1. A. **Retailing**, the selling of merchandise and certain services to consumers. It ordinarily involves the selling of individual units or small lots to large numbers of customers by a business set up for that specific purpose.

b. 1. Shift from Unorganized to Organized Retailing:

Retailing in India is thoroughly unorganized. There is no supply chain management perspective. The key factors that drive the growth of organized retailing in India are higher disposable incomes, rising urbanization, growing consumerism, nuclear family structure, growing number of educated and employed women population.

2. Store Design:

Irrespective of the format, the biggest challenge for organized retailing is to create an environment that pulls in people and makes them spend more time in shopping and also increases the amount of impulse shopping.

3. Competition:

Competition is increasing between different types of retailers. Discount stores, departmental stores, supermarkets, etc. all compete for the same customers. The small independent retailers survive by providing personal services to the customers.

4. New Form of Retailing:

Modem malls made their entry into India in the late 1990s, with the establishment of Crossroads in Mumbai and Ansal Plaza in Delhi. India's first true shopping mall, 'Crossroads'—complete with food courts, recreation facilities and large car parking space—was inaugurated as late as 1999 in Mumbai. Malls have given a new dimension to shopping experience.

5. Technology:

Technology today has become a competitive tool. It is the technology that helps the organized retailer to score over the unorganized players, giving both cost and service advantages. Technology has also made possible the growth of non-store retailing.

6. Consumer Buying Behaviour:

In India, there are no uniform trends with respect to consumer buying behaviour. There are visible differences in the shopping pattern of consumers across income segments. Organized retailing has definitely made headway in the upper class.

However, even in this segment, items such as milk, fruits, vegetables and a significant portion of 'through-the-month' purchases seem to be done at traditional outlets. Organized retail outlets seem to be associated with branded items/special purchases. Organized retailing does not seem to have made an impact on the lower class, except for 'curiosity' shopping.

7. Entertainment:

Modem retail formats provide a place for people to assemble, and a means of entertainment, by providing facilities such as food courts, mini theatre, children's play spaces and coffee shops. These facilities help the customers enjoy shopping.

c. #1: Consumers are Choosing Multichannel Buying Experiences

With more complete e-retail experiences available, and shipping times greatly reduced, it is little wonder around 96% of Americans utilize online shopping in one way or another.

However, those same Americans **spend about 65% of their total shopping budget in traditional brick-and-mortar** locations.

In other words, while almost everyone *is* shopping online, they are making *more* purchases in-store.

Customers are moving seamlessly between online and offline experiences, and are open to retailers who can best facilitate these transitions. The explosion in mobile retail means in-store research and showrooming – the practice of viewing a product in-store only to make the purchase online – are now more common than ever.

On the other side of the coin, online orders can be delivered to a local store – often for free – further closing the divide between online and offline retail.

The solution here is to focus on creating a second-to-none customer experience across all channels. Customers are looking for retailers they can trust to deliver exceptional service time and again.

The right customer data can help them, creating an omnichannel customer experience which allows consumers to interact wherever and however they wish by incorporating real-time feedback across channels and devices – engaging the customer wherever they may be.

#2: Customers Expect a Seamless Experience

When transitioning between online and in-store experiences, customers not only want the same products to be available, they also want their experience to be seamless.

This means, if they are a regular online customer, they want to be treated like a regular customer when they visit a brick-and-mortar location. If they made an online purchase earlier in the day, the in-store systems should already have a record of it.

If retailers can create this type of fluid online/offline experience for their customers, they can cease pitting their channels against one another. Centralized customer data can help retailers build a seamless, fluid experience – beginning with an easily-accessible customer profile.

Loyalty programs can help, by collecting relevant information and putting it to use. A retailer can use its loyalty program to not only reward customers, but deliver relevant content and integrate data across all interaction points – including online interactions, in-store sales, and home service technicians – creating an integrated, omnichannel customer experience.

#3: To Attract Customer Loyalty, Retailers Need an Experience Which Stands Out

Customer experience is the biggest contributor towards brand loyalty, with a negative experience being the most significant factor in affecting a customer's likelihood to make a repeat visit.

Don't forget, most customers also serve people in their own working lives, meaning when they are on the other side of the counter, they want to feel important.

While promotions and offers can certainly contribute towards helping customers feel like they are special, the real key to an outstanding experience is personalization.

Getting to know customers from their previous purchases and interests can help retailers drive loyalty. These insights can be gleaned from data, or even a simple conversation. The size of the business will no doubt inform which of these methods is more convenient, but nobody should be too big for a quick chat with a regular customer.

Personalized content and offers can be delivered via the customers' preferred contact method – even a personalized email subject line can make a world of difference – anticipating their wants and needs, and guiding them down the sales funnel towards their next purchase.

#4: A Siloed Marketing Infrastructure Makes It Expensive and Unwieldy to get Your Message Across.

Modern marketing makes it necessary for businesses to engage with their customers across many different channels. From SMS, to email and social media, multi-channel communications are essential to engagement which, in turn, drives the creation of the perfect customer experience.

However, with so many separate channels, it’s not uncommon for customer data to become siloed. If all the moving parts of a marketing department are not communicating efficiently and working together, customers can become overwhelmed with conflicting or repeat messages.

This bombardment of marketing communications can easily have the opposite of the intended effect and drive customers to competitors with a clearer and more congruent message.

The right technology and communication procedures can ensure all arms of a marketing team are on the same page. Having a clear strategy will ensure all channels are working together instead of against one another – saving time *and* money.

#5: So Many Technologies Exist to Drive Marketing and Sales, but They Don’t Seem to Work Together

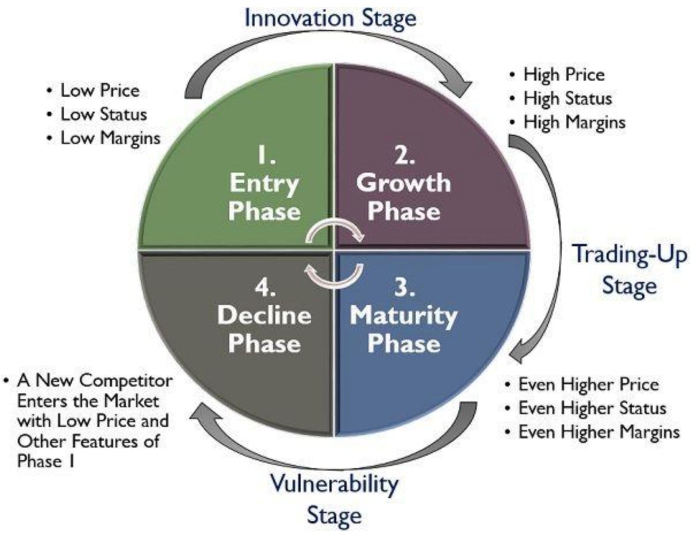
While the amount of data gathered by businesses keeps growing at an alarming rate, the number of staff available to analyze it is staying more-or-less the same.

What’s important, then, is making sure all this data is being used in the correct way and not contributing towards the data silo problem.

This means finding a technology solution which can handle the huge amount of data being generated and ensure it is focused in a direction which best benefits – rather than overwhelms – marketing efforts.

The data scientist approach to marketing is only going to become more prevalent as time goes on so when creating a truly unified omnichannel service.

2.a. This **theory** suggests that retail innovators often first appear as low price operators with a low cost structure and low profit margin requirements, offering some real advantages such as specific merchandise which enables them to take customers away from more established competitors



b.

Quad 1: Entry

The initial phase of the wheel of retailing is when the organization enters the market with limited products at a very reasonable price, keeping a low margin.

Since the business entity still needs to build its reputation at this stage, and the consumers are not very much aware of the organization.

Moreover, the organization provides minimal services and the infrastructure used is usually low cost and temporary. Thus, at this level, the company tries to penetrate the market with a low price strategy.

Quad 2: Growth

With the low price strategy, the organization can build its reputation in the market. At this level, the retailer can adopt growth strategies like slightly hiking the price of the products, widening the product category, upgrading the store and providing additional services.

This is the phase where the organization can keep a better margin since more and more consumers prefer to buy the products. Now, the retailer concentrates on the other aspects of competitiveness, rather than price.

Quad 3: Maturity

At this phase, the organization has gained a high reputation and established itself as a well-known business entity. Now, the business is unable to acquire more new consumers, also the customer turnover increases.

Therefore, the retailer's main area of concern at the maturity level is customer loyalty and retention by enhancing their satisfaction level.

Quad 4: Decline

This is the level where the business starts going down. The other firms enter the market with their low-priced competitive products, to drag customer's attention. In no time, the competitor's products take over the market, and the organization tend to lose its customers.

c. 1. Psychological Factors

Human psychology is a major determinant of consumer behavior. These factors are difficult to measure but are powerful enough to influence a buying decision.

Some of the important psychological factors are:

i. Motivation

When a person is motivated enough, it influences the buying behaviour of the person. A person has many needs such as the social needs, basic needs, security needs, esteem needs and self-actualization needs. Out of all these needs, the basic needs and security needs take a position above all other needs. Hence basic needs and security needs have the power to motivate a consumer to buy products and services.

ii. Perception

Consumer perception is a major factor that influences consumer behavior. Customer perception is a process where a customer collects information about a product and interprets the information to make a meaningful image about a particular product.

When a customer sees advertisements, promotions, customer reviews, social media feedback, etc. relating to a product, they develop an impression about the product. Hence consumer perception becomes a great influence on the buying decision of consumers.

iii. Learning

When a person buys a product, he/she gets to learn something more about the product. Learning comes over a period of time through experience. A consumer's learning depends on skills and knowledge. While a skill can be gained through practice, knowledge can be acquired only through experience.

Learning can be either conditional or cognitive. In conditional learning the consumer is exposed to a situation repeatedly, thereby making a consumer to develop a response towards it.

Whereas in cognitive learning, the consumer will apply his knowledge and skills to find satisfaction and a solution from the product that he buys.

iv. Attitudes and Beliefs

Consumers have certain attitude and beliefs which influence the buying decisions of a consumer. Based on this attitude, the consumer behaves in a particular way towards a product. This attitude plays a significant role in defining the brand image of a product. Hence, the marketers try hard to understand the attitude of a consumer to design their marketing campaigns.

2. Social Factors

Humans are social beings and they live around many people who influence their buying behavior. Human try to imitate other humans and also wish to be socially accepted in the society. Hence their buying behavior is influenced by other people around them. These factors are considered as social factors. Some of the social factors are:

i. Family

Family plays a significant role in shaping the buying behavior of a person. A person develops preferences from his childhood by watching family buy products and continues to buy the same products even when they grow up.

ii. Reference Groups
Reference group is a group of people with whom a person associates himself. Generally, all the people in the reference group have common buying behavior and influence each other.
iii. Roles and status
A person is influenced by the role that he holds in the society. If a person is in a high position, his buying behavior will be influenced largely by his status. A person who is a Chief Executive Officer in a company will buy according to his status while a staff or an employee of the same company will have different buying pattern.
3. Cultural factors
A group of people are associated with a set of values and ideologies that belong to a particular community. When a person comes from a particular community, his/her behavior is highly influenced by the culture relating to that particular community. Some of the cultural factors are:
i. Culture
Cultural Factors have strong influence on consumer buyer behavior. Cultural Factors include the basic values, needs, wants, preferences, perceptions, and behaviors that are observed and learned by a consumer from their near family members and other important people around them.
ii. Subculture
Within a cultural group, there exists many subcultures. These subcultural groups share the same set of beliefs and values. Subcultures can consist of people from different religion, caste, geographies and nationalities. These subcultures by itself form a customer segment.
iii. Social Class
Each and every society across the globe has form of social class. The social class is not just determined by the income, but also other factors such as the occupation, family background, education and residence location. Social class is important to predict the consumer behavior.
4. Personal Factors
Factors that are personal to the consumers influence their buying behavior. These personal factors differ from person to person, thereby producing different perceptions and consumer behavior.
Some of the personal factors are:
i. Age
Age is a major factor that influences buying behavior. The buying choices of youth differ from that of middle-aged people. Elderly people have a totally different buying behavior. Teenagers will be more interested in buying colorful clothes and beauty products. Middle-aged are focused on house, property and vehicle for the family.
ii. Income
Income has the ability to influence the buying behavior of a person. Higher income gives higher purchasing power to consumers. When a consumer has higher disposable income, it gives more opportunity for the consumer to spend on luxurious products. Whereas low-income or middle-income group consumers spend most of their income on basic needs such as groceries and clothes.
iii. Occupation
Occupation of a consumer influences the buying behavior. A person tends to buy things that are appropriate to this/her profession. For example, a doctor would buy clothes according to this profession while a professor will have different buying pattern.
iv. Lifestyle
Lifestyle is an attitude, and a way in which an individual stay in the society. The buying behavior is highly influenced by the lifestyle of a consumer. For example when a consumer leads a healthy lifestyle, then the products he buys will relate to healthy alternatives to junk food.
5. Economic Factors
The consumer buying habits and decisions greatly depend on the economic situation of a country or a market. When a nation is prosperous, the economy is strong, which leads to the greater money supply in the market and higher purchasing power for consumers. When consumers experience a positive economic environment, they are more confident to spend on buying products.
Whereas, a weak economy reflects a struggling market that is impacted by unemployment and lower purchasing power.
Economic factors bear a significant influence on the buying decision of a consumer. Some of the important economic factors are:
i. Personal Income
When a person has a higher disposable income, the purchasing power increases simultaneously. Disposable income refers to the money that is left after spending towards the basic needs of a person.
When there is an increase in disposable income, it leads to higher expenditure on various items. But when the disposable income reduces, parallelly the spending on multiple items also reduced.

ii. Family Income

Family income is the total income from all the members of a family. When more people are earning in the family, there is more income available for shopping basic needs and luxuries. Higher family income influences the people in the family to buy more. When there is a surplus income available for the family, the tendency is to buy more luxury items which otherwise a person might not have been able to buy.

iii. Consumer Credit

When a consumer is offered easy credit to purchase goods, it promotes higher spending. Sellers are making it easy for the consumers to avail credit in the form of credit cards, easy installments, bank loans, hire purchase, and many such other credit options. When there is higher credit available to consumers, the purchase of comfort and luxury items increases.

iv. Liquid Assets

Consumers who have liquid assets tend to spend more on comfort and luxuries. Liquid assets are those assets, which can be converted into cash very easily. Cash in hand, bank savings and securities are some examples of liquid assets. When a consumer has higher liquid assets, it gives him more confidence to buy luxury goods.

v. Savings

A consumer is highly influenced by the amount of savings he/she wishes to set aside from his income. If a consumer decided to save more, then his expenditure on buying reduces. Whereas if a consumer is interested in saving more, then most of his income will go towards buying products.

3a. **Integrating in-store customer data with online & offline channels**

Some retailers have found that their in-store consumers turn to mobile devices during the brick-and-mortar shopping experience to check reviews, to look for additional sizes and stock, and to browse products.

To capitalize on this, they're accommodating their mobile-savvy shoppers by making it easier to share in-store information across channels and devices, and then leveraging that customer data by following up with personalized marketing efforts.

For example: Fashion retailer Rebecca Minkoff has created a "Save your fitting room session" experience, in which fitting rooms are equipped with screens that allow a customer to save the items they liked during an in-store try-on session and then order them later from their mobile device (via the e-commerce site or call-in number.)

As a result of integrating this in-store customer data with their online and offline channels, they saw a 6-7x increase in sales in as little as 5-6 months.

Putting user-generated content to work

Other retailers are enabling customers to create branded content via in-store experiences, and then they're putting that user-generated content to work. In doing this, they're producing marketing materials that feel more organic and capitalizing on the sharing aspect of social media to expand their reach far beyond what solely internal efforts could produce.

A great example of this: Topshop's Wish You Were Here campaign. For 11 days in cities around the globe, Topshop offered free styling and makeup to participants who shared their "postcard" photos to their personal Instagram accounts, as well as to Topshop's Facebook page. Participants were also given a printed copy of the photo to take home.

As a result of this marketing campaign, Topshop generated an extra 5.3 million views on Facebook plus over 2,000 comments, as well as PR coverage in places like Mashable and Brand Republica and 600+ other blogs. The total reach for the campaign is estimated at 7.5 million people.

Harnessing data for personalization across platforms

When it comes to harnessing data collected across multiple customer touch points, some marketers have figured out how to implement processes that help them use this information to deliver more personalized future interactions. In doing this, they're able to more effectively cross-sell and upsell based on robust customer profiles.

For example: Home security retailer Vivint incorporates notes from phone calls into follow-up email retargeting efforts so that messages are extremely personalized and relevant for the recipient. If a prospect didn't convert during an initial phone call, they follow up with an email that includes a targeted offer based on the indicated reason for non-conversion.

Vivint is the largest home security retailer in the US, and it's creative marketing tactics like this one that helps them stay a leader within the niche.

Using location data to create multiple purchase opportunities

Rather than creating competing in-store or online marketing offers, some retailers are making it easier for consumers to buy in whatever way is best for them. How are they doing that? They're using the shopper's location data to showcase the nearest retail location alongside the mobile shopping experience.

A real life example: Nordstrom integrates locations of their nearest stores into the online experience so consumers can buy online or in-store (they can also buy online and pick up in-store) and see in real time how far away the nearest brick-and-mortar location is in case they prefer to shop in-store rather than online.
By making it easy for a consumer to see where the nearest retail location is, they help overcome obstacles in the way of purchase (like wanting to try an item on or to see it in person). When it's obvious that a physical store is nearby, these efforts help direct interested buyers to another place they can make a purchase after taking a firsthand look.

Email offers to spur in-store purchases

Some retailers are spurring sales by including a printable offer that can be redeemed for an in-store purchase. It's not necessarily a new idea, but it is helping drive ROI of email marketing for retailers who don't offer online checkout (think restaurants, automotive repair shops, etc).

One example of this in action: Jersey Mike's, a chain of sub shops, uses email to share offers with customers that encourage in-store purchases. And it's effective. Data shows that 85% of Americans use coupons on a semi-regular basis.
While these types of retailers don't have an e-commerce destination to drive traffic to, marketing campaigns like this one still help deliver substantial ROI through email and keep the brand name top of mind with audience members.

Combining your various digital marketing channels to boost performance

In the new digital world, it would be foolish not to combine your digital marketing channels to stand on each other's shoulders. If you have a massive and active mailing list, why wouldn't you plug your Twitter account in an email?

One of the easiest ways to do this is to add social media icons to your emails that will link to your various profiles. This is an easy and subtle way of driving traffic from one channel to the other.

If you want to take it further, you can even incentivize customers to follow you on Facebook or Instagram by offering coupons or contests for doing so.

In the above email, you can see Patreon using their email marketing campaign to invite readers to Tweet out their support for a particular person. By doing so, the reader becomes a social media advertiser for Patreon.

Not only does Patreon get engagement from the reader of the email, but they also reach a new audience through the reader's Twitter following.

What is a retail marketing strategy?

A retail marketing strategy is a plan to using marketing tools—digital or otherwise—to get customers into a store and buying a product. This kind of strategy is particularly useful for marketing ideas for small retail business, who don't have the far-reaching resources of corporate juggernauts.

As opposed to other forms of marketing strategy, this one is specifically concerned with in-store purchases. Because of this, a unique kind of marketing is called for.

To clear the air around retail marketing strategies, here are some answers to the most asked questions.

Components of retail marketing strategy

Aside from the topics that have already been covered, such as the integration of data, user-generated content, and personalization, there are some other components to retail marketing that are worth mentioning.

- In-store events, such as book signings or book clubs, which can be promoted through social media and email.
- Leveraging employees to share information about the store through their own social media channels
- Taking advantage of technologies like Instagram Stories, which can allow you to show off certain aspects of your store in an informal manner
- Remind your customers through social media and email of the benefits of buying in-store (no shipping, no waiting, etc).

The difference between retail and marketing

When you hear about retail and marketing, your brain immediately puts them in the same category. While this isn't totally off-base, they are distinct concepts.

Retail is the process of selling to people in-store. In other words, the person showing the customers around is involved in retail, not marketing.

Marketing is the process of spreading the word of your brand and selling it indirectly, whether it's through leaflets, emails, or tweets.

Both retail and marketing are part of the same process but exist at different ends. In many cases, marketing is what ropes in the customer, then marketing hands the baton to retail, who then closes the deal.

Theoretically, retail could survive without marketing—a person could always wander into a store with no prior knowledge of the brand—but it wouldn't thrive.

1. 3.b. Type Of Store You Wish To Set Up

   This is the first thing that you must consider in the process towards finding your location. Your retail store location should be consistent with the type of product that you want to sell and the type of store you want to put up.

   You might want to have a traditional specialty store, or might want to sell out of a kiosk in a mall, or might even want to open a convenience store.

   Now you need to be smart about this. Are you looking to get your brand into the public eye, but at the same time looking for a low-cost option in the initial days of your business?

   Go Pop-Up stores! Or, sell out of a kiosk in a mall. You have various options, like malls, fairs or festivals, event spaces, etc. These are great ways to bring your brand to people's attention.

   As the name goes, customers prefer to purchase from here for the convenience of its location and fast service. These stores mainly sell high-turnover convenience goods in a limited quantity. The ideal location for these stores would be residential areas.

   So, the first step for you would be to decide on whether you want to play the number game or position yourself as a specialty retailer.

2. Demographics

   Six months prior to opening your store, you must start your site selection process.

   This is not a very tedious process if you know exactly what to research and analyze. To make the whole process easier for you, we have listed down the attributes you must be looking into.

   You can always take help from firms that can provide you with all the information regarding the attributes stated below.

   Target audience attributes

   1. Average age: If your store sells modern and trendy outfits, your store should be located in an area which comprises, or has easy access to, people of a younger age. An area within a good location in the city where there are colleges or offices around would be a sensible option.

2. Income: Stores like Nordstrom are located only in affluent areas. This is simply because if you are selling high-end products, your store should be in a location where the inhabitants will be able to afford it. Hence, the income of people is an important consideration.

Premium vs Cost-friendly location

If you own a store selling high-end products for a niche audience, you should make the choice between setting up your store at a premium location or a cost-friendly one.

Having your store at a premium location will obviously cost you a much higher rent per square foot. But at the same time, having it at a cheaper locality where no customer would turn up is a total waste of investment.

3. Workforce Attributes

Are the kind of employees you are looking for living in an area close to your retail store location? Will it be easy for them to travel to the store? Are there enough eateries and hospitals around so as to make things convenient for your employees?
These are some of the questions you must be asking yourself regarding your employees.

Most new retailers are attracted to malls for this very reason. And what's more, malls today recognize the need to support not just big brands but also the up-and-coming retailers. Hence, shorter leasing options may be available.

4. Businesses and competition in the proximity

It is a smart move to place your store at a point which has businesses around that can eventually help drive traffic into your own store. Any business or category of product that is closely related to yours should help your business too.

Another important aspect to be considered is competition.

"Quite simply, the best place to be is as close to your biggest competitor as you can be," says Greg Kahn, founder and CEO of Kahn Research Group in Huntersville, North Carolina.

Kahn makes a very valid point. He says that your competitors have done good research on the demographics before opening their store there.

They have also spent a good amount on advertising to drive traffic there. "Why spend the money when they've already [spent it] for you?", asks Kahn.

5. Footfall

You can make use of sophisticated location analysis tools to understand the traffic pattern in a certain area. You can understand the optimum level of traffic for a particular targeted area. Understanding the footfall at your neighboring stores will help you in a big way to estimate foot traffic at your store.

Companies like ShopperTrak, FootFall, and Radiolocus help physical retailers track footfall at their stores and the traffic pattern. Most of the 'people counter' devices today use Wi-Fi signals or camera imaging for identification.

Footfall gives you visibility, but to drive sales and bring people to your store, in particular, consider investing in store design and making your store stand out. Don't be loud about it, though.

If there is a local listing service that is popular with your target audience, be sure to feature yourself in it.

6. Accessibility

   Your store should be easily accessible to the common people using public transportation. Having a store with great quality products in a deserted area would serve absolutely no purpose.

   Also, depending on which area you are opening the store in, take into account aspects like parking facilities, distance from the nearest subway station, whether the street you're located on is a walking street, etc.

   Accessibility, however, is not just limited to transport services.

   If you're not on the ground level or have access through some form of a staircase, consider developing disabled access for your store. Space the shelves and display in your storewide apart such that people needing wheelchairs can navigate without discomfort.

   While choosing your store location, you can get in touch with the commercial establishment in question and inquire about all of these details.

7. Leases

Before you enter into a lease, it is advisable to hire a good lawyer who can negotiate the lease for you. Ask yourself these questions:

- Is this the right location for your store?
- Is the condition of the building good?
- Are there adequate utilities around?
- Is the positioning of your store in the building good enough?
- Is there enough space for all the retail, office storage, and workroom space you need?

3.c. 1. Manufacturer Suggested Retail Price (MSRP)

This pricing strategy is perhaps the most familiar for consumers. The idea behind the Manufacturer Suggested Retail Price (MSRP) is to standardize the prices of products sold across multiple locations, and it is often used for mass-produced items like consumer electronics or household appliances.

This approach can also be referred to as cost-based pricing, since it takes into account the cost of manufacturing the product, a profit margin for both the manufacturer and the retailer, as well as the prices of similar products. Generally, the manufacturer provides the products to the retailer at roughly half the MSRP, enabling the retailer to turn a profit from the sale.

Pros: This approach takes the guesswork out of price-setting for retailers, saving them time and energy.

Cons: Offering certain products at the MSRP can lower your competitive edge on those particular products—after all, if you offer the same item at the same price as other retailers, how do you set yourself apart?

2. Keystone pricing

Keystone pricing is essentially doubling the wholesale or production cost of a product to determine the retail price.

This practice actually stems from the MSRP, which, as we mentioned, is generally double the wholesale price.

Pros: Similar to the MSRP, this approach saves retailers time and energy, as it doesn’t require too many calculations to determine the retail price of a product.

Cons: Although keystone pricing may work for some items, it won’t work for all of them. For items that are truly worth more, you may be setting the price too low, which means you won’t achieve the profit margins you feasibly could on that item. For other items, keystone pricing may be too high, which will end up hurting your sales—especially if there is a nearby competitor selling the item for cheaper.

Related: 15 Key Metrics (KPIs) to Measure Retail Store Performance

3. Bundle pricing

Also known as multiple pricing, bundle pricing is when you sell a group of products for a single price—think three-pack socks or five-pack underwear.

Retailers often prefer bundle pricing because it streamlines their marketing campaigns, as they have to promote a single price instead of several price points. Customers also love bundle deals, since they believe they’re getting more bang for their buck.

Pros: Bundle pricing often leads to larger-volume purchases of certain products or product groups, so if you have unsold inventory you’re trying to move, this could be a smart tactic to employ.

Cons: Once you offer items in a bundle package at a low cost, it can be harder to sell them separately at their original price. This is due to what is called cognitive dissonance, whereby the consumers believe they’re getting less value for the amount they pay because they’re comparing it to the bundle deal that was previously available (even if the bundle deal was more expensive than the individually priced item).

4. Discount pricing

As the name suggests, discount pricing is the practice of selling products at a discount, whether it's through sales codes or coupons sent directly to the customer or through in-store discounts or even store-wide markdowns. Although retailers don't love the idea of discounting items as it generally eats into their profit margins, offering the occasional sale can do wonders for getting more people into your store and attracting new groups of customers who are out looking for a deal.

Pros: Discount pricing can be a great way for retailers to get rid of slow-moving or out-of-season items.

Cons: If you offer discounts too frequently, it can lower your brand's perceived value in customers' eyes, making them unwilling to pay full price for your goods and services.

5. Penetration pricing

Often preferred by newer brands who are set to enter the market, penetration pricing is the practice of initially keeping product prices low so as to introduce the brand and its products to as many people as possible.

The idea is that by generating word of mouth among consumers, retailers can save on advertising and customer acquisition costs down the road.

Pros: Offering lower prices than the established competition can help retailers strike the right chord with shoppers, helping them to build a loyal customer base from day one.

Cons: If you make the switch from your initial low prices to regular pricing too abruptly, it has the potential to backfire and alienate the customers you had acquired by that point.

6. Loss-leading pricing

This is the approach of luring customers in by offering a discount on a product they want, then encouraging them to buy more products along with the original one once they're in your store.

By using the loss-leading pricing, retailers hope to offset their profit loss on the discounted item by selling additional products the consumer hadn't initially thought of buying.

Pros: This approach often increases the average transaction value (ATV), or the amount a shopper spends in a single shopping trip.

Cons: When it comes to implementing loss-leading pricing, it’s crucial to strike the right balance in customer service. Just as you don’t want your customers to feel forced by staff to purchase items they don’t need, you also don’t want to risk losing money by only selling the discounted items and not much else.

7. Psychological pricing

Although the concept may sound like something out of a research paper, we all encounter psychological pricing on a daily basis.

Also known as “charm pricing,” this approach relies on the theory that customers place greater trust in prices that end with odd numbers like 5, 7, or 9, the last one being the most popular. So, instead of offering an item for a rounded $200, the retailer may choose to price it at $199, and customers will perceive this to be a better deal based on the number alone.

Pros: Psychological pricing is especially useful for brands that want to increase their overall sales volume by driving customers to make impulse purchases of cheap to mid-range items.

Cons: Not all brands should implement psychological pricing. In fact, if you’re a premium or luxury brand, implementing psychological pricing can have the opposite of the intended effect in that it makes you seem “cheap” or “gimmicky” in the customers’ eyes.

8. Competitive pricing

As the name suggests, competitive pricing is the practice of using your competitors’ prices as a benchmark and setting your prices lower. Again, retailers who take this approach hope to offset their reduced profit margins by increasing the total volume of sales.

Pros: For large retailers who are able to negotiate deals to lower their unit costs, the competitive pricing approach can really make a difference in getting ahead of the competition.

Cons: For smaller retailers, the only way this practice can be sustainable is to ensure that you sell high volumes of the product. Also, depending on the product, it can make customers think of your brand as the discount alternative to other brands.

9. Premium pricing

The opposite of competitive pricing, premium pricing is when you choose to offer your items at a higher price than the competition.

Pros: When combined with the right marketing tactics, this approach can help your brand be perceived as a "premium" or luxury brand.

Cons: Depending on your target customer group, premium pricing may not be the way to go. There are many factors at play here other than a product's price and perceived value, such as your customers' buying power, the quality of your competitors' offering, or even your geographical location.

10. Anchor pricing

Anchor pricing is the approach of placing both the discounted and the original prices of an item side-by-side to give the customer an idea of how much they're saving.

This method creates what's known as an anchoring cognitive bias, where the customer considers the listed original price as the reference point in evaluating whether to buy the discounted item.

Pros: Listing the anchor price along with the discounted price makes the customer feel like they're getting a deal, which can serve as an incentive to buy the item.

Cons: Don't be tempted to increase your anchor price to an unreasonable level. Keep in mind that consumers are much savvier today than they used to be, and thanks to the prevalence of smartphones, they can access your competitors' prices in just a few seconds.

11. Channel-based pricing

Channel-based pricing is a relatively new approach that's applicable for omnichannel retailers or simply those that sell their products across multiple channels like brick-and-mortar store, website, and social media accounts. With this method, retailers set different price points for the same product based on where it's sold.

Pros: For retailers looking to promote one channel over another—say, to drive their e-commerce operations or to draw more people into stores—channel-based pricing can be used as a great incentive for customers to choose that particular channel.

Cons: Customers may feel outright cheated if they see that you offer the same product at two distinct price points. One way to get around this is to keep prices the same but offer a channel-specific discount, one that's applicable only online or only in-store.

12. Wholesale pricing

Wholesale pricing is often used by retailers who sell their products to other businesses (B2B) instead of directly to the customer (B2C). In some cases, the same retailer can offer prices at the MSRP to the customer and at a discounted wholesale rate to other retailers, who then sell these products to the customer for a profit.

To set the wholesale price, you must first calculate the cost of goods manufactured (COGM), which includes both material and labor costs as well as additional costs like transportation and overhead expenses. Then, you must factor in the profit margin, which should be at least 50%, before setting your wholesale price.

Pros: Offering products at wholesale is a great option for retailers looking to move large quantities of slow-moving inventory, but this approach can also be used by brands looking to introduce their proprietary designs to a whole new group of shoppers.

Cons: For wholesale pricing to be sustainable for your business, you must ensure that your sales volume stays consistently high—meaning you'll have to make sure that the quantity of items in each order meets the minimum required amount.

4. a. **buying** a complete solution to a problem or need rather than a number of component parts; for example, an organisation may purchase an entire accounting **system** from one supplier rather than computers from one supplier, software from another, staff training from another, and so on.

b. Types of store layout Free flow layout: These stores do not really have a fixed arrangements, the irregular pattern leads to greater flexibility for both fixtures and shoppers. However if too many fixtures are used it can create an overcrowded effect. Some fashion store chains use a free flow layout, inorder to create an image of the lifestyle that corresponds to the garments being sold.

ADVANTAGES • Allowance for browsing and wandering freely • Increased impulse purchases • Visual appeal • Flexibility DISADVANTAGES • Loitering encouraged • Possible confusion • Waste of floor space • Cost • Difficulty of cleaning

LOOP LAYOUT Loop Layout is also known as Racetrack layout. It is a type of store layout in which a major customer aisle begins at the entrance, loops through the store, usually in the shape of a circle, square, or rectangle, and then returns the customer the front of the store. Advantages • It guides customer round a large area • It exposes large amounts of merchandise Disadvantages • Customers cannot focus on intendedpurchase • Need for internal walls/island screens

GRID LAYOUT These tend to have defined aisles and space for products. A customer tends to move around in an ordered way e.g like a supermarket or convenience store. Signs are often overhead to help customers know where the products are. They will also use end of aisles and special displays to encourage impulse purchasing Advantages • Low cost • Customer familiarity • Merchandise exposure • Ease of cleaning • Simplified security • Possibility of self-service Disadvantages • Plain and uninteresting • Limited browsing • Stimulation of rushed shopping behavior • Limited creativity in decor • Spine Layout: Spine Layout is a type of store layout in which a single main aisle runs from the front to the back of the store, transporting customers in both directions, and where on either side of this spine, merchandise departments using either a free-flow or grid pattern branch off toward the back aisle walls. Advantage ♣ Retailer can utilize the benefits of free flow,grid and loop systems.

c. The PSAM consists of four steps: 1. Before implementing shared parking, the open window of each parking lot is determined using the gate data. 2. Suppose all the parking lots start a shared parking strategy, they will need to make a set of decisions based onthe open window, the parking fee in each open window, and the reservation ratio. After that, the new parking demand of each origin is predicted. 3. Allocate the parking demand to the parking lot from the origins based on the M-users and Pusers. Determine whether they can enter the lot and which space they will be allocated to. If they cannot enter, then these users will be allocated to other parking lots until they find a parking space. 4. After all users are allocated to a parking space, collect all the related indices of each parking lot, and use the NSGA-II algorithm to determine the optimal shared parking strategy. 2.1. Parking Resource Matrix (PRM) Method The data used in this study is gate data from appertaining parking lots. The gate data include the arrival time at and the leave time lt. One gate datum corresponds to one user. As the gate data cannot show the specific parking space in which the user chooses to park, it is possible to number the parking space and allocate the gate data into a vacant parking space in the sequence of space number. A parking space is occupied in the period from time at to time lt. Under this assumption, a parking resource matrix (PRM) is proposed. A PRM describes the occupancy situation of each parking space of a parking lot in the whole time period. The PRM of parking lot n is denoted as PRMn, which is a pn by T matrix, where pn represents the number of parking spaces in the parking lot n and T is the total time period.

5.a. Relationship marketing

Relationship marketing is a strategy designed to foster customer loyalty, interaction and long-term engagement. It is designed to develop strong connections with customers by providing them with information directly suited to their needs and interests and by promoting open communication

b. How far are you willing to drive to visit a retail store? Retailers need to consider this question from consumers when they're selecting a new store site. A retail trade area is the geographic area that a retail store draws from, the longest drive a customer is willing to make. Retailers typically have solid data to map out the trade area because customer transaction records are available from marketing analytics firms and other sources. The data comes from point-of-sale (POS) data and other means like traffic studies (canvassing parking lots to check license plates).

There are different ways retailers delineate trade areas. One way is using three tiers:

Primary - The primary trade area provides 55 to 70 percent of store's business; this is where the frequent customers are.

Secondary - This is where the next 15 to 20 percent of the business comes from. The combination of the primary and secondary areas is know as the Main Trade Area (MTA).

Tertiary - This is also known as the fringe area and is the source of the remaining business. It is usually only seen in larger population centers.

People will travel different distances for different types of products. There are some types of products that consumers will drive farther to get. Here's another way to differentiate trade areas:

Local convenience trade areas - This area is defined by ease of access, travel time, and distance. For example, with few exceptions people will stay within a certain area for things like gas and groceries.

c. International Grocery Retailers

The Companies namely Wal-Mart, Carrefour, Metro, Tesco and Ahold etc are the leading international grocery retailers who have multi country presence. Major portion of their total revenue comes from foreign sales. Wal-Mart operates in over 8,500 stores in 15 countries with foreign sales contributing to 18% of its $405,046 billion net sales (2000). Carrefour, a French international retailer has presence in 32 countries with foreign sales amounting to over 48% of its net sales.

These international grocery retailers follow a multi brand and multi product business format which includes all products like food encompassing all types of fresh vegetables, fruits, juices, chocolates etc, fashion and clothing including bed linen etc, grocery, all types of branded consumables, as well as liquor and many more household goods under one roof. They generally follow a format that allows for selling to whole sellers, retailers as well as general public at the mega stores.

Traditionally these International Grocery Retailers have operated mainly in US and in Europe. Specifically in Europe the largest markets have been in Germany, France and UK. With globalisation and with several countries opening their markets to FDI in retail, these Organisations are moving into other parts of the world and into emerging markets.

There is yet another group of International retailers like IKEA, Lego, Toys 'R'Us etc who have chosen to focus and specialise in a particular segment like furniture etc.

International Fashion Retailing

Names like Ralph Lauren, Gucci, Zara, Hugo Boss, JC Penny, Benetton, Jimmy Choo, Swarovski, Dolce & Gabbana etc belong to the second category of International Fashion Retailers. Originally these Companies catered to domestic markets in the countries of their origin. Fashion and Luxury brands have always been known by their label and brand value across countries, through word of mouth and sought after by the rich and famous from all over. Over the years, these companies have realised the opportunity in expanding their product mix and promoting their brands internationally. Thus we see the emergence of international fashion brands, luxury product brands dealing exclusively with branded clothing including sportswear, casual and formal wear, party wear, foot ware and accessories, luxury items including watches, perfumes, jewellery and many more items of personal use.

In the earlier times, the nova rich and the business class were the main customers who sourced these branded products from abroad. However in the recent times we see the educated and economically empowered youth demanding fashion and going in for branded items. International brands have thus established a niche for themselves in domestic markets aided by the increasing demand for branded fashion products. International grocery retailers have expanded their business in emerging markets by virtue of their investments and procurement strategies.

Comparison shopping trade areas - People will venture further out for items with large price tags or when they want to compare price, style, or quality. Items like furniture and appliances fall into this category.

6. a. Consumerism is a social and economic order that encourages the acquisition of goods and services in ever-increasing amounts.

b. Five Key Social Responsibility Risks Retailers/Wholesalers Must Manage

Retailers and wholesalers are increasingly pressured to demonstrate that they are acting responsibly. But the manner in which they approach such initiatives is not without risk. As retailers and wholesalers incorporate social responsibility into their operations, they should examine potential issues and consider ways to best address such risks.

Corporate social responsibility initiatives can touch all aspects of a retailer or wholesaler's business, including:

Where a company locates its facilities.

What products it sells.

Who it will engage as business partners.

The employment and benefits choices that it makes.

How it interacts with customers and local communities.

Retailers and wholesalers today are often expected to demonstrate a commitment to social responsibility at least in part because they:

Are a source of employment and economic development within communities.

Enable the flow of necessary goods and services to customers.

Require close interactions with the public and are expected to manage their operations in a way that minimizes negative impacts.

Organizations with integrated social responsibility plans can often enjoy positive reputations, which can create competitive advantages. The ability to demonstrate that corporate citizenship is embedded throughout the organization and positively engaged with customers and local communities can be a powerful differentiator that can enhance brand recognition, propel public relations initiatives, and increase customer traffic.

Retailers and wholesalers pursuing social responsibility efforts can face several risks that can threaten their operations, including:

New product offerings. Companies consistently seek new products to offer customers, and social responsibility can often be connected to these business decisions. For example, consumers increasingly value locally and regionally produced products as well as organic and gluten-free foods, and expect to see such products on store shelves. But retailers may be pressured to pull or recall a product for any number of reasons, including if the product's description is found to be invalid, potentially exposing the organization to reputational damage, claims of false advertising, and recall expenses.

Discontinued products. Companies may decide to discontinue certain products that may be considered unhealthy. Consumers who wish to continue purchasing these products may be alienated and take their business elsewhere.

Supply chain. Organizations that source local and regional products can often better demonstrate corporate citizenship, community support, and benefit from powerful promotional opportunities. But local producers may be unable to comply with contractual requirements such as insurance, which is often required to protect wholesalers or retailers.

Human resource practices. How an organization chooses to align employment practices and comply with the requirements of the Affordable Care Act, and how those actions are perceived by employees and the public, can affect its reputation. Employees that do not qualify for benefits may seek medical care under a workers' compensation claim.

Community relations. Retailers and wholesalers that seek to promote a welcoming and safe environment for customers and employees can be challenged by store or facility locations in remote and economically distressed locations. Additionally, in municipalities where local regulations permit weapons to be carried, businesses may need to strike a careful balance between the private rights of citizens and public responsibility.

Managing the Risks

A business that is perceived to be socially responsible may be able to promote its presence within a community and ultimately increase sales. Conversely, actions or events that are perceived by employees or the public to be irresponsible, unethical, or contrary to the public good can damage the brand. To better manage these risks, retail and wholesale companies should:

Publicize and explain product shifts, incorporating the business context and social consciousness behind the decision.

Arrange vendor insurance programs that allow for the enforcement of procurement policies and the ability to continue doing business with smaller suppliers.

Review workforce management policies and liability programs to ensure potential regulatory compliance. Also, communicating and educating employees about the various benefits options available may be helpful.

The ability to embed corporate citizenship and social responsibility into business decisions, corporate practices, and operational policies throughout the organization can help mitigate the frequency and severity of employee and customer incidents, regulatory enforcement activity, fair labor practice claims, and other issues that can result in reputational damage, and lost business.

c. Retail audits promote higher overall compliance with brand standards at the store level. How? The practice of sending a district manager/CPG field representative into a franchise/store demonstrates compliance is a priority for the brand: the company is committing resources to this endeavor.

Completing the audit in store also reinforces brand standards for district managers/CPG representatives. Describe the standard, attach a best practice photo or document, and weigh points or flag certain items so that auditors can easily identify and communicate priorities.

Retail audits are not a passive activity. Retail audits offer the opportunity for head office to engage with store management and employees, listen to feedback, and offer resources.

Wondering who, when and how to conduct retail audits? Retail Audits – The Definitive Guide explains how to use retail audits to execute your operations programs and ensure merchandising and loss-prevention standards are followed.

7.A. Merchandise management is the process through which each retailer decides what items to carry, how much to have on hand to meet the needs of customers, where they should be displayed in the store to maximize sales, and how they should be priced to sell the best and maximize profits.

b. The art of increasing the sale of products by effectively and sensibly displaying them at the retail outlet is called as visual merchandising. Visual merchandising refers to the aesthetic display of the merchandise to attract the potential buyers, prompt them to buy and eventually increase the sales of the store. In simpler words, visual merchandising is the art of displaying the merchandise to influence the consumer's buying behaviour.

The store must offer a positive ambience to the customers for them to enjoy their shopping.

The location of the products in the store has an important role in motivating the consumers to buy them. Sensible display of the merchandise goes a long way in influencing the buying decision of the individual.

The end-user will never notice something which is not well organized: instead stacked or thrown in heaps.

Proper Space, lighting, placing of dummies, colour of the walls, type of furniture,music, fragrance of the store all help in increasing the sale of the products.

Lighting is one of the critical aspects of visual merchandising. Lighting increases the visibility of the merchandise kept in the store. The store should be adequately lit and well ventilated. Avoid harsh lighting as it blinds the customers who walk into the store.

The signage displaying the name of the store or other necessary information must be installed properly outside the store at a place easily viewable to the customers even from a distance.

The retailer must be extremely cautious about the colour of the paint he chooses for his store. The paint colour can actually set the mood of the customers. The wall colours must be well coordinated with the carpet, floor tiles or the furnitures kept at the store. Dark colours make the room feel small and congested as compared to light and subtle colours.

The store must always smell good. Foul smell irritates the consumers and he would walk out of the store in no time. Use room fresheners 'or aromatic sticks for a pleasant environment.

The merchandise must be properly placed in display racks or shelves according to size and gender. Put necessary labels (size labels) on the shelves as it help the customers to locate the products easily. Make sure the product do not falls off the shelves as it gives a messy look.

The dummies should be intelligently placed and must highlight the unique collections, latest trends and new arrivals in order to catch the attention of the individual. The dummies should not act as an obstacle and should never be kept at the entrance of the store.

c. Some of the factors responsible for the growth of organised retailing are as under:

1. Growth of middle class consumers:

In India the number of middle class consumer is growing rapidly. With rising consumer demand and greater disposable income has given opportunity of retail industry to grow and prosper.

They expect quality products at decent prices. Modern retailers offer a wide range of products and value added services to the customers. Hence this has resulted into growth of organised retailing in India.

Growing consumerism would be a key driver for organized retail in India. Rising incomes and improvements in infrastructure are enlarging consumer markets and accelerating the convergence (meeting) of consumer tastes.

2. Increase in the number of working women:

Today the urban women are literate and qualified. They have to maintain a balance between home and work. The purchasing habit of the working women is different from the home maker.

They do not have sufficient time for leisure and they expect everything under one roof. They prefer one-stop shopping Modern retail outlets therefore offers one store retailing.

3. Value for money:

Oganised retail deals in high volume and are able to enjoy economies of large scale production and distribution. They eliminate intermediaries in distribution channel.

Organised retailers offer quality products at reasonable prices. Example: Big Bazaar and Subhiksha. Opportunity for profit attracts more and more new business groups for entering in to this sector.

4. Emerging rural market:

Today the rural market in India is facing stiff competition in retail sector also. The rural market in India is fast emerging as the rural consumers are becoming quality conscious.

Thus due to huge potential in rural retailing organised retailers are developing new products and strategies to satisfy and serve rural customers. In India, Retail industry is proving the country's largest source of employment after agriculture, which has the deepest penetration into rural India.

5. Entry of corporate sector:

Large business tycoons such as Tata's, Birla's, and Reliance etc. have entered the retail sector. They are in a position to provide quality products and entertainment.

As the corporate – the Piramals, the Tatas, the Rahejas, ITC, S.Kumar's, RPG Enterprises, and mega retailers- Crosswords, Shopper's Stop, and Pantaloons race to revolutionize the retailing sector.

6. Entry of foreign retailers:

Indian retail sector is catching the interest of foreign retailers. Due to liberalisation multinationals have entered out country through joint ventures and franchising. This further is responsible for boosting organised retailing.

7. Technological impact:

Technology is one of the dynamic factors responsible for the growth of organised retailing. Introduction of computerization, electronic media and marketing information system have changed the face of retailing. Organized retailing in India has a huge scope because of the vast market and the growing consciousness of the consumer about product quality and services.

8.a. Store Design and Layout - Different Floor Plans and Layouts

Opening a retail store is no joke and requires meticulous planning and detailed knowledge.

Location

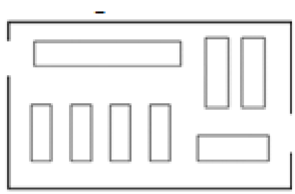
Make sure your store is in a prime location and is easily accessible to the end-users. Do not open a store at a secluded place.

Floor Plan

The retailer must plan out each and everything well, the location of the shelves or racks to display the merchandise, the position of the mannequins or the cash counter and so on.

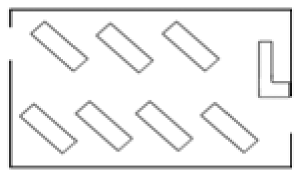
Straight Floor Plan

The straight floor plan makes optimum use of the walls, and utilizes the space in the most judicious manner. The straight floor plan creates spaces within the retail store for the customers to move and shop freely. It is one of the commonly implemented store designs.



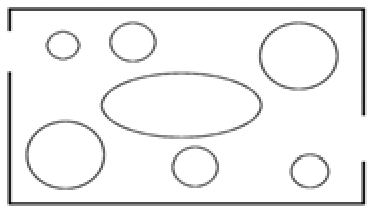
Diagonal Floor Plan

According to the diagonal floor plan, the shelves or racks are kept diagonal to each other for the owner or the store manager to have a watch on the customers. Diagonal floor plan works well in stores where customers have the liberty to walk in and pick up merchandise on their own.



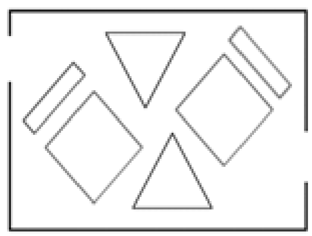
Angular Floor Plan

The fixtures and walls are given a curved look to add to the style of the store. Angular floor plan gives a more sophisticated look to the store. Such layouts are often seen in high end stores.



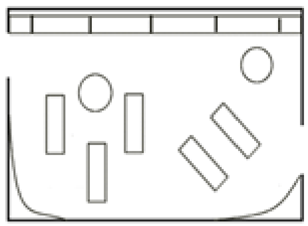
Geometric Floor Plan

The racks and fixtures are given a geometric shape in such a floor plan. The geometric floor plan gives a trendy and unique look to the store.



Mixed Floor Plan

The mixed floor plan takes into consideration angular, diagonal and straight layout to give rise to the most functional store lay out.



Tips for Store Design and Layout

The signage displaying the name and logo of the store must be installed at a place where it is visible to all, even from a distance. Don’t add too much information.

The store must offer a positive ambience to the customers. The customers must leave the store with a smile.

Make sure the mannequins are according to the target market and display the latest trends. The clothes should look fitted on the dummies without using unnecessary pins. The position of the dummies must be changed from time to time to avoid monotony.

The trial rooms should have mirrors and must be kept clean. Do not dump unnecessary boxes or hangers in the dressing room.

The retailer must choose the right colour for the walls to set the mood of the customers. Prefer light and subtle shades.

The fixtures or furniture should not act as an object of obstacle. Don’t unnecessary add too many types of furniture at your store.

The merchandise should be well arranged and organized on the racks assigned for them. The shelves must carry necessary labels for the customers to easily locate the products they need. Make sure the products do not fall off the shelves.

Never play loud music at the store.

The store should be adequately lit so that the products are easily visible to the customers. Replace burned out lights immediately.

The floor tiles, ceilings, carpet and the racks should be kept clean and stain free.

There should be no bad odour at the store as it irritates the customers.

Do not stock anything at the entrance or exit of the store to block the way of the customers. The customers should be able to move freely in the store.

The retailer must plan his store in a way which minimizes theft or shop lifting.

Merchandise should never be displayed at the entrance or exit of the store.

Expensive products like watches, jewellery, precious stones, mobile handsets and so on must be kept in locked cabinets.

Install cameras, CCTVs to have a closed look on the customers.

Instruct the store manager or the sales representatives to try and assist all the customers who come for shopping.

Ask the customers to deposit their carry bags at the entrance itself.

Do not allow the customers to carry more than three dresses at one time to the trial room.