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Management practices in retailing

Santosh Kumar Paswan

Research Scholar, Management, Department of Commerce and Business Administration LN Mithila University, Darbhanga, Bihar, India

Abstract

The trends that are driving the growth of the retail sector in India are low share of organized retailing, falling real estate prices, increase in disposable income & customer aspiration, and increase in expenditure for luxury items. Retailers have got many opportunities to make most of the retailing business by adopting some strategies to eliminate problem as well as to suit the customer's requirements. Keeping in mind above factors, management practices in retailing has been selected for the purpose of study. Hence, the present research work on management practices in retailing especially of Shopper's Stop and Big Bazaar is an effort to carry out in depth research in this field.

Keywords: Indian economy, management practices, retailing, retail management

Introduction

The concept of retailing draws strength from the French word retail, which means "to cut a piece off". Retailing involves selling goods and services to consumers for their personal, family or household use. A retailer performs valuable functions such as providing assortment, breaking bulk holding inventory and providing services. Retailing has some special characteristics such as; small average sales, impulsive buying behaviour, customer preferences for personally visiting the store and comparing the products themselves and inventory management. However, the most basic characteristic of a retailer is its retail mix- the elements used by a retailer to satisfy its customer needs. Four elements of the retail mix are- the type of merchandise sold, variety and assortment of merchandise sold, the level of customer services and the price of the merchandise. Retailing is a concept which comprises of the four elements. They are customer orientation, coordinated effort, value drive and goal orientation. In this large and dynamic sector of economy, the Retailers have recognized the need for sound management practices (professional inputs) into the art of retailing for business promotion. Retailing management is set to receive a boost, with the focus being on managing every aspect of the "customer experience". Some of the new functions that look to emerge are category management, visual merchandising supply chain management and customer experience management. Strategic thinking and the consideration of the financial implications is critical for success in the present dynamic and highly competitive retail environment. To remain competitive in the retail space, one can't afford to keep your capital tied up in inventory costs. What one need is a consumer driven supply chain that can respond to real world events in near real time. Enabling one to replenish stock precisely when and where it is needed.

Management Practices in Retailing

Retailing is a conclusive set of business activities or steps that adds value to the products and services sold to consumers for their personal or family use. It is responsible for matching individual demands of the consumers with supplies of all the manufactures

(Panda and Nanda, 2015) ^[1]. One of the key issue in the retail management practice is managing the retail formats. It is basically the retail mix i.e. the nature of merchandise and services offered, pricing policy, advertising and promotion programmers, and approach to store design, visual merchandising and typical location. Universally it is accepted that format management is the central issue for the retailers. As customers become increasingly sophisticated and competition intensifies, the life cycles of traditional retailers who can achieve an appropriate balance between rejuvenating existing formats and creating new and innovative ones will succeed in the long run.

An emerging merchandising technique that some of the retailers are using to improve their productivity is category management. Basically, category management is strategy of differentiation. This is the method of managing retail business that focuses on the product category rather than the performance of the individual brands or models. It arranges grouping of products into strategic business unit so as to better meet consumer needs and achieve sales and profit goals. Category management is a retailer-supplier process of managing categories as strategic business units (SBUs), producing enhanced results by focusing on delivering consumer value. Perceive to be sinter related and or substitutable. Radhakrisnan states that it is the process of managing categories as strategic business unit with category score card, category strategy, category tactics, and implementation are the basic steps of this process. Shreekhanda states that the category management consolidates all functions such as buying, selling, and promotion for a category. It focuses all members on delivering customer satisfaction through data analysis and strategy formulations and it brings vendors into partnership which the company.

Martineau (1958) ^[2] considered that the store as the way in which the store is defined in the shoppers' mind partly by functional qualities and partly by an aura of psychological attributes. However, owing to the interpretative nature of image, this distinction is often seen as artificial and misleading.

Dupuis and Prime (1996) ^[3] introduced the idea of business distance, as the gap between host and home environments in four

areas: consumer behaviour outlet or store format; networks; and environment. They argue that any retail format has a grounded history, built up over years of operation in the home environment, and thus the “fit” within the host environment needs to be fully understood. Without this understanding, the decision to export a retail format to another cultural environment may drastically modify its initial competitive advantage. Illustrations of the problems of “fit” are provided by authors such as Tordjman (1958), Shackleton (1996), and O’ Grady and Lane (1997) who discuss how French, British and Canadian retailers have found cultural and business behaviour differences when operating in the American market.

Zimmer and Goldern (1988)^[4] concluded that the image of a store consists of the way it is perceived by consumers. An individual’s view is important to the retail management because it can ultimately influence patronage behaviour yet, identifying a store’s particular image can be problematic. The difficulties are of two types; conceptualization and measurement. Conceptualization describes what the image is or what the components of image are; measurement is the way the consumer’s perception is elicited.

Lindquist (1974)^[5] opines store image as a combination of tangible (or Functional) and intangible (or psychological) factors that consumers perceive to be found in retail stores. Consumers use store image as an evaluative criterion in the decision-making process of selecting a retail outlet. Store attributes refer to the underlying components of a store image dimension (like merchandise, physical facilities, services, atmospherics and so on).

Ratchford and Andreasen (1974)^[6] observed that for most customer the key contact point with a retail organisation is the store- it is through their experience of the store and the interactions that take place within the store that customers build relationships, and from their perceptions of a retailer. A positive store image has been identified as a key determinant of economic success.

Buckley (1987)^[7] considers that a store’s atmosphere has both affective and cognitive components. The affective components are pleasure (i.e. contented, happy, satisfied), arousal (i.e. stimulated, excited, jittery), and dominance (i.e. controlling, dominant, influential); the cognitive component is the information rate (i.e. novelty, variety, density, size) (Donovan and Rossiter 1982; Mehrabian and Russell 1974). Research evidence points to the concrete stimuli of color, music, and crowding as influencing the affective dimensions of a store’s atmosphere; and to displays and signs as influencing the cognitive definitions and, to a lesser extent, the affective dimensions of a store’s atmosphere.

Newman and Patel (2004) concluded that the store atmosphere is another critical determinant of the store choice of customers. Meanwhile, Recharadson *et al.* (1996) contended that store aesthetics can enhance customer perception of the quality of the products in the store. The interior décor of a store is viewed differently by customers and management reported that compared to the customers, the management regards store image as less important, and suggested that the retailers can enhance this attribute easily to please the customers and increased their satisfaction and repurchase levels.

Indian Scenario

There is growing preference by affluent and upper middle classes for shopping at modern organised retail stores, gives the convenience they offer. “Luxury” position of the brand is supported by the fact that Shopper’s Stop today presents the widest range of international premium brands. Product categories offered by Shopper’s Stop are Apparels, beauty care, footwear, Fashion Accessories, Home Furnishing. Brands available at Shopper’s Stop are Addidas, Alien Solly, Arrow, Austin, Blackberry’s Esprit, Casio Giordano, Jockey, Lee, Lee Cooper, Lotto, Levi’s Killer, Monte Carlo, Pepe Jeeans, Provogue, Puma, Van Heusen, Woodland, Wrangler, Zodiac, Biba, Nike. Shopper’s Stop retails merchandise under its own labels such as Stop. Kashish. LIFE & Vettorino Fratini, Elliza, Donatein, Acropolis etc. The company also licensees for Austin Reed (London an international brand, who’s men’s & women’s outerwear are retailed in India exclusively throughout the chain. In October 2009, Shopper’s Stop has bought the license for merchandising “ZOO ZOO” the brand Mascot for Vodafone India. Shopper’s Stop has a loyalty programme called First Citizen. They also offer a co-branded credit card for their members. With an unparalleled assortment of the leading international & national brands in clothing for men, women & kids, accessories, fragrances, cosmetics, footwear, home furnishing & décor products. The store offers a complete range of apparels and life style accessories for the entire family. Their motto: “We are responsible for the goods we sell.” The Shopper’s Stop is the only retailer from India to become a member of prestigious International group of departmental Store. This membership is restricted to one-member organisation per country.

Big Bazaar – India’s first hyper market was launched in 2001, with the theme of “Isse sasta or achha kahi nahi” by Pantaloon Retail India Ltd. Pantaloon Retail India Ltd is India’s leading retail company with presence across food, fashion, home solutions a consumer electronics, books and music, health, wellness and beauty, general merchandise, communication products, E-tailing and leisure and entertainment. Headquartered in Mumbai (Bombay), the company operates through 3.5 million square feet of retail space, has over 214 stores across 90 cities in India and employs over 36,000 people. The company owns and manages multiple retail formats catering to a wide cross-section of the Indian society and its width and depth of merchandise helps it capture almost the entire consumption basket of the Indian Consumer founded in 1987. Pantaloon Retail forayed into modern retail in 1997 with the opening up of a chain of department stores, Pantaloons in 2001, it launched Big Bazaar, a hypermarket chain followed by Food Bazaar, a supermarket chain. It went on to launch central, a first of its kind, seamless mall located in the heart of major Indian cities. Some of its other formats include, Collection I (home improvement products), E-Zone (Consumer Electronics), Depot (books, music, gifts and stationeries), all (fashion accessories). It has recently launched its retailing venture, future bazaar.com

Shopper’s Stop is one of the leading players in the retail management. Being a part of the K Raheja Corp. Group. The company started its journey in retail in 1991. Later in 1997, the company was incorporated. The company started from a single

Brand shop to becoming a fashion & lifestyle store for the family. The company is well known name that delivers superior quality product & services. Total income of Shopper's Stop was Rs. 28727.797 million (year ending March 2014). Net profit was Rs. 370.047 million (year ending March 2014). Shoppers' stop is positioned as a family store delivering a complete shopping experience defined by its mission, vision and values of trying to be a Global retailer in India and maintain no 1 position in the Indian market in the department store category Shopper's Stop is a pioneer of modern retail in Indian. Shopper's stop is today is the country's biggest chain of large format Department stores. It offers customers and international shopping environment & a world class shopping experience through its 65 Stores in 32 cities. Shopper's Stop believes in a world of limitless possibilities it has always set benchmarks, crossed limits, achieved the impossible & celebrates its success innovation being the key driver. Shopper's Stop has adopted a new philosophy of start something new to give retail a new dimension. It Endeavour to start something new in customer services & start something new in life.

Conclusion

The Indian retail sector is estimated at around of Rs. 90000.00 crore of which the organized sector accounts for a mere 2 percent indicating a huge potential market opportunity such as shopping ambience, variety and a single point source of purchases. There is no doubt that traditional retail has been performing a vital function in the economy and significant source of employment. However, it suffers from huge inefficiencies as a result of which, it is in trouble. The challenges currently faced by the Indian organized retail sector are various and these are shopping the Indian retail industry from reaching its full potential. The growth pattern in organized retailing & in the consumption made by the Indian Population will follow a rising graph helping the newer businessmen to enter the Indian retail industry, in India the vast middle class & it's almost untapped retail industry are the key attractive forces for global retail giants wanting to enter in to newer markets, which in turn will help the India retail industry to grow faster. Indian retail was expected to grow 25 percent annually. Modern retail in India was estimated to be worth US\$ 195 billion in 2016. The future of the Indian retail industry looks promising with the growing growth pattern.

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