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B.Com 1<sup>st</sup> Year

Subject- Retail Management

## SYLLABUS

**Class – B.Com I Years**

**Subject – Retail Management**

Unit	Contents
UNIT – I	<b>Fundamentals of Retail Management</b>  1. Basic concept of Retailing, Types of Retailer, Multi-Channel retaility organised retaility Organised Retailing in India, Retail Market Strategy, Retail Format and target market, Growth Strategies, Pricing Strategy. Consumer behaviours, Determinants of consumer behaviour, Consumer Marketing strategy, Consumer decision making Process, Organisational consumers Behaviour, Post purchase behaviour. 2. Service Retailing- Importance of service retailing and its Challenges. Consumer Behaviour in Services zone of Tolerance, Service Perception and Expectation, Service strategy, Service triangle, marketing mix, Marketing segmentation.
UNIT – II	<b>Merchandise Management</b>  1. Merchandising Philosophy, Merchandising plans, Merchandise budget, financial inventory control, Pricing Strategy. Basics of visual Merchandising, Retail Store site and design, Store layout, Image mix, Store Exterior and Interior, Color Blocking, Signage and Understanding Material Planograms, Window Display.
UNIT – III	<b>E-Retailing</b>  Introduction: The concepts of E-Commerce, E Business and E- Marketing, Evolution of E-Commerce, E-Commerce Vs Traditional Commerce, Network infrastructure for E-Commerce, Internet, Extranet. E-Commerce applications: Consumer Applications, Organisation Applications, Procurement - Online Marketing and Advertisement, Online Interactive Retailing, E-Commerce - Business Models: B2B, B2C, C2C, B2 Government, Government to Government.  E-Marketing: Information based marketing, E-Marketing Mix - Cost, Connectivity, Convenience, Customer, interface, Speed of delivery. Web retailing, Process of website development. E-Retailing/reverse Marketing. Electronic Payment Systems: Introduction to payment systems, On-line payment systems-Prepaid E - payment systems, Post - paid E-payment systems, E-Cash or Digital Cash, E-Cheques, Credit cards. Smart cards, Debit cards.



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UNIT - IV	<ul style="list-style-type: none"><li>• Product based Store Layout</li><li>• Product Segmentation</li><li>• Product Mix</li><li>• Window Dressing (display)</li><li>• Analysis of Online Retailing (Product based)</li><li>• Indexing of product based online retailer</li><li>• Payment App Procedure</li><li>• Case studies</li><li>• Practical Sessions by Industry Experts, covering all aspects of Retailing.</li></ul>
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### **Retail Management Concept**

The term "retail" comes from the French word "re-tailer," which meaning "to cut, trim, or split." This was mostly used in relation to tailoring. Thus, retailing refers to the sale of modest quantities of products. A retailer buys huge amounts of items from a wholesaler, divides them into the lowest possible quantities, and sells them to final customers.

The term "retailing" has a considerably broader definition than it appears. Retailing encompasses not just the sale of tangible things, but also the provision of services to individual customers. Dry cleaners, beauty salons, health centres, spas, tailor shops, and other service stores are examples.

"Any firm that targets its marketing efforts toward satisfying the final consumer based on the organisation of selling goods and services as a means of distribution," according to the definition of retail.

The word retail has been derived from the French word 're-tailer' which means 'to cut, trim or divide'. Thus retailing means, to sell goods in small quantities. Retailing not only covers the sale of goods which are tangible but also includes the sale of services to individual customers.

The term retailing has a much wider scope than it seems. Retailing not only covers the sale of goods which are tangible but also includes the sale of services to individual customers.

The examples of service retailers can be dry cleaners, beauty salons, health centres, spas, tailor's shop, etc. In the absence of retailers, there would be absolute confusion and it would be very difficult for the manufacturer to make the products available to a large number of customers. Thus retailers facilitate smooth running of goods and services to the ultimate customers.

**Some of the major retail stores are briefly described here:**

**i. Departmental Stores:**

A departmental store offers a wide range of products in an organized fashion and is easily accessible by the consumer. The product line of departmental stores is substantially long. Departmental stores provide better amenities to consumers for shopping by virtue of having adequate infrastructure for parking, leisure activities and hobbies.

Departmental stores face stiff competition from discount shops and downtown retailers of poor quality goods. Departmental stores provide the consumer services of honoring the



product guarantee, warranty, post-sale services and the latest technical information. Departmental stores also organize educational programs for the benefit of the consumer on the various aspects of products use and other related matters.

**ii. Exclusive Retail Stores:**

Exclusive or specialty retail stores are unlike departmental stores and do not have a long product line. These stores are narrow in their product lines and are largely confined to the product line of a specific company. They present a varied assortment within that product line. Examples can be drawn from many consumer goods companies promoting exclusive retail stores like Phillips for a range of electrical, audio and video household gadgets; Raymond's for textiles; Bata for shoes and leather goods, and so on.

**c. Super specialty stores.**

Single line stores may be identified as the retail stores selling only one product like textiles. Limited line stores may be defined as the shops having micro specialization based on goods and services, gender and age, like exclusive men's wear retail stores, kids shoppe for garments etc.

The retail stores engaged in selling products scientifically designed for a particular purpose may be categorized as super specialty stores, e.g., surgical equipments stores, sports accessories; fashion garments stores and the like.

**Nature of Retailing:**

**Low Margin High Turnover:**

Retailing may be low margin and high turnovers like in big bazaar, Vishal Megamart, Wal-Mart, Pantaloon etc. they have wide variety of FMCG in several merchandise lines. These stores are located near to the consumers.

**High Margin and Low Turnover:**

These stores are having distinctive merchandise and sales approach. The stores in this category price their products above the market price. These store provide many specific services and sell special category of products, these stores are located in prime place. Examples are Lifestyle Chain, Armani DLF, Omega, Ethos etc.

**High Margin-High Turnover:**





Stores are those which have narrow line of items that turn over these are located in a non-commercial location, overhead cost may be high, but high prices can ensure profitability, example are convenience food outlet.

### Retailing in India

The Indian retail market is largely unorganized. However, the organised Indian retail market has increased by ~50% between 2012-2020 to its current value of nearly 12% of total retail. The modern Indian retail industry is expected to grow at a 15% CAGR to reach 18% by 2025. Major retail categories (by % organised retail penetration) such as apparel & accessories (18%), consumer electronics (6%) and home & living (6%) will drive the increase in organised retail this decade.

The Indian retail market can be categorised as (1) traditional outlets (vegetable, fruit, and grain markets and fairs); (2) established outlets (corner shops, kiosks, independent stores, department stores, supermarkets, hypermarkets, speciality stores, franchise stores, discount stores, and wholesale cash-and-carry outlets); (3) cooperative/government stores (Mother Dairy stores, khadi and village industry outlets, cottage industries emporiums, defence canteens, and fair-price shops); and (4) e-commerce (online travel ticket and hotel accommodation, leisure goods, electronic goods, entertainment electronics, etc.).

The main segments of the overall retail industry are food and grocery (60 percent share); apparel (8 percent); telecom (6 percent); food service (5 percent); jewellery (4 percent), pharmacy (3 percent); consumer electronics (3 percent); and “others” (11 percent). However, the apparel segment tops the list of organised sector segments at 33 percent, followed by food-grocery and telecom (11 percent each) and consumer electronics (8 percent) for the second and third ranks.

Among the top retail groups/companies in India are Future Group (Big Bazaar, Pantaloons, Brand Factory), Tata Group (Titan and Tanishq outlets, Croma, Westside, Landmark), Reliance Retail (Reliance Supermarkets, Reliance Digital), K. Raheja Corp Group (Shoppers Stop, Crossword), Aditya Birla Group (More outlets), RP-Sanjeev Goenka Group (Spencer’s Hyper, Spencer’s Daily), ITC-LRBD, and Fabindia.

The retail industry uses four types of “channels” to route products from the manufacturer to the customer. They are the direct channel (producer to customer), retailer channel (producer to retailer to customer), wholesale channel (producer to wholesaler to retailer to customer), and agent/broker channel (producer to agent/broker to wholesaler to retailer to customer). Modern retail stores abroad use “omnichannel” strategies to seamlessly integrate channels and let the customer decide when, where, and how to buy.



### **Pricing Strategy**

As with any business decision, determining your pricing strategy starts with assessing your own business's needs and goals. This involves some commercial soul searching — what do you want your business to contribute to the economy and world? This could mean embracing a traditional retail strategy, establishing a service business mindset or emphasizing personal customer relationships in your offering.

Once you define your goals and needs, do some research on the market you're entering. Determine three to five main competitors in the industry by conducting online research or scouting out local businesses. No matter what pricing strategy you adopt, what your competitors are doing will impact your business's success and future decisions. Understanding your competitors' strategies can also help you differentiate your business from other businesses in the market. In an economy where there are thousands of small businesses providing the same products and services, an effective pricing strategy can help you stand out.

A good final stage in your research is speaking with potential customers to get a feel for how they value your brand, product or service. This can give you valuable insight into how to set your pricing. This kind of research can range from casual conversations with friends and family to formal surveys of potential buyers.

While you may have already done some of this legwork when developing your business plan, it's good to have as much insight and information as possible before you decide what pricing strategy to adopt.

### **Pricing strategies to attract customers to your business**

There are dozens of ways you can price your products, and you may find that some work better than others — depending on the market you occupy. Consider these seven common strategies that many new businesses use to attract customers.

#### **1. Price skimming**

Skimming involves setting high prices when a product is introduced and then gradually lowering the price as more competitors enter the market. This type of pricing is ideal for businesses that are entering emerging markets. It gives companies the opportunity to capitalize on early adopters and then undercut future competitors as they join an already-



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developed market. A successful skimming strategy hinges largely on the market you're looking to enter.

## 2. Market penetration pricing

Pricing for market penetration is essentially the opposite of price skimming. Instead of starting high and slowly lowering prices, you take over a market by undercutting your competitors. Once you develop a reliable customer base, you raise prices. Many factors go into deciding on this strategy, like your business's ability to potentially take losses upfront to establish a strong footing in a market. It's also crucial to develop a loyal customer base, which can require other marketing and branding strategies.

## 3. Premium pricing

Premium pricing is for businesses that create high-quality products and market them to high-income individuals. The key with this pricing strategy is developing a product that is high quality and that customers will consider to be high value. You'll likely need to develop a "luxury" or "lifestyle" branding strategy to appeal to the right type of consumer.

If you've already launched your business, you can experiment with these strategies until you determine what works best for your business. You can also vary strategies between products depending on the market for each good or service.

## 4. Economy pricing

An economy pricing strategy involves targeting customers who want to save as much money as possible on whatever good or service they're purchasing. Big box stores, like Walmart and Costco, are prime examples of economy pricing models. Like premium pricing, adopting an economy pricing model depends on your overhead costs and the overall value of your product.

## 5. Bundle pricing



When companies pair several products together and sell them for less money than each would be individually, it's known as bundle pricing. Bundle pricing is a good way to move a lot of inventory quickly. A successful bundle pricing strategy involves profits on low-value items outweighing losses on high-value items included in a bundle.

#### 6. Value-based pricing

Value-based pricing is similar to premium pricing. In this model, a company bases its pricing on how much the customer believes the product is worth. This pricing model is best for merchants who offer unique products, rather than commodities.

How do you know what a customer perceives a product to be worth? It's hard to get an exact price, but you can use certain marketing techniques to understand the customer's perspective. Ask for customer feedback during the product development phase, or host a focus group. Investing in your brand can also help you add "perceived value" to your product.

### **Retail Marketing Strategies**

What is Retail Marketing?

Retail marketing involves every element from the interior to exterior promotions and offers, product placements in-store advertisement, strategic placement as well as the behavior of store representatives.

#### Definition of Retail Marketing

A retail marketing include set of activities where a retailer buys products from a wholesaler or manufacturer to sells them to ends users (consumers). In simple words, a retailer is an intermediary which makes products available to consumers using different channels, for example, brick-and-mortar retail store, shopping malls, shopping website, automatic vending machines, kiosks etc.

Store Retailing Vs Non Store Retailing





A retail store means a place where the business is operated, usually by the owner; however, sometimes operated and owned by the manufacturer or by anyone other than a retailer within which the merchandise is primarily sold to end users.

On the other side, non-store retailing involves selling merchandise outside the boundaries of a retail facility. This generic term tends to describe retailing that takes place outside from stores and shops. The retailing takes place through television, internet, video, automatic vending machines direct marketing and direct selling.

### **Retail Marketing Strategies**

Retailers are always in search of different marketing strategies to attract more customer, increase awareness and sales growth. In the first place it should select target market and then select combination of right marketing mix can lead a retail business to higher ROI. Keep in mind the following elements that need close consideration when drafting a retail marketing strategy.

### **Retail Marketing Examples**

**Walmart:** Walmart is the giant of retail consumer market; however, despite the constantly rising of cost of goods and thinner profit margins. Walmart has still managed to cater all type of income groups.

**Amazon:** Amazon is a big player in both the e-commerce world and physical retail and holds a strategy to deliver products to customers even faster and compete more effectively with other online and brick-and-mortar outlets.

### **Target marketing:**

To predict how large or small a market may be, retail professionals count the potential buyers. For this purpose, retailers usually count loyal customers who do regular purchasing.

### **Certain essentials exist for a useful target market:**

1. The buyers' ability to purchase products and services.
2. The willingness to buy the products and services
3. An eligible number of people in the market to generate profits.