

RETAIL SALES MANAGEMENT AND SERVICE MARKETING

MODULE 3: RETAIL MERCHANDISING

INTRODUCTION

Merchandise is a broader concept than a product. It includes various features with which a product is offered at the store. Merchandising is the process and function of designing and delivering the product to ensure customers satisfaction and meet the objective of profit making to the organization. Merchandising can be defined as “Planning, Buying, Assorting, Promoting Placing, Setting and Replenishing the Goods”. Merchandising is planning and control of merchandise inventory of the retail form in a manner which balances between expectation of target customer and strategy of the firm.

Merchandising has two broad objectives:

1. Buy and store the inventory or product that is expected or needed by the people.
2. Achieve the objective of the business i.e., Growth, profit etc., that is possible when inventory is sold.

What Is Retail Merchandising?

Retail merchandising refers to the way retailers, brands and other product companies make their merchandise available in stores. Retail merchandising includes both execution (i.e., shelving items and installing displays) and strategy, which includes product selection, product placement, display design, and other techniques. The purpose of retail merchandising is to encourage purchases.

Successful retail merchandising requires careful planning, implementation, management, and analysis. Let's take a look at the facets of a great retail merchandising strategy and some of the tools that help brands, consumer goods and consumer packaged goods companies as well as retailers keep a steady course and an ocean of products in order throughout a merchandising expedition.

Retail Merchandising refers to the various activities which contribute to the sale of products to the consumers for their end use. Every retail store has its own line of merchandise to offer to

the customers. The display of the merchandise plays an important role in attracting the customers into the store and prompting them to purchase as well. Merchandising helps in the attractive display of the products at the store in order to increase their sale and generate revenues for the retail store. Merchandising helps in the sensible presentation of the products available for sale to entice the customers and make them a brand loyalist.

MERCHANDISING MANAGEMENT

Merchandise Management involves understanding and evaluating the consumer's buying habits to effectively source, plan, display, and stock merchandise. It is a process from beginning (strategy) to end (performance evaluation) that is cyclical in nature and involves individuals at every level of the retail organization.

Retail organization merchandise management functions can be categorized into three main areas:

- Merchandise Operations
- Merchandise Planning
- Merchandise Buying

Merchandise Buying

Merchandise Buying involves sourcing goods from vendors and wholesalers at the best possible cost to achieve maximum profitability. Merchandise Buying and Planning work hand in hand as the buyer must understand the merchandise financial plan and what products will drive sales in that category. A buyer must be fiscally responsible ensuring they are purchasing goods in line with their seasonal plans (prior to the season) and the Open to buy (in-season). The Open to buy calculates how much they have to spend based on the financial sales and inventory plan.

The buyer must also understand the strategy of the company as well as how their category fits in line with that strategy. To understand the customer they must also understand the trends driving the industry. Part of the merchandise buying process is attending trade shows to select meaningful product and also conducting line reviews to present the product to the team.

Merchandise Planning

The overall goal in merchandise planning is to maximize profitability by limiting markdowns and achieving and exceeding sales targets while also limiting excessive inventory.

Typically the merchandise planner will plan pre-season utilizing history from last year to build the six month plan that is typically either fall or spring. Pre-season planning accounts for any shifts in the business such as major holidays and any missed sales opportunities. For example, if the weather was unseasonably warm in the winter months and sales were missed or didn't come until much later they would want to keep accurate history to make sure they aren't planning this in future fall seasons.

Merchandise Operations

Merchandise Operations can be thought of as those functions that support merchandise planning and buying and, ultimately, the overall retail planning strategy. While allocation and replenishment are often referred to as the same thing, they are quite different. A replenishment strategy is the process of ordering inventory on an ongoing basis to maintain preset inventory levels. This is often basic inventory such as underwear and socks that are predictable and do not go out of style. Often times the retailer will set min and max levels to set the amount of inventory each store will receive.

Purchase Orders are generated and managed via the merchandise operations team as well. They work hand in hand with both the buying and planning team to ensure orders are shipped by the vendor and received at the warehouse. Lastly, they manage all pricing execution functions such as changing prices associated with markdowns, re-pricing, and all promotional pricing that needs to be entered into the POS system for accurate store transactions.

Role of merchandiser

The role of merchandiser has gone into tremendous transformation from the historical time. Traditionally, merchandisers were really performing more a role of a merchant selling different kinds of merchandise to different towns and villages in the same country or in another country. It would be interesting to look at the historical roles of a merchandiser as explained here below.

Role of Merchandiser in a Retail Business

As part of the retailing business where the retailer is involved in selling to end consumers, the merchandiser's role is quite different from that of the export merchandiser. First of all, the merchandiser does not get involved with the buying and selecting suppliers or coordinating with suppliers/manufacturers and vendor development. These roles, as we saw in the unit on buying process, are specifically assigned to the buying function or to the buyer in retail organization. In a single unit - departmental store – the role of buyer and the merchandiser could be merged as one. As the business grows, these two roles are handled by two different persons, specializing in the given tasks. The personnel involved in these roles are located in the

store itself. In bigger retail chains, the buyer and the merchandisers will be located at the central office, i.e. far from the actual store locations. The monitoring and control are done through the formal reporting systems or through exchange of information on the EDP system of the retail organization.

Some important roles played by a retail merchandiser can be summarized as below:

Researcher: The merchandiser needs to study buying behavior of the targeted consumers. The buying behavior helps to understand their peculiarities in buying, the frequency of purchase for a given product, the place from where they prefer to buy, the occasions for which they buy, the preferred price-ranges, the special or salient features of the product they look for, quantities bought in a single purchase, and so on. The in-depth understanding of the target consumers and their peculiarities does help the merchandiser in determining the range of merchandise for the concerned target segment

Planner: Once the type of merchandise or range of products is determined then the next task of the merchandiser is to plan the correct assortment. He/she may forecast the quantities necessary for the given selling season or period and finalize the budgets. This involves estimating demand of the consumer by each product type, while taking into account the economics, trend and changes expected in the competitive and retailing environment. These requirements are transmitted to buyers of each product type for working out their individual buying strategies.

Co-ordinator: The merchandiser is responsible for a particular product category/line and hence, he/she will be supervising the buying activities of many of the buyers working on different products under the category. Merchandiser needs to co-ordinate for ensuring timely supplies in right quantities as budgeted and in right price and to right place.

Controller: The merchandiser needs to control the performance of each of the selling locations, in order to maximize sales & profitability of the retail channel. For this purpose, he/she will have to monitor performance of each of the product type under the category controlled by him/her. He/she will also monitor sales to stock turnover ratios, markdowns, and gross profitability. The merchandiser will also need to assess the performance of the buyers responsible for the purchasing of these products. The assessment may be done on the aspects of quality of supplies, timeliness, and supplies in the right quantity, price competitiveness, and service from suppliers to various stores.

Visual Displays: The merchandiser will have to ensure that the product display is most effective in terms of their pick-ups by consumers. For this, he may use services of a professional visual merchandiser (VM). In many organizations, merchandisers work out the week-wise/fortnightly/monthly display plans along with their VM personnel

Sales Promotion: This is another crucial function of the merchandiser. For this, he will have to work very closely with the marketing and buying departments for working out annual promotional calendar. He/she may carry out implementation of different promotion schemes like special festive promotions during major festivals of the particular region or back to school in case of kid's products or end of season sales and so on. Sales promotions are the essential activities in the merchandiser roles as he/she has to be constantly aware about the sales trends and to ward off any expected and unexpected dips in sales. This may facilitate maximization of profitability and return on investment for the store as well as for the organization.

Trainer: Another very important role the merchandiser needs to perform is that of a trainer. He/she needs to train their assisting staff and buyers on many aspects like imparting product knowledge, knowledge about consumer tastes and buying patterns, working of price, working of markdowns, maintained mark-ups, actual mark-ups, and so on. At the store level, the merchandiser needs to interact with counter sales representatives, department managers and store managers whenever any new product is to be launched or any special promotion schemes are to be run on the floor.

Motivator: The merchandiser needs to manage a team of people who work under his supervision. Generally, the personnel that report to him/her are buyers, assistant merchandisers, and visual merchandisers. Merchandiser needs to constantly be in touch with his team and guide them in various functional matters besides facilitating their operational efficiency in various merchandising related matters. Besides his team mates, he/she needs to liaise with store managers, departmental managers and vendors. He/she makes an effort on integrating all the related activities of all the personnel for achieving optimum profitability for the store and the organization.

RETAIL MERCHANDISE MANAGEMENT PROCESS

The process of merchandising involves understanding consumer needs, identifying & sourcing of right merchandise, deciding the right assortment, planning distribution of merchandise to different locations in the right quantities, deciding on the pricing, communicating merchandise offerings to the target customers, and taking feedback of consumers.

These steps are as follows:

Understanding consumer needs: The merchandiser should understand the different ways in which the consumer presently satisfies the need. Let us assume that the consumer has need for hair care. Based on the study the merchandiser may find that there are various ways in which the need is being satisfied. These may be hair soap, oil, lotion, shampoo, cream and dye. With the help of consumer survey the method/ product which is most in demand for satisfying the need is 'shampoo'.

Identifying and sourcing of right merchandise: Further, the merchandiser may need to identify the right merchandise for shampoo. For example, in shampoo the merchandiser may find that there are three variants – herbal, medicinal, and regular. The merchandiser based on the study of consumer feedback would like to know, which one is most in demand, or will help the retailer to serve the consumer needs. Suppose the merchandiser decides for 'medicinal shampoo'. For medicinal shampoo, the merchandiser needs to identify the right suppliers/sources of this type of shampoo. He /she may like to analyze the brands like Vatika, Sunsilk, Pantene, Head & Shoulder, and Palmolive which can supply the medicinal shampoo.

Planning the right assortment: Next the merchandiser has to decide on the different sub-categorization. The sub-categorization can be made, based on the consumer need for medicinal shampoo. The shampoo may be used to treat different kinds of hair condition i.e. dull, oily, dry, normal, straight, and curly. Thus, the merchandiser must know based on past trend, experience or survey, the right quantities to be maintained under each sub-categorization. In other words, the assortment should cover needs of different hair conditions.

Planning distribution to different locations: Once the assortment is cleared then the merchandiser needs to work out the quantities to be dispatched to different distribution centers. The quantity dispatched should be based on the number of outlets in each location, the minimum stocks to be maintained, turnover ratio, the replenishment time, etc. The logistics for delivery of goods should also be taken into account.

Providing right quantities: Once the goods reach the different distribution points, the goods further needs to be sent to each of the outlets in the region. For this the retailer will take into account the consumer requirement in each of the stores based on previous sales trends or its own study of consumer needs. Thus, for each store its requirement in terms of different assortment is worked out and the goods are dispatched.

Deciding the price: Once the goods reach the store, the merchandiser needs to decide on the pricing of each of the products/items. Normally, the pricing is decided at the time of assortment stage itself. In case of certain retail chains the pricing may be left to the respective store managers also, the manager will work upon prices as per the guidelines from the chief merchandiser for the product category. The prices are decided based on the gross margin policy for each of the products.

Communicating offerings to target consumers: Once, the goods are on the floor of the shop, the merchandiser will work out the visual merchandising. He/she will communicate such strategy for the given store or group of stores. The merchandiser may provide certain props and signages to each of the store to communicate right messages and offerings to consumers. There could be advertisements in print media or TV or radio or hoardings etc., for giving mass publicity to the offerings.

Taking/understanding feedback of consumers: The merchandising team may decide to take feedback on different brands/items to know consumers reaction to pricing, quality, availability, display, after use effect etc. The feedback acts as a guideline for improving sourcing and assortment, so as to provide maximum satisfaction to consumers

PRIVATE BRANDING IN RETAIL

A private brand is a good that is manufactured for and sold under the name of a specific retailer, competing with brand-name products. Also referred to as "private label" or "store brand," prices for private brands tend to be less than those of nationally recognized name brand goods. Private brand items can provide retailers, such as supermarkets, with a better margin than the brand-name goods they also carry.

A private brand is a product that is exclusively manufactured for a retailer. The retailer will market the product under its own brand name. Prices for private brands are usually set cheaper than competing name brands. Consumers often think that private brands are of lower quality, but that perception is changing.

Examples

Common examples of private brands include:

- Grocery products - canned food, frozen food, rice, cereal, sodas, etc.
- Generic medicine and health products - pain relievers, cough syrup, bandages, etc.
- Textiles - towels, washcloths, bed sheets, etc.

- Clothing
- Household supplies - cleaning products, kitchen utensils, dishes, etc.

How a Private Brand Works?

Private branded goods are usually made by third-party or contract manufacturer, often on the same production lines as other brands. They can differ only in labeling or be entirely unique. Private branding is a cost-effective way to produce a product without investment into large manufacturing facilities, designers, quality assurance personnel, or a specialized supply chain. By using outside manufacturing help a retailer can offer a wide range of private label goods that appeal to both cost-conscious shoppers as well as premium-product consumers.

Advantages of Private Brands

The following are four of the most notable:

1. Adaptability.

Some retailers depend on suppliers for all their products. As such, they rely on them to react to market demand. If consumers start to desire new lines or new features, it's the suppliers who must adapt their offerings. This can be a slow process. When a retailer gets private label products manufactured, they can be more agile. They can react more swiftly if they notice a shift in customer behavior. With a quick video call online, they can tell a manufacturer to tweak the product accordingly.

2. Control over production.

It's not only when rapid adaptation is required that retailers have greater power. Another advantage of private labeling is that it gives more control over production. The retailer instructs the manufacturer on all aspects of a private label product. They can define ingredients or components. They can insist upon precise specs, down to things as fundamental as a product's color or shape.

3. Control over pricing.

With private labeling, retailers are in charge of the entire supply chain. They set and control production costs to ensure the most profitable pricing. Products get made in a way that makes sure of the healthiest ultimate margins.

4. Control over branding.

The issue with selling branded products is that it's not your company which consumers come to love. They develop loyalty to the makers of their favorite items, not the distributors. Private label products and their packaging bear your own name and branding.

Disadvantage of Private Brands

Nothing's ever cut and dried in ecommerce or retail. While private labeling has lots of pros, there's also one significant potential con.

1. Difficulty building brand loyalty.

Putting your branding on products is an excellent idea in theory. In practice, however, it can be a struggle to build significant brand loyalty. Your private label lines, after all, often compete with established names in a niche. Those long-lived brands hold some significant advantages over your private label lines. They're going to be available in a broader range of stores, for one thing. Your private label products will be on your shelves alone. National or multinational brands, too, have a far greater budget to use on promoting their products.

2. Dead Inventory

Sometimes retailer makes a wrong choice of product by ordering private label line of product before even knowing whether their customer will like or not. Branded product are easy to return and easy to get reimbursement for the investment, but you cannot do this with private label

3. Minimum Orders

Minimum order is one of the basic requirements of the most manufacturers when you ask them to produce customized product for you suitable for private labeling. Most of the times, this minimum order is such a large quantity that you would not order otherwise.

STORE BRAND Vs NATIONAL BRAND

A store brand, often referred to as a generic product, is manufactured or acquired by a retailer for exclusive sale to consumers. Store brand examples include anything from jars of pickles to windshield wiper blades. A national brand is a product manufactured and developed or acquired by a distributor for resale to the consumer market through multiple retail outlets.

The Pros of Store Brand

A core benefit of a store brand is that you own it. It is a brand unique to your store that you can market as your own. Store brands also usually allow for higher profit margins. When you control the production and development, costs are typically lower.

Not all store brands are made by the company that brands and sells them. Some "private label" products are made by a single manufacturer, but sold by various retailers, each putting its own store brand on the products. Store brands are often placed at lower prices than national brands, but yield higher profit. During tough economic periods, customers typically put greater emphasis on low-cost products.

The Cons of Store Brands

The major drawback of store brands can be the perception that they are "generic," or of lower quality than national brands. Store brands have done well at cutting into the perception of inferiority relative to national brands. Increasingly, consumers indicated a willingness to buy store brands. You can only sell store brands through your own stores or online sites, though, unless you set up licensing arrangements with other providers.

The Pros of National Brands

A national brand's greatest strength is its broader recognition relative to store brands. A national brand is distributed through various retail outlets nationwide. It is also commonly promoted on national television and through other media. As Forbes describes it, if someone buys a national brand and is happy with it, they are more likely to buy it again, even if they are shopping at a different store and even if the price is a bit higher than the alternatives. Carrying a national brand that is highly recognized and sought-after may attract customers that otherwise wouldn't visit your store. Word-of-mouth discussions are more common with national brands since more customers are typically familiar with them. Some customers operate with the assumption that what you pay is what you get, which contributes to sales of established national brands.

The Cons of National Brands

According to Time, the appeal of national brands has been diminishing for over a decade. A major part of this reason is the price. For a small business, cost is the biggest drawback of carrying a national brand. Often, supermarkets price some national brand goods at break-even, so that they don't actually make a profit on them. They carry the brands to remain competitive and to provide what customers want. When you carry a national brand, you typically don't have any exclusive marketing rights. Therefore, you compete with other

providers of the brand for customer business. This places emphasis on your ability to compete in non-product areas like service.

GROWTH OF PRIVATE LABELS IN INDIA

Private Labels are a win-win solution for retailers and customers in the current retail market structure. While retailers expect better bargaining power with their vendors, in turn better margins and control over their merchandise mix, customers get a wider range, better quality and good prices for the products.

The growth of private labels is directly linked to the growth of modern retailing. Retailers need to gain customer confidence in its offerings so as to successfully introduce private labels. Private label's share in the modern retail in India is about 7%, but it is as high as 40% in European countries, and as low as less than 1% in China.

What are Private Labels and why use them?

Private label products are commonly referred to as name brand, store brand, own label, retailer brand or generics. These are brands owned by the retailer rather than the producer or manufacturer. Private label products are found in almost all food and grocery categories.

Recently, retailers have been aligning private label brands with identified consumer trends, such as premium and indulgence, everyday value, health and wellness, and organic and ethical. Similarly, Reliance Retail and Food Bazaar offer a range of PLs to suit various consumer needs.

The reasons why retailers choose to offer private labels include generating additional margins by by-passing branded suppliers as the power shifts from national brands to retailers; filling gaps in their product range which may not be currently addressed by branded suppliers; including a product variant or a size option in that category and using private labels to differentiate their store's product range from competitors; and create a distinctive advantage. This helps in improving profitability and loyalty to the retailer.

Growth Drivers of Private Label

1. Access to Data: Retailers have access to exhaustive informative data to customer purchases, preferences and behavior. Retailers understand what goes in to making a seller product.

2. Cost Competitiveness: As private labels have fewer distribution overheads, lesser amount of intermediaries and negligible marketing cost, they are able to sell products at lower rates than their branded counterpart.

3. Empowering Retailers: Earlier the market was driven by the brands. They were the decision makers. But emergence of private label has enhanced the bargaining power of the retailer while negotiating with the manufacturers and brands.

4. Market Reach: Brands have their own customer base. With opportunity of multibrand outlets, the retailers have a better consumer base as they have already built their market presence across different retail formats and different geographies.

5. Filling the gap: Private labels are launch to fill gaps in the current product portfolio offered by the brands. With a better knowledge of consumer's desire and purchasing insight, private labels focus on products as per the demand of the market.

The Increasing Acceptance of Private Labels in India

Indian retailing has seen a lot of ups and downs over the last few years. With the increasing growth of the organized retail sector, private labels or store brands are also increasingly accepted by the Indian organized retail market. The recession has significantly given a thrust to private labels, thus favorably affecting the private label sales of almost all major retailers like Reliance Retail, Future group, Aditya Birla Retail, Bharti Wal Mart Retail, Hypercity, Infiniti Retail, Trent, Shoppers Stop etc., offering private label in their merchandise mix.

Though the growth of private labels was seen across categories, growth in grocery was prominently seen in supermarkets at 15% and hypermarkets accounting for 30% of total value sales.

Introduction of private labels in categories such as apparels and footwear, toys, electronics and appliances enable retailers to expand their offerings. Even Apollo Pharmacy and Guardian Pharmacy entered into their private labels in 2010 in health, beauty and personal care products.

The private label market in India is currently estimated at Rs 13 billion, which accounts for 10-12% of organized retail in India. Retailers such as Pantaloon, Trent, Shoppers Stop and Spencer's have increased focus on private label retailing. Private labels constitute 90% of Trent's, 80% of Reliance's and 75% of Pantaloon's overall sales. Aditya Birla Retail plans to increase the share of own brands in sales from the present 3% to 10% in the next 2-3 years.

Low Pricing is Moving Consumers toward Private Labels

It has been reported that mid- to higher-income consumers in developing countries are often the first to try and accept private label as low-income shoppers are more cautious in their purchase and need higher levels of trust in a product. Though the lower income households purchase more private label goods in both edible and non-edible categories than the other two income brackets, it is also true that national brands still constitute the bulk of their market baskets.

Consumers prefer to buy private label products mainly due to their low pricing and prefer to buy such products from large chained retailers, which also offer a wide variety of private label products with better quality. Consumers in India prefer private labels over national brands due to availability and price benefits in that category.

According to the Technopak's Private Label Report 2012, food and grocery segment is a key driver for PLs accounting for 20-25 percent, and sometimes even 40 percent, of all categories in Private Labels. Margins in private labels in staples like sugar, groceries can range between 15-25%.

Future Impact of Private Labels

Many retailers have increased their profits by offering private label products since there are huge margins to be achieved from private label products, which are 30-40% higher margins than branded products. Retailers are not any more offering low quality products for a lesser price, but they are creating new level of differentiation, better pricing for a good quality product and new merchandising and promotion strategies.

One major advantage to the retailers in India, and which works in favor of private labels, comes from the fact that Indian consumers are less brand conscious and more quality and freshness

conscious. Most major retailers have introduced private labels not only in food and grocery products, but also in apparels and accessories, consumer durables, toys, healthcare, and home furnishings. The Future group plans to increase its private label portfolio by adding more than 60 products to its private label range.

INTEGRATED MARKETING COMMUNICATION IN THE RETAIL INDUSTRY

Integrated marketing communication which carry out a plan and buys goods from it in order to control all the processes of production in the whole of marketing tools, possibility, and the cause of something within a business into continues program in fact of maximize the impact on the final someone who uses a product or service at a very small in amount of cost. Besides, the management principle which is planned to produce the direction in the marketing communication for example, advertising, public relations, sales, promotion and direct marketing who work together as a connecting force, better than allow it to work in isolation.

Moreover, the integrated marketing communication which is a strategic business process such as decision, grow, execute coordinated, measurable, brand communication program over time with consumers, prospects, customers, employees, associates and other targeted relevant internal and external audience. Follow by, the integrated marketing communication are more to the coordination of a company's outgoing message by compare in different media and the consistency of the message throughout. This an aggressive marketing plan that captures and uses in covering a large area of customer information in following and controlling marketing strategy.

Retailing have been includes all the activities that involved in selling goods or services directly to the end of the consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing. Besides, any organization selling to the final consumers whether is a manufacturer, wholesaler or retailer who is doing retailing. It is not a matter whether how the goods or services are sold for example, by mail, person, vending machine, telephone or internet or where they are sold in store, on the street or in consumer's home. Moreover, retail industry has been divide into three types which is store retailer, non-store retailer and retail organization.

The promotional mix: the tools for Integrated Marketing Communication

Promotion can be defined as the coordination of all seller-initiated efforts in setting up channels of information and persuasion services and selling goods or promote an idea. Besides, promotion is a best way of thinking about the communication function of marketing. Moreover, in the discussion of integrated marketing communication we should point how other marketing elements that include brand name, design, package, price or retail outlets implicitly communicate with consumers. The promotional mix can be defined as the basic tools or

elements that are used to accomplish organization's objectives. We can clearly know that the promotion is any form of communication a business or organization uses to inform, persuade, or remind people about its products. The promotional mix is a combination of the different types of promotion. A company decides on the promotional mix that will be most effective in persuading potential customers to purchase its products.

In the retail industry is using promotional mix to consciousness their product or brand awareness, communicating the special value proposition and to get acceptance of their products that conveys to the consumers messages about the retailer, its products, its goals and its services.

Advertising

The retail industry using advertising to focuses on the fastest growing segment of the overall advertising market. Advertising paid form of non personal communication through various media. The objective is to inform reader, listener or viewer about organization, service, product or idea by identified sponsor. In the retail industry, they used the celebrity host in advertising their products to the public because it can clearly send the message to the public.

There are several advantages of having advertising in retail industry is promotional mix which include the ability in controlling the message such as what, how, when something is said. Secondly, the cost-effective method for communicating with large audiences and cost per contact through advertising is often quite low. Advertising can be used to create image and symbolic appeals for products and services, a capability which is very important to the retail industry in selling products and services that they have difficult to differentiate. Another advantage of advertising is the valuable tool for creating and maintaining brand equity. The equity that results from the different retail industry is important because it allows the retail industry earn greater sales volume and higher margins and also provides the retail industry with a competitive advantages. Until now advantage of advertising is the ability to strike a responsive chord with customers when other elements of the marketing program have not been successful.

Advertising also has some disadvantages. The costs of producing and placing advertising can be very high. Other problems with advertising include its credibility and the ease which can be ignored. There is also a high level of `clutter` which is a major problem in advertising.

Sales promotion

The retail industry also will use another tactic which is sales promotion defined as those marketing activities that provide extra value or incentive to sales force, distributors, or the ultimate consumer and can stimulate immediate sales. Retail industry used the sales promotion to capture the customer's attention by giving discounts, voucher and other.

There are some factors underlie the rapid growth and use sales promotion by marketers. First, they provide extra incentive to consumer or middlemen to purchase or stock to promote a brand. Secondly, the way of appealing to price sensitive customer and way of generating extra interest in product. Third, some time it will effect directly measured than those of advertising and it can be used as a way of building.

The retail industry also may face problems which will associate with sales promotion technique such as many businesses are doing too reliant on sales promotion and focusing too much attention on short-run marketing planning and performance. Besides, many forms of sales promotion do not help establish or to make the brand image strongest and short term sales gains are often achieved at the expense of long term brand equity.

Publicity/ Public Relations

Public relations are another promotion tactic which use in retail industry. Publicity is a nonpersonal communications about an organization, product, service, or idea that is not directly paid for nor run under identified sponsorship. Besides, public relations are a management function which evaluates public attitudes, identifies the public policies and procedures of an individual or organization with the public interest, and executes a program of action to earn public understanding and acceptance.

An advantage of publicity over other forms of promotion is its credibility and usually higher than other forms of marketing communication. Besides, it is low cost way of communicating. Moreover, it often has news value and generates word of mouth discussion among consumers. There is also a major of disadvantages is the lack of control afforded in the retail industry and it might be negative as well as positive.

Direct marketing

Direct marketing is a method which the retail industry shares information directly with target customers to generate a response and a transaction. Besides, it has not traditionally been considered an element of the promotional mix because it has become such an integral part in integrated marketing communications program in many industry, this shows that it as a component in promotional mix.

The advantages in the retail industry which use direct marketing that is allows the retail industry to be very selective and targets its marketing communications to specific customers segments. Besides, message can be customized to fit the needs of specific market segments and effectiveness of direct marketing efforts is easier to assess than other forms of promotion.

There are also some of the disadvantages when the retail industry using the direct marketing which is problem with clutter as there are too many direct marketing messages competing for customers attention.

Porter`s five forces in retail industry

1. Rivalry: Traditional economic model, competition among the retail industry drives profits to zero. However, competition is not perfect and firms are not unsophisticated passive price takers. If rivalry among the retail industry is low, it considered to be disciplined. This results show the retail industry history of competition and informal compliance with a generally understood code of conduct.

2. Treat of Substitutes: Substitutes products refer to additional industries because products demand affected by change price of a substitutes product and more substitutes products become available, the demand become more elastic since customers have more alternatives. Besides, it shows ability of retail industry to increase price.

3. Buyer power: The buyer power effect customers have on a retail industry. Generally, buyer power difficult to break, the relationship to the producing industry is near to economist term which is a market has more suppliers and one buyer.

4. Supplier power: These requirements connect to buyer and supplier relationships in retail industry. Suppliers, who are powerful, can influence on the industry.

5. Treat of new entrants and entry barriers: When retail industry profit is higher, they think additional firms to enter the market to take advantage at the high profit levels, over time driving down profits for all firms in the industry. However profit decrease; they expect some firms to exit the market thus restoring market equilibrium.

The importance of integrated marketing communication

Integrated marketing communication tools are very important in a retail industry because it is a very successful communication with the customers and important to make sure the business generates sales and profit. Develop and implement in promotional mix can encourage the target audience to buy our products and manage with a budget that the retail industry can afford. Besides, promotion mix can help the retail industry to achieve their objectives.

CUSTOMER RELATIONSHIP MANAGEMENT IN RETAILING

A retail CRM is optimized to support the high frequency, repeat purchasing of a business-to-consumer (B2C) model. A good retail CRM will provide insights on when it's best to reach out to a specific customer again and what the customer is likely looking for. With a powerful CRM

system and a proactive approach, you can gather information about your customer base and use the data to sell more, market better, and grow your business effectively.

How it works?

A customer relationship management system is capable of collecting and storing useful customer information about your customer base. With automated data collection or manual entries, you can build a great wealth of powerful information that you can use to improve your company and make more money.

CRM systems are capable of gathering and storing data about individual customers.

Such data can include:

- Demographic information
- Shopping patterns
- Purchase history
- Preferences
- Contact information
- Customer service notes
- And more

There's really no limit to how detailed you can get when building out a customer profile. There are a lot of CRMs on the market today that are able to automate most of the data entry so long as they're properly integrated with other platforms to receive information. Other platforms can include e-commerce software, inventory control, payment processing software, etc.

Benefits of CRM in the Retail Sector

Once you understand the importance of CRM in the retail sector.

You can use it to gain a marvelous combination of business-boosting benefits:

- Make your customers happier
- Strengthen customer loyalty
- Improve company performance
- Spend less money on ineffective marketing
- Create successful marketing campaigns with a higher ROI
- Increase customer retention rate
- Encourage repeat sales and return customers

How to Use Retail CRM

A CRM should provide your sales team with an all-in-one solution so that they are not relying on multiple resources to accomplish the most fundamental tasks. The purpose of a CRM system is to give the entire team a comprehensive view of a customer's entire journey, including all customer interactions with your company, so that they can look broadly at what's been going on but also dive into the nitty gritty when necessary.

In order to achieve this 360° view, your CRM needs to provide a way for users to store data and then analyze this data for you. Below is a breakdown of how a single user should be able to move through a CRM in order to accomplish his or her goals.

Update Customer Data

The first step in a salesperson's process is determining who to contact and why. The more data they have access to in order to make this decision, the better. A CRM should ideally get you started by helping you with contact management in a way that's automated, such as by integrating with your e-commerce or POS systems like Endear do.

Having these sources populate your CRM in real-time will take unnecessary work off your team's plate and also ensure that no opportunity falls through the cracks. Your team should also be able to enhance these records with their own intel that they may have gathered through an in-person meeting or a phone call.

Your CRM should also take care of keeping all this data updated for you. Nothing is scarier than unreliable data, especially if you're using it to decide what to say to a retail customer or what flow to enter them into. The more you can count on your CRM to manage your data for you, the more time you can dedicate to the tasks that require a truly human touch.

Message your Customers

As we've learned, personalization has a very positive effect on conversion—but it can also require more time and effort. Your CRM should help you to reach customers more easily without having to sacrifice this impactful personal touch.

A CRM should also provide you with insights about your outreach that most standard communication channels won't, such as which recipients are opening and interacting with your messages. You can then use this data to better understand who you ought to follow up with, and ensure you're not letting important customers get away. Most CRMs will also provide you

with various channels (such as email, text, or social media) from one centralized platform, which again reduces friction as you go about your day.

Manage Assets

A big part of any sales organization is the collateral you put together to support your sales process. For B2B businesses, that might be a deck or one-page overview of your product. For retail, that might be a digital invite to an event or a look book of recommendations to help customers determine what they want to buy next.

It's important that your entire sales team have easy access to these resources, and that these resources are easy to upload, share, and leverage as part of outreach. If your CRM can automate the import of key assets such as your product inventory, your team will be in even better shape.

Collaborate with Your Team

Especially when it comes to outreach, it's important that everyone on your sales team is aware of what everyone is working on and no one is stepping on anyone else's toes. The last thing you want is for a customer to receive the same message from multiple people at your company.

That's why it's important for your CRM to keep track of everyone's activity and enable users to communicate with one another. For example, in Ender's retail CRM, any user can comment on a customer's profile or leave a task for someone else on the team related to that customer. Especially if you have different management levels as part of your organization, managers will want to make sure they can direct their team's attention to critical tasks.

Optimize Your Strategy

As the writer Terry Pratchett wrote, "If you do not know where you come from, then you don't know where you are, and if you don't know where you are, then you don't know where you're going."

The entire purpose of being able to track every detail in your CRM is to use that customer information to figure out how you and your team can improve. With your CRM features, you should be able to answer questions like, "Which kinds of customers respond best to my texts?" or "Which products is this audience most interested in?" While a CRM can help you answer those questions, it's still on you to dedicate the time to asking them. In this area in particular, your CRM should serve as an extra set of hands on your team, helping you to determine how you can continue to improve performance across the board.

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Components of Customer Relationship Management

1. Sales Force Automation

Sales Force Automation is the most essential components of customer relationship management. This is one such component that is undertaken by the maximum business organizations. It includes forecasting, recording sales processing as well as keeping a track of the potential interactions.

It helps to know the revenue generation opportunities better and that makes it very significant. The component also includes analyzing the sales forecasts and the performances by the workforce. To achieve an overall improvement in the development and growth of the industry, numerous components work hand in hand to form sales force automation as a consequent unit. Some of the major elements of the same are Lead Management, Account Management, Opportunity Management, Forecasting, Pipeline Analysis, Contact Management, Activity Management, Email Management and Reporting.

2. Human Resource Management

Human Resource Management involves the effective and correct use of human resource and skills at the specific moment and situation. This requires to be making sure that the skills and intellectual levels of the professionals match the tasks undertaken by them according to their job profiles. It is an essential component not only for the large scale corporations but the medium industries as well. It involves adopting an effective people strategy and studying the skills or the workforce and the growth being generated thereby designing and implementing the strategies needed accordingly with the aim of achieving development.

3. Lead Management

Lead Management as the name suggests, refers to keeping the track of the sales leads as well as their distribution. The business that are benefitted by this component of CRM the most are the sales industries, marketing firms and customer executive centers. It involves an efficient management of the campaigns, designing customized forms, finalizing the mailing lists and several other elements. An extensive study of the purchase patterns of the customers as well as potential sales leads helps to capture the maximum number of sales leads to improve the sales.

4. Customer Service

Customer Relationship Management emphasizes on collecting customer information and data, their purchase information and patterns as well as involves providing the collected information

to the necessary and concerned departments. This makes customer service an essential component of CRM.

Almost all the major departments including the sales department, marketing team and the management personnel are required to take steps to develop their awareness and understanding of the customer needs as well as complaints. This undoubtedly makes the business or the company to deliver quick and perfect solutions and assistance to the customers as well as cater to their needs which increases the dependability and trust of the customers and people on the organization.

5. Marketing

Marketing is one of the most significant components of Customer Relationship Management and it refers to the promotional activities that are adopted by a company in order to promote their products. The marketing could be targeted to a particular group of people as well as to the general crowd. Marketing involves crafting and implementing strategies in order to sell the product. Customer Relationship Management assists in the marketing process by enhancing and improving the effectiveness of the strategies used for marketing and promotion.

This is done by making an observation and study of the potential customers. It is a component that brings along various sub-elements or aspects. Some of the major elements of marketing are List Management, Campaign Management, Activity Management, Document Management, Call Management, Mass Emails and Reporting. The use of the aforesaid elements varies from business to business according to its nature and requirements as well as the target crowd.

6. Workflow Automation

A number of processes run simultaneously when it comes to the management and this requires an efficient cost cutting as well as the streamlining of all the processes. The phenomenon of doing so is known as Workflow Automation. It not only reduces the excess expenditure but also prevents the repetition of a particular task by different people by reducing the work and work force that is getting wasted for avoidable jobs. Routing out the paperwork and form filling are some of the elements of the process and it aims at preventing the loss of time and excess effort.

7. Business Reporting

CRM comes with a management of sales, customer care reports and marketing. The customer care reports assist the executives of a company to gain an insight into their daily work

management and operations. This enables one to know the precise position of the company at any particular instance. CRM provides the reports on the business and that makes it play a major role here. It is ensured that the reports are accurate as well as precise. Another significant feature is the forecasting and the ability to export the business reports on other systems. In order to make comparisons, one can save historical data as well.

8. Analytics

Analytics is the process of studying and representing the data in order to observe the trends in the market. Creating graphical representations of the data in the form of histograms, charts, figures and diagrams utilizing the current data as well as the one generated in the past is essential to achieve a detailed understanding and study of the trends. Analytics is an extremely significant element of Customer Relationship Management as it allows making in-depth study of information that is required to calculate the progress in the business.

Different components of Customer Relationship Management are associated with different elements mainly, the customer acquisition, improved customer value and customer retention. Various marketing applications are carved out to acquire more customers whereas data warehousing and analytical tools help the business to hold customers with a better communication and relationship. In order to enhance the customer value among the existing and future customers, there are a number of data warehousing and analytical tools.

Overall, each of the discussed components of Customer Relationship Management is very essential to improve the work structure as well as the market response to the business and their products.

TECHNOLOGY IN RETAIL MARKETING DECISIONS

The current digital revolution is changing every aspect of our daily lives, including the way we shop. The Retail world is one of the sectors most affected by the spread of new technologies, in a process which started in the 1950s with the use of the first barcodes. This innovation enabled the creation of Retail, dominated by the establishment of department stores and hypermarkets. The arrival of the Internet in the 1990s saw the beginnings of e-commerce and with it the creation of Retail.

Technological developments in this sector have happened so fast that we are already talking about Retail or Digital Retailing: an industry dominated by the introduction of Omni-channel commerce and the need to provide a new way for consumers to relate to products.

How the Decision-Making Process will Change

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The decision-making process prior to purchase has been strongly influenced by the advent of new technologies, mainly thanks to the mobile phone. Indeed, the Smartphone provides the best means of collecting information about consumer preferences and buying patterns. At the same time, it has become the consumer's favorite way to purchase. It saves time, because you do not have to physically go to the shop and queue at the cash desk, and also money. Special offers are more commonly available online and are often tailored to the preferences of the individual consumer.

Many shops are therefore moving in this direction, developing apps and creating advertising campaigns to increase their presence on social networks. The aim is to communicate their Brand Identity and to ensure a memorable Customer Experience which is capable of influencing the consumer's decision-making processes and also customized to meet his needs and tastes.

Proximity Marketing and Customization

Nowadays, anyone walking down the street probably has one – or even two – smart phones in his pocket. Many companies are taking advantage of this widespread use of mobile devices to enable proximity marketing initiatives.

One of the most commonly used proximity marketing techniques is based on Beacon technology, allowing devices to transmit and receive brief messages over short distances via Bluetooth. The Beacon device sends messages containing the information, which you can then receive through a special app installed on your mobile device. For the former, the benefits start even before entering the shop. As you approach it, you will receive flyers and promotional messages on your device, as well as precise directions to the store. Then once you are walking around inside the store, you can receive offers and further details about the product closest to where you are.

The advantage for the store is to be able to accumulate a lot of data, which leads to an understanding of how the customer makes his purchase, how he moves around inside the store, and how he makes decisions prior to purchase. In addition, sending out promotional messages based on previously collected data helps to establish customer loyalty and so encourages the customer to buy a product or service. The use of proximity marketing therefore allows the store to further customize the customer's experience by emailing him targeted offers with push notifications or coupons.

A better Customer Experience

There are also other solutions that can be used in-store, and which play an important role both in improving the Customer Experience and in supporting the sales force, such as tablets to confirm the presence of a particular product in store.

For the customer, there are various solutions being developed such as the virtual dressing room, which allows you to try on items virtually, either at home or in-store; or there's the interactive shop-window, equipped with touch screen technology that lets you view products even before entering the store. The use of multimedia totems is also becoming increasingly widespread. These allow you to browse through the catalogue while in the store, to obtain more information about products and services, to check for availability or to buy online. However, other means are being used as well as advanced technologies.

Many stores are placing an increasing focus on an engaging Customer Experience, with interesting temporary installations or the use of large screens to immerse consumers in the Brand. This Brand immersion can be further increased by the use of solutions involving Augmented and Virtual Reality.

Role of Technology in the Retail Industry

- **Point of Sale**

Until very recently, customers have had to stand in long lines to purchase their merchandise. Thanks to technology, though, customers can check out from wherever they are in the store through handheld computers, scanners, and printers. This has significantly improved the satisfaction of customers because before, about 10% of customers would leave without making a purchase if they had to wait a long time in a long line.

The use of technology in retail has also made payment processes easier with contactless payments. These payment methods use RFID or NFC technology to allow the customer to make their purchase with their Smartphone or even watch. This technology has eliminated the need for passwords or PINs and has streamlined the checkout process for customers. Faster transactions have led to higher sales volumes in stores that offer remote POS and contactless payments.

- **Customer Service**

When customers have to wait in long lines to purchase their items or can never find an associate to help them out, they get frustrated with the store and their satisfaction goes way down. Technology changes this by offering customers the help they need with self-help kiosks. These kiosks have helped businesses save money and increase the satisfaction of their customers. Machines like self-help kiosks are an excellent application of IT in the retail industry.

Technology has also improved the way customers shop online by providing a more personalized shopping experience. Technology is also being used by companies to offer their customers virtual views of products through augmented reality. Augmented reality allows customers to get a better idea of what they want to purchase before they make their final decision. With this technology, businesses have improved the experience of their customers and increased their sales.

- **Management of Inventory**

The practice of managing inventory has always been very costly for businesses. With technology that can track inventory through its purchase cycle and offer real-time information about the product to management, inventory management has gotten better and is costing companies a lot less. With technology tracking items and offering real-time updates about the items, managers have a much better sense of what is being purchased and what items they need to order to keep their merchandise stocked. When technology is used to keep track of inventory, store merchandise is more organized and the potential for employee theft is drastically decreased.

- **Price Auditing**

Just like with inventory management, price auditing has been a time-consuming and costly process for businesses. Price auditing is necessary, though, for companies to ensure that they're not overcharging or undercharging their customers. Technology has streamlined this process by automating price checks when products are scanned. This creates more accurate pricing, saves store employees a lot of time and creates better trust between the store and the customers. The impact of this information technology in retaining has been very great and beneficial.

Technology is changing many industries and benefitting many companies and customers. It is essential that companies stay up-to-date with changing technology and ensure that they are utilizing all technology that is available to them.