty and drive long-term value.

1. Understand your brand's foundation

- **Research your target audience:** Identify who your customers are and what they need to understand what to convey to them.

- **Define your unique value proposition:** What unique advantage can you offer that competitors can't? This is your core selling point.
- **Establish core values:** Develop actionable, memorable, unique, specific, and authentic values that guide your business decisions and employee behaviour.

2. Build your brand identity

- **Develop your brand voice and personality:** This should reflect your unique values and personality.
- **Craft your brand story and positioning:** Create a compelling narrative that positions your brand in the market and resonates with your audience.
- **Choose a strong brand name and create assets:** Design a logo, and a style guide to ensure a consistent look and feel across all platforms.
- **Develop a tagline:** Create a memorable slogan that communicates your brand's essence.

3. Implement and deliver

- **Apply branding consistently:** Ensure all aspects of your business, from product design to customer service, reflect your brand.
- **Create high-quality products/services:** Consistently delivering high quality is crucial for meeting and exceeding customer expectations.
- **Focus on customer experience:** Build strong customer relationships through personalized interactions and exceptional service.
- **Drive brand awareness and loyalty:** Use effective marketing that highlights your unique selling proposition to build recognition and foster loyalty.

4. Manage and measure

- **Align employees with brand values:** Ensure your team understands and lives the brand's values.
- **Measure brand value:** Assess your brand's performance and return on investment through metrics like brand awareness, customer mindset, and financial performance.
- **Evaluate and adapt:** Continuously manage and adapt your brand strategy over time to maximize its value.