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KEY COMPONENTS OF RETAIL OPERATIONS:

In order to ensure a smooth flow of operations at the store level, it is necessary that the management defines processes and has the people and the resources to implement them.

Typically, operations. in a retail store, the following tasks need to be performed:

1. Store Administration and Management of the Premises

2. Managing Inventory and Display

3. Managing Receipts the

4. Customer Service

5. Managing Promotions, Events, Alliances and Partnerships.

Let us now examine each of these elements in detail.

1. **Store Administration and Management of the Premises:**
   i. Store Administration:
   - **S**tore administration deals with various aspects, like the cleanliness of the store premises, maintenance of the store façade and the display windows, etc.
   - Administration is also responsible for utilising the store personnel effectively.
   - Time keeping for the store staff is important. It is also necessary to keep track of holidays and the shifts that the staff may be required to work.. This involves the task of cleaning the store and arranging the merchandise before the first customer can walk into the store.
   - An important task of administration involves ensuring that all the required permissions and licenses to run a retail establishment are procured from the right authorities.
   - It is also necessary that the health and safety norms as required by the law of the land are met and satisfied.

   ii. Management of the Premises:
   Managing the operations of a retail store, starts by determining how the tasks pertaining to the premises are to be performed.
   - Firstly, it is also the duration of the hours for business need to be determined. It is necessary to specify with whom the responsibility of opening and closing the store lies. For example, a supermarket selling groceries will need to have early opening hours as compared which to a lifestyle store may open a little late in the day and remain open for longer hours in the evening.
   - The second factor, which affects the working hours of a retail store, is the store location. A free store can standing operate at hours that it chooses to, while a store which is a part of a mall will shopping center or need to follow the hours decided upon by the management of the mall.
   - Security of the store premises and of the merchandise in the store is equally important. The size of the retail store and the level of operation determine the level of security required. A small Independent retailer may not really need security lor his premises, but a large department store may consider it necessary.
   - Inventory shrinkage may arise due to theft by employees, customers or by error on the part of the store at the time of receiving merchandise.
   - A large number of retailers across the world use specially designed tags, which are attached to products. These tags are sensed by the electronic devices specially designed

to detect them and are usually placed at the store entrances and exits.

- The other device used for monitoring the movement of customers and staff is video cameras. Some retail stores also provide separate entrances and exits for store staff, so that they can be checked each time they leave and enter the store premises.

2. **Managing Inventory and Display:**
   - At the store, the store staff does the management of this inventory. Responsibilities with respect to merchandise at the store level involve receiving and inwarding the goods. Once the merchandise is received at the store, the quantity and other details like colour, style and size have to be checked with the document accompanying the goods to detect any discrepancies.
   - An integral part of managing inventory at the store level is displaying it correctly. The best merchandise may lie unsold if it is not displayed in a manner that is appealing and convenient for the customer.

3. **Managing Receipts:**
   - Managing receipts involves defining the manner in which the retailer is going to receive payment for the sales.
   - The most common method for receiving payments for goods sold in India, is cash or by credit card.

4. **Customer Service:**
   - The customer service policy to be adopted by the retailer is decided upon by the top management. This is actually put into practice by every person working within the retail store.
   - Customer service does not have to begin and end at the customer service counter in the retail store. Each person on the floor of the retail store can ensure that the customer who comes in contact with him or, her is comfortable and has a pleasant shopping experience.

5. **Managing Promotions, Events, Alliances and Partnerships:**
   - Events and promotions are very much a part of the retail marketing scene. This may require hiring of additional staff, working the existing staff in shits, running a short training programme on the features of the promotion, the hours and the specialty of the merchandise.
   - Many a times, a retail store may have a tie up with a local partner, to promote certain products or services. This has to be managed at a store level.

ROLE AND RESPONSIBILITIES OF A RETAIL SALESPERSON

1. A retail salesperson acts as an interface between the retailer and the customer.
2. A retail salesperson communicates with the customer to help him evaluate the merchandise and encourage him to buy the product.
3. Once the customer enters the retail store, it is the salesperson who provides information about the product and ensures that the customer buys the product.
4. The salesperson can tailor his communication according to the requirement or individual customers, making him the most effective communication vehicle for the customer
5. In a retail store selling merchandise like shoes, consumer durables or automobiles, a salesperson assists customers to locate the merchandise they are looking for.
6. If a person seems to be a potential customer, the salesperson has to creates interest in him/her to buy the merchandise.
7. To generate interest salesperson describes the product's features, demonstrates its use, and also various models and colors available in the retail store.

8. If the salesperson working in a retail consumer durable store, he has to explain the features of the products, the availability of models in the retail store, options available as well as ways to finance the product.

9. By providing efficient service and being courteous, a salesperson helps the retailer gain good reputation and remain competitive in the market.

10. The role of the salesperson varies from one retail store to another. The nature of the job depends on the retail store the salesperson is working for. A salesperson working in a department store or an apparel store, has the responsibility to prepare sales cheques; receive cash, check, and charge payments; and give out change and receipts. Moreover, he would have to take up different responsibilities based on the time of the day that he works. Occasionally, he may have to open or close cash registers, check the cash, separate charge slips, coupons, exchange vouchers and make deposits at the cash office.

11. Salespersons in a retail store are also responsible for handling returns and exchange of merchandise, gift wrapping and maintaining the cleanliness of the store. They have to help stock shelves or racks, arrange for mailing or delivery of purchases, mark price tags, receive inventory, and prepare displays.

12. The work of a salesperson during special sales and promotional activities becomes highly demanding. At such times, salespersons should take care of the security risks and thefts and take adequate measures to prevent such situations.

13. Product knowledge is one of the criteria for successful retail selling. Understanding the features of the merchandise and its characteristics helps the salesperson meet the customer's' demands in a better way.

THE IMPORTANCE OF INFORMATION TECHNOLOGY IN RETAIL

The importance of information technology in retail stems from the importance of data. Data is nothing but information that aids decision-making. The right data, in the right form to the right set of people at the right time, is one of the greatest tools in the hands of the retailer. Information is always with reference to a particular time frame.

Let us consider an example of a customer at a department store. After selecting some goods, he proceeds towards the billing counter. Here, the billing clerk scans each product at the POS (Point of Sale) terminal, the total number of items and the bill amount is added up.

While doing so, he has also checked with the customer if he is a member of the store's loyalty programme. The customer confirms that he is, gives him the store card for entry, makes the payment by way of credit card and exits the store with his purchases. While to the customer, it is just a routine purchase, let us look at the information that the store has gathered from this transaction and how the information helps the retailer.

1. **Efficient Stocking of Merchandise:**

   The items purchased provide information on merchandise sold in the store; this is the basis of sales analysis and decisions on replenishment, re-ordering and merchandise planning. If this information is passed on to the manufacturer, it can help reduce production time. This is particularly true in case of fashion items, which have a very short life cycle. For example, data gathered in this manner may indicate youngsters buying certain styles in jeans or colours in tee shirts from the store. To service this section of the audience, the retailer may need replenishments faster. The use of technology aids the collection and transmission of information. The trends in sales can be analysed. This helps avoid situations of stock-out and also helps spot merchandise or products, timely markdowns and higher inventory turns.

2. **Collection of Data:**

   The use of technology aids data collection. Data can be collected about consumers, their purchases. the frequency of their buying and the typical basket size. This information helps the retailer distinguish the customers who shops at his store frequently and also reward them. For example information gathered about a customer may reveal preferences for certain

brands, this may be issued for further communication with the customer regarding promotional offers, etc. The data on purchases made is also passed on to the credit card organisation, for payment to the merchant establishment and also for billing the customer.

3. **Efficiency in Operations:**

The use of information technology serves as a basis for integrating the functioning of various departments. When a retailer decides to use the power of technology to aid business, investment in terms of money is usually high. However, the benefits of the use of information technology are many. As the process gets automated, the time involved in a particular task is reduced. For example, a person manually billing a customer for purchases made will take a longer time as compared to a person who is needed to Scan in the items using the point of sale systems.

4. **Helps Communication:**

Communication within the organisation can be faster with the use of software like Lotus Notes. Retail stores can also communicate with each other and with the warehouses. This can be done 24 hours a day and seven days a week. Electronic Data Interchange (EDI) can also be used for communication with suppliers and vendors.

The information needs of the retailer largely depend on the size and the spread of the organisation. In most cases, a small boutique operator or a small retailer like the baniya can do manual billing and gather a fair amount of information by making a phone call or making a personal visit to the store.

With an increase in the number of stores and/or an increase in the number of products sold in the store, gathering of information becomes crucial. Technology plays a vital role in gathering this information and making it available to the right set of persons.

FACTORS AFFECTING THE USE OF TECHNOLOGY:

While every retailer may want to harness the power of technology and use it to its optimum advantage, many factors affect its use. The chief among them are:

1. **The Scale and Scope of Operations:**

The size or the scale of operations is the key factor influencing the decision on the type of systems required. In case of a small retailer, the significance is much lower as compared to that for a large chain retailer, who operates at a national or an international level.

2. **The Financial Resources Available to the Organisation:**

Many a times, the financial resources available to the firm for investment in technology are a crucial differentiating factor. The retailers in mature markets may invest significantly higher amounts in technology than their Indian counterparts. In India, investment in technology varies significantly with the type and size of operations and the estimated payback period.

3. **The Nature of the Business:**

The industry that the retailer operates is an important factor affecting the requirement and the use of technology. For example, a retailer who is a part of the fashion industry, needs to track consumer demands and changes in buying patterns at a much faster pace than a retailer operating in the consumer durables industry. While both need technology, the changes in demand are significantly higher in the fashion industry. By analysing sales data, changes in buying patterns can be tracked. Changes can be made at the production level if this information is passed on to the manufacturer. On the other hand, an increase in demand for certain products can also be tracked and production can be realigned much earlier to avoid a stock out situation. 4. Human Resources Available:

The retailer needs people to build and implement technology solutions. People need to understand the complexities of the business that the retailer operates in and at the same time, the type o technology that will suit the business. They not only need to implement the

system, but also to train people within the organisation on its use and applications. It is for this reason that Information Technology is many a time, termed as the backbone of retail.

Supply Chain Management:

Emergence of major retailers in the market place has resulted in specific forms of distribution. The retail product passes from the retailer to consumers. The retail product should reach the consumer at the right time, in right quality and at the right place. This needs an efficient supply chain distribution system. A distribution system is a channel which brings products to the place of sale. It is the means by which the retailers. gains access to the potential buyers of the product. The supply chain management, when linked with information technology becomes effective. An effective retail distribution increases the overall profitability of retail distribution. Retailing cannot be separated from an understanding of the supply chain management.

Definition of retail supply chain management:

Davies (1993) defines supply chain management-in the following words:

"The management of resources to the product and service needs of the end consumer, encompassing the supply chain of any physical products and the exchange process involved".

The supply chain encompasses all the activities and exchanges involved in extracting, processing, manufacturing and distributing goods and services from raw materials to the end consumer. Supply chain has to be effectively managed to meet the customer needs with the greater efficiency.

The supply chain is an arrangement between paired links with an emphasis on controlling and managing the relationships in order to move products through the process effectively.

Features/ Objectives of the supply chain:

The supply chain should achieve
1. Reduced inventory and storage investment in the chain
2. Improved end - user and customer service benefits through productivity and effectiveness (faster order cycle time, improved on-time shipment, lack of damage or defects, etc.)
3. Development of strong relational links and hence a strong chain in order to build competitive advantages and
4. Lower procurement, transportation and unit costs which will aid competitive pricing to increase value added benefits.

Problems in supply chain
1. Channel relationships are strained:
   The whole chain is dependent upon the interaction between any two parts of the chain. The working relationships should be good and provide the service and economies required. But in practice the relationships are often strained. They contain rivalry, mistrust and shrouded in secrecy.
2. Lack of co-ordination among channel members:
   The present market witnesses the increased use of multiple channels of distribution. They are competitive and lead to the deterioration in coordination and cooperation between channel members.
3. Disproportionate value from supply chains:
   The channel partners are not conducive to retailers. So, they are not able to derive increased added value from the supply chain.
4. Channel persons are not committed to improvement:
   Parties to the channel Should be committed to invest in enhancing the channel efficiency. They should a1so work for mutual advantage. When channel partners are self centered, the value of the supply chain decreases. .

5. Channels become unviable: Channels become uneconomic owing to unhealthy support of existing traditional practices, disregard of the importance of information, lack of entrepreneurial ideas regarding innovation, renewal and development, and organisational culture of inflexibility.

E-TAILING:

DEFINITION

E-commerce encompasses the entire world of electronicallybased organizational activities that support a firms market exchanges-including a firm's entire information systems infrastructure. On the other hand, e-business encompasses the entire world of internal and external electronically-based activities, including e-commerce.

E-tailing retailers should ensure the following to attain success in e-tailing:

1. **Display the total charges:**
   Online retailers should avoid adding hidden charges to the amount quoted for the product in the websites. Retailers can earn customers' confidence by giving them a clear picture of all the add ons like shipping charges, handling charges and taxes.

2. **List the cart contents:**
   The shopping carts in websites should not only list out the items selected, but should also display the total purchase value so that the shoppers can keep track of their spending

3. **Let the shoppers change orders :**
   Providing online shoppers the flexibility to remove and replace the items and quantities even after billing may increase the purchases. The customers then would add items they wish to buy as well as those that they need because they have the choice of deferring the purchase even minutes before paying the bill.

4. **Save cart contents:**
   When shoppers select some items and leave the site without purchasing, such cart contents should be saved for some period of time (especially expensive items). This is because online shoppers are often found to return to the site to buy the selected items.

5. **Make shoppers aware of special promotions:**
   The special offers associated with the purchases should be highlighted so that the customers know about them. This can be done by placing special links on the home page

6. **Keep the order status traceable :**
   Once the shoppers have selected the items and made the payments, they should be able to trace the status of delivery. Websites should enable the shoppers to check the site to track whether the items are held up due to some problem or whether they are on the way. The order status should also be e-mailed when the delivery is being delayed.

7. **Provide multiple destination deliveries:**
   The shoppers may sometimes want a part of their purchases (in case of gifts) to be delivered to one place and the remaining to another place. The site should enable the customers to do so with ease. Some sites even offer a choice in gift wrapping services along with an option to add personalized messages.

8. **Ask for minimum information :**
   The registration process should be kept simple by requesting shoppers to provide only relevant information needed to process the order. Moreover, in case customers may have to go back to the registration form to fill in some missed out information or to correct Some details, the details filled earlier should not be cleared.

E-COMMERCE BUSINESS MODELS:

The business model spells-out how a company makes money by specifying where it is positioned in the value chain. E-commerce market in India has started to become crowded and complex with several players fighting for a fair share of customers' mind and wallet. As competition in the e-commerce heats up, companies are using the following multiple business models to get customers:

Business-to-business:

A website following the business-to-business (B2B) business model sells its products to an intermediate buyer who then sells the product to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end-product to the final customer who comes to buy the product at one of its retail outlets.

Business-to-consumer:

The most commonly discussed type of online retailing model is business-to-consumer (B2C), in which online businesses attempt to reach individual consumers. A customer can view and choose the products shown on the website and place an order. The website will then send a notification to the business organization via email and the organization will dispatch the product or goods to the customer. Amazon.com and Flipkart.com are examples of this type of model.

Consumer-to-consumer:

Consumer-to-consumer (C2C)online retailing provides a way for consumers to sell their assets such as residential property, cars motorcycles, or rent a room, with the help of an online market maker such as OLX or Quicker. A website may or may not charge the consumer for its services. In C2C online retailing,the consumer prepares the product for market, places the product for auction or sale, and relies on the market maker to provide catalogue, search engine, and transaction-clearing capabilities so that products can be easily displayed, discovered, and paid for OLX the comparison of interest rates of personal loan/car loan provided by various banks via websites. A business organization, which fulfils the consumer's requirement within specified budget, approaches the customer and provides its services.

Business-to-government:

Business-to-government (B2G) model is a variant of B2B model. Such websites are used by the government to trade and exchange information with various business organizations. These also provide a medium to businesses to submit application forms to the government.

Governments use B2G model websites to approach business organizations. Such websites support auctions, tenders, and application submission functionalities. The central public procurement portal of Government of India facilitates all the central government organizations to publish their tender enquiries, corrigendum, and award of contract for private

vendors/suppliers. The system also enables the users to migrate to total electronic procurement mode. The primary objective of this portal is to provide a single point access to the information on procurements made across various central government organizations.

Government-to-citizen (G2C):

Governments use Government-to-citizen model websites to approach citizens in general. Such websites support of auctions of vehicles, machinery, or any other material, and also provide services such as registration for birth, marriage, death certificates. The main objective of G2C websites is to reduce the average time for fulfilling citizen's requests for various government services.