
UNIT 8 GROWTH STRATEGIES

Objectives

After reading this unit, you should be able to:

- understand what drives growth in retailing, imperatives and enablers for retailing in India;
- appreciate the need for strategic retail management and planning;
- evaluate the need for stating organizational objectives that can serve as a focus for the firm's present and future growth plans;
- identify the existing opportunities available for growth and the relevant strategies that can be evaluated with respect to category /format portfolios;
- appreciate the importance of category management and promotional mix; and
- understand the dynamics of services retailing.

Structure

- 8.1 Introduction
- 8.2 What are the Key Growth Imperatives and Enablers
- 8.3 The Need for Strategy Formulation
- 8.4 Organisational Objectives Driven by Planning
- 8.5 Strategic Options Available to Retailers for Exploring Opportunities
- 8.6 The Indian Context of Retailing
- 8.7 Significance of Category Management as an Strategy Tool
- 8.8 Role of Promotional Mix in Retail Strategy
- 8.9 Services Retailing: A Growth Area
- 8.10 Summary
- 8.11 Key Words
- 8.12 Self Assessment Questions
- 8.13 Further Readings

8.1 INTRODUCTION

As you would concur that though retailing, an essential part of the supply chain has been a part of the Indian ethos for long, its status has not changed much with the evolution of the Indian economy.

The effect of organized retailing is indeed visible in the developed economies, where it is used as a barometer of the pulse of the economic health having spin-off effects on manufacturing and range of services in general.

In the Indian context, the scope of employment generation complemented with higher tourism inflows leading to greater spends is also being driven by a growing consumer class with disposable incomes, changing life-styles, increased awareness of consumer rights and acceptability of various retail formats. This portends well for the domestic retailing industry.



Further the factors driving retailing like better business-operational effectiveness, services orientation etc. promise to herald interesting times for this industry here.

As you would agree, the role of strategy is central to evolution and sustenance of a viable operational-business model in retailing.

The very drivers of change namely demographics, industry structure, role of IT, sourcing, pricing, consumer service expectations, need for experimentation, proliferation of private brands demand a mix of short-term and long term strategies specific to formats across categories.

The need for a retail strategy is important from the point of view of focussed resource utilization in this era of consumer activism and competition. This is driven by the fact that the existing multi-level distribution system, even in major metros in the country operates efficiently at margins between 10%-15%; whereas super markets on the other hand run on wafer-thin margins after accounting for typical overheads like property, labour, air-conditioning, lighting, interest costs etc.

8.2 WHAT ARE THE KEY GROWTH IMPERATIVES AND ENABLERS

The imperatives for the growth of retailing in India as you need to understand are as follows:

Need for Attaining Scale within Local Regions/areas.

- The existing retailers need to scale up fast, particularly in grocery segment where high over-head costs are justified for slower expansion.
- The onus will not only be on becoming multi-format in nature but also adopt different models for penetrating second-tier cities and towns with a common back-end.

Example: the RPG group using a common back-end for both its Foodworld groceries supermarkets chain format and its new Giant "hypermarket" format store.

Getting the Operational and Sourcing Elements in Place.

- Sourcing is very much the bane of the local retailing industry, particularly in the food and staples category on account of significant intermediation with no value-addition which needs to be done away with.
- The aspects of sales density and sales-staff productivity also need attention from an operational point of view.

Need for Greater Funding and Organisational Capabilities Enhancement.

- None of the existing retailers have the level of sophistication and financial strength for an aggressive rollout, though it is evident they are still in proof of concept stage with capability to scale up faster sooner or later. This does provide the opportunity for new players to steal a march over the current breed of pioneers.

Need to Keep Pace with Globalisation.

- The fact that the retailing industry has not been open to foreign direct investment (FDI) is indeed a blessing in disguise for the local players to get their acts right in terms of matching the standards of international retailers especially in value based retailing, operational efficiency, category expansion, technology and innovation.



- The emergence of value-based retailers will be key to the robustness of the local industry as internationally they have been able to establish benchmarks across the following areas:
 - 1) Operating practices translated into better prices for consumers enabling higher sales density, productivity, cost optimization.
 - 2) Increased focus on operational efficiency through adapting best practices from other industries like for Example: lean manufacturing practices has helped achieve in-store operational efficiency thereby increasing sales, reducing inventory and cost substantially.
 - 3) The huge consumer franchisee that retailers have managed to create has given scope for them to explore new categories using different formats leveraging their sourcing and technology skills.

You would also support that the above imperatives demand the following key enablers:

- 1) Ready availability of real-estate with easier zoning provisions.
- 2) According industry status, allowing FDI investments and removing bottlenecks threatening to impede the growth of this sector.
- 3) The need for concerted government-private sector efforts to enable creation of more technical institutions for man power training.
- 4) Reducing taxes on luxury goods to create retail centered tourists destination.
- 5) Tax rationalisation through implementation of VAT and necessary regulatory streamlining.
- 6) Facilitate creation of a financial model/framework that looks at core processes like foot-falls generation, conversions and average transaction value, customer acquisition costs, sourcing costs, merchandising costs, shrinkage costs, localization costs. ,

8.3 THE NEED FOR STRATEGY FORMULATION

The steps involved in the formulation of a viable strategy which we need to identify are:

- 1) Defining the business scope of the entity with respect to category-consumer market focus.
- 2) Identification of goals and translating it into objectives driving profitability and brand image.
- 3) Implementation and revising of plans encompassing aspects of retailing like pricing, location and channel decisions, logistics planning, systems integration and environmental dynamics.

8.3.1 The Need for Strategy-Formulation to Organizational Planning

The organizational planning requirements which you need-to understand spans across the following levels:

- Corporate level
- Divisional level
- Operational level
- Departmental level



Corporate level planning Development

It involves the top management team comprising the CEO, President, vice presidents and their support staffs.

This team lays down the broad contours of the organizational intent, internal communications based on their intuition, experience and analytical judgement.

Divisional level planning

It involves planning at the individual format/category/sub-category level so on.

This is necessary as each of the above has a focus market with its own market dynamics, also care needs to be taken that the SBU level planning fits into the overall corporate strategy theme.

Operational level planning

At this level we need to be aware that plans are formulated for stores depending on category-format mix in terms of merchandise mixes, merchandise logistics systems, store layouts, store HR programs, customer communication policies. Thereby tactical plans in terms of execution and control are executed.

Departmental level planning

It focusses on implementable aspects of directives identified at Corporate, divisional, operational levels. The departmental managers decide the merchandising plans across categories.

Thus a comprehensive strategic retail management initiative as you would appreciate involves the following:

Organizational planning

- strategic planning of processes
- strategic retail planning

Organization mission

- environmental, resource capabilities
- distinctive capabilities, managerial preferences

Organizational objectives

- market, financial and social objectives

Organizational opportunities

- market penetration, development of products, choice of integration, diversification etc.

Activity 1

Make a visit to your nearest departmental store/supermarket and after mapping out the categories/sub-categories prepare a list of the growth enablers across categories. Follow this up with discussing with store managers/categories managers the broad strategy guidelines and organization structure and key roles responsibility

.....

.....

.....

.....



8.4 ORGANISATIONAL OBJECTIVES DRIVEN BY PLANNING

The whole exercise of organization planning should drive in attainment of organizational objectives, which are purposes sought in terms of market growth, financial viability, social responsiveness.

1) Marketing Objectives

- This involves gaining customer patronage through directed sales, loyalty programmes, traffic management.
- Competitive aspects of market share, retail image and vendor relations.

2) Financial Objectives

- Profitability aspects in terms of returns, Earning Per Share, investor dividends.
- Productivity aspects of labour, space optimization and merchandise management.

3) Societal Objectives

- Corporate social responsibility and values.

Activity 2

Continuing your discussion with the store manager/consumer relationship manager understand the role of marketing, financial and societal objectives in shaping the organizational objectives.

8.5 STRATEGIC OPTIONS AVAILABLE TO RETAILERS FOR EXPLORING OPPORTUNITIES

Self-analysis is important for every business in today's competitive business environment.

A extensive self-analysis will help understand one's strengths and weaknesses to seize opportunities and mitigate risks in the retail environment. This must also include competitors analysis.

In performing self-analysis, a retailer must consider the, potential areas for developing his competitive advantage as listed below:

Management Capabilities

- Capabilities and experience of the management
- Depth of management-capabilities in middle management
- Management's commitment to retail.



Financial Resources

- Cash flow from existing lines of businesses/categories
- Ability to raise debt or equity financing

Operational Effectiveness

- Overhead cost structure
- Quality of operating system
- Distribution capabilities
- Management information systems
- Security system and inventory control system

Merchandising Capabilities

- Knowledge and skills of buyers
- Relationships with vendors
- Capabilities in developing private label brands and
- Advertising and promotional capabilities

Store Management Capabilities

- Management capabilities
- Ability to select and train sales associates
- Build commitment of sales associates with respect to the firm

Locational Setup

- Gain advantage with respect to location and size

Thus, we may all agree with the that the increasing trends of globalization in retailing industry has resulted in firms seeking new opportunities for growth through the following options:

Horizontal Integration

- Where ownership or control of firms is sought at the same level within the marketing channel. This seemingly provides access to a wider consumer base minimizing the cost of consumer acquisition initially.

Example 1: In the retail banking sector, essentially a case of financial services the merger of Bank of Madura with ICICI Bank for expanding the clientele of retail customers.

Example 2: The acquisition of Grindlays bank by Standard Chartered bank to expand its retail banking Customer base.

Vertical Integration

- Forward integration where the attempt is to acquire organizations or new channel opportunities. This helps in having a control over the end consumer through better understanding of his needs.

Example 1: The acquisition of IPCL by Reliance Petroleum Ltd. To get a foothold into petro-retailing.

- Backward integration where the attempt is to control the supply systems through ownership/controls of any type.



Example : The acquisition of Indus league by pantaloon is case of backward integration.

New Product Development

- Where retailers are exploring new product areas complementing existing ones.

Example: Snowwhite which has been traditionally a garments retailer specializing in winter wear has recently pioneered the concept of self-service office stores, which is a limited edition of the international "office depot" stores.

Concentric Diversification

- When firms acquire businesses possessing technological or marketing complementing aspects; this option is considered less risky on account of lower entry barriers.

Horizontal Diversification

- When firms seek creation of new SBU's appealing to organisation's current customers though they may have to do little with its existing technological know-how.

Example 1: Shopper's stop which began selling apparel and related accessories also started retailing branded jewellery, eye care products and books and music/ video titles.

Example 2: The foray of RPG Group into hypermarket format with "Giant" complementing the supermarket format stores: Food World chain with a wider range of SKUs and more bargaining power with manufacturing brand owners.

Example 3: The aspect of convenience stores like "convenios" and "in & out" by BPCL and HPCL dealing in daily use grocery items also helps them in space optimization and complements their typically low margins business of gasoline.

Conglomerate Diversification

- The firm seeks to expand by adding new businesses that are totally unrelated to its current SBUs with a view to appeal to new markets.

Example: The diversification of the S.Kumar's group which is basically into textile business has forayed into setting up e-commerce franchisee centers though it fizzled out on account of high capital cost and the eventual dot corn bust.

New Services (brand extensions)

- The range of services could be part of providing a complete experience like having a snacks outlet, coffee shop, express service counters etc.

Example: McDonald' having drive-in express counters for faster service complementing the in-house family experience with kids corner's etc.

Expansion (strategy)

This strategy is the ramp-up of footprint across a region or nationally. The likes of this strategy has been adopted by most of the major retailers across groceries, life-style, home furnishings etc.

Example: Raheja's Shopper's Stop, RPG's Food world, Pantaloon etc.



8.6 THE INDIAN CONTEXT OF RETAILING

In India as we would all concur that the retail merchandising has come a long way. Since the days of neighbourhood Kirana stores stocking everything from groceries to stationeries. Southern India actually saw the birth of organized retailing from where it spread its reach across the sub-continent. Almost all the major national retailers have their presence across key southern cities and towns.

The presence of many international readymade garment brands forayed the Indian market through franchise route on account of restrictions in setting up direct retailing operations is indeed a indicator of the potential of this sunrise sector.

Firms like Benetton, Arrow, VanHeusen, Weekende, Raymonds have taken a significant lead through this route. Further apart from these there has been a emergence of other departmental stores like Ebony, SnowWhite, Big Jo's Jainson's, Landmark, Shoppers Stop etc.

These stores typically cover around 10,000-30,000 sq.ft and are multi-level. Most of these stores stock variety of luxury goods ranging from garments, related accessories, books, stationery and electronic items among other things.

Further these firms also lay emphasis on marketing their private labels for various product categories along with the national and international labels that they merchandise. This has helped a few of these firms to achieve economies of scale and seek expansion plans for the future.

The current breed of retailers across the following formats/categories:

- Departmental stores (Ebony, Shoppers' Stop, Life Style, Pantaloon etc.)
- Discount stores (Subhiksha, Margin Free Markets)
- Speciality Stores (Gautier, Vivek's, Titan etc.)
- Super Markets and Hyper Markets (Food World, Giant, Big Ba7aar).

Apparently we seem to be in a position to evaluate the above strategic options on account of the moderate success they have had in their respective formats/ categories.

Further the mode of customer engagement also makes available options to retailers whether it is through electronic catalogues (for non-store retailers), direct mailing retailing, direct selling, TV shopping and vending machine retailing.

Thus the current crop of local and emerging players will need to evaluate the above discussed strategies sooner or later to avoid being caught napping once the sector is formally open to FDI.

Let us also accept the fact that India being a huge agrarian economy needs retail models that are viable in rural areas run by strong private-government partnerships etc.

Retailing in Pharma (healthcare), Consumer durables, laundrette services, auto care etc. are fast emerging in the Indian scenario.

Activity 3

Visit a few retail chains selling through various formats like Shop-in-Shop, flag ship stores formats. Then identify the scope of various diversification and integration strategies that can be evaluated and implemented after talking to store managers /customer relationship managers.



8.7 SIGNIFICANCE OF CATEGORY MANAGEMENT AS AN STRATEGIC TOOL

Category Management -A Perspective

A category as you need to understand is the basic unit of analysis for making merchandising decisions.

The role of category management is to systemize product groupings into strategic units or, category so as to meet the consumer and organizational expectations better.

We may appreciate that category management drives retailers to device merchandising strategies centered on management of time, cost and merchandise mix.

Broadly, the relevance of category management as is seen as driven by multiplicity of brands across product categories and the SKUs width available.

Further the role of category management in a evolving market like ours demands long-term relationships, quality, pro-activeness, flexibility to internal and external changes, code of standard practises among all the key-stake holders namely the retailer, vendors/suppliers.

The supplier on his part needs to ascertain the following before tying up with any of the retailers.

State of the Relationship

- Whether the relationship is open and honest? What type of dialogue do the two partners have? Is there an acceptable level of trust to allow sharing of information?

Knowledge of the Retailer

- The retailer's understanding category dynamacs, objectives and operational style?

Resource availability and Competitor Activity

- The retailers capacity to expand, his risk appetite quotient assessment'?
- Whether a new relationship is seeked to offset the influence of a key competitor?

Category Performance Opportunities and Profitability Aspects

- Whether the category is over or under performing, whether the retailer(s) is in a position to build upon his advantage in that category(s)?
- Whether the retailer has some measure of how much he needs to invest more in a growing category?

Thus you need to understand that to get an complete overview in terms of assessment and comparison between a number of customers an "Account Attractiveness Scorecard" is ighnoured for the supplier.



This brings us to the concept of "Customer Account Profitability" which enables the supplier to identify and clarify the real trading costs associated with a trade customer. Thus helps us to genuinely measure the customer's actual profit and the value of the trading relationship.

CAP (Customer Account Profitability) consists of the seven different cost categories which are as follows:

- Discounts on trading.
- Producing costs.
- Overriders.
- Promotional costs specific to accounts
- Costs of distributing and financing.
- Selling and support costs specific to accounts.

Thereby the net customer contribution is reached after the seven customer related costs have been taken from the gross sales value.

CAP when used in combination with other non-financial data can be used as performance measure enabling suppliers/vendors to rate their retail partners and mutually work out performance improving Initiatives. This is done using a decision matrix. Similarly the retailer needs to assess the prospective supplier(s) through the following criterias:

Objectivity and Relationship

- The supplier's ability to take an holistic approach to the category role even if it is at times detrimental to his interests.
- Supplier recognizing that working with him is an investment for the betterment of both in long-term.

Skills, Resources and Trading Reputation

- Whether he has ample resources to commit for carrying out a category specific plan (ability to analyse data, identify opportunities and contribute to the retailer's category management initiatives).
- Whether he has proven track record of being a good service provider, investing in product development and understanding the retailer fit and own label in the category.

Alignment

- Whether he can be a long term partner aligning his organizational structure, culture, goals and objectives with that of the retailer.

Thus the retailer can evaluate the supplier the same way the supplier evaluates him

Further there needs to be clarity on who is driving category management strategy, execution in the retailer structure /organizational hierarchy, the accompanying changes requires internally to make this happen.

This needs to be complemented by departmental responsibilities in the supplier's company (ies) across sales team, trade marketing teams, buying and trading teams, category management teams.

For example in biscuits-snacks segment where in a typical grocery store may stack ITC's Sunfeast, Britannia's Marie gold, Priya gold biscuits, Parle and other



local brands the retailer needs to change the merchandising mix and organizational focus specific to the category.

Thus the essence of category management as we all would appreciate are the following drivers:

- The stacking to be done as consumers would themselves stock the shelf themselves.
- The basis should be on time, space and product benefits driving multiple item purchases as it is at core a proprietary set of decisions than a standardised practice.
- It should strive to maximise consumer value centered around the competitive environment in its area of operations.
- It is a strategy of differentiation in its area of retail operations.
- Understanding the cross-categories dynamics and role in influencing buying.

Keeping all the above activities in mind, we can say that these are potential drivers for growth in retailing by using some consumer centric tools like:

- Pricing brand
- Product sizing
- Packaging types
- Understanding usage occasions
- Product attributes
- Retail

An illustration of broad category management strategies available for Indian retailers:

Traffic builder-draws consumers into the store

Transaction builder-increases average size of transaction.

Turf builder-defends sales and market share from an aggressive competitor. Profit generator-increases profits-margin and contribution.

Excitement generator/creator-communicates surprise, awe and builds enthusiasm to shopping experience.

Cash generator-generates cashflow (normally at lower margins).

Image creator-communicates the retailers' desired image he wants to create in the mind of the consumer in areas like innovation, even around a brand, quality, variety and price.

Activity 4

Visit a set of departmental stores, supermarkets and list out all the broad categories and sub-categories. Extrapolate this to evolve a strategy centered around category management. By drawing out which is a traffic builder, turf builder etc..?

.....



8.8 ROLE OF PROMOTIONAL MIX IN RETAIL STRATEGY

The strategy for the right promotional mix as we all may concur should help in fulfillment of objectives pertaining to increasing store traffic, increasing the share of wallet, driving category specific sales thereby helping in development of the store brand.

The choice of the various communication vehicles: advertising, sales promotions, public relations campaigns and personal selling depends on the type of product retailing and services retailing offered.

The key focus of promotions we need to appreciate is centered around control, flexibility, credibility and cost of managing it.

We, thus go about looking into the detailing of each of the communication vehicles.

Advertising

- Persuasive advertising (health and wellness clubs, hospitality industry).
- Corporate advertising (financial service providers sponsoring a particular magazine or an advertorial circulated to specific corporates about the services rendered by the financial service provider).
- Informative advertising (a practise of consumer durables firms informing prospective consumers of the features and related benefits of the product).
- Financial advertising (ads released by mutual funds, banking entities, insurance firms informing investors of product features, inherent risks and benefits).
- Classified advertising (in book catalogues offering sale of products, services etc.)

Sales Promotions

Sales promotions is typically the peak season/ off-season activity where there may be a discount on the product or freebies given on purchase. It may also be clubbed with a complementary product or service.

The tools of sales promotions is used for new product introduction and to drive down the prospect of significant inventory cost as sales promotions cost eventually less than working capital likely to be locked for excess inventory management.

A note of caution is that sales promotion has to be used prudently as repeated use particularly in mid-premium and premium brands/niche-categories can adversely effect the brand equity or salience.

Public Relations Campaigns

The use of this marketing/promotional tool is used for enhancing the corporate brand image in a competitive market/category to differentiate the retailer from his contemporaries.

Public relations exercises are targetted towards the key stake-holders namely customers(vendors), consumers, investors, influencers, employees etc. seeking to build a holistic image of the firm's soft and hard competencies in the long-run.



Personal Selling

Personal selling though some may argue does not happen in the organised retailing, the success of well-known retailers has clearly established the fact that the "personalized selling" experience is what helps maintain consumer interest in the long term and helps the retail brand maintain an above industry growth rate even during economic downturns.

Activity 5

As a marketing manager of a new lifestyle departmental store you are entrusted with the task of designing the launch campaign. Prepare a detailed list of activities which you would undertake and the sequence of these activities.

.....

.....

.....

.....

8.9 SERVICES RETAILING: A GROWTH AREA

Services retailing as, you would have learnt appreciate has seen significant growth across financial services, healthcare, hospitality, IT products and entertainment sectors in India. Service retailing encompasses the following aspects:

Nature of Service Retailing

- dimensions of service which encompass providing the consume complete information thereby enhancing his experience.
- continuity of services where the emphasis is on "people, ideas, and information instead of tangibles". There is no distinction between the goods made available and the complementing services provided.

Types of Service Retailing

- offerings like business services, personal services, repair services, health services, social services, educational services, legal services etc. which have their unique operating characteristics depending on the basic skills required to render the particular service.

Importance of Service Retailing

- The premise for encouraging the growth of services retailing lies in the effect it has on the economic data, primarily GDP and employment numbers. This has significant implications for a nation like India with millions joining the employable age every year.

Strategies in services retailing are centered around the following:

- creating tangibility through visual representation, physical/mental symbols, name associations and service-line extensions.

Example: McDonald selling Burgers etc through express counters complementing its in-store "family experience" positioning.

- controlling variability through service counter and quality.
- making the product and service inseparable through direct-channel



(consumers go to suppliers and vice-versa) and indirect-channel delivery system(consumers go to suppliers and vice-versa through a intermediary or service agent).

Example (direct channel delivery system): Banks putting up service counters in shopping malls, airport lounges or large departmental store.

Example(indirect channel delivery system):insurance agents, travel ticketing agents, stock and employment agents.

- Negating perishability through lower pricing of services to increase its usage; develop reservation systems to schedule the supply as per consumer demand to maximize the service provider's output and lessen consumer confusion.
- Enhance profitability through better internal resource utilisation exploring price-setting methods and key determinants depending on circumstances.
- Communicating to the internal and external audience using the appropriate message and media.

Thus the role of strategy in services retailing has to be centered around the services mix, support elements and complementary goods.

Activity 6

Make a visit to a few hospital, fast-food chains, banks or any other service provider in your Area/Location and speak to the customer services to understand the role of service elements as part of the overall customer expectation determining his experience also try to understand how it affects branding of the product.

.....

.....

.....

.....

8.10 SUMMARY

This unit focuses on the role of strategic retail management and planning in depth by the emerging retailers across categories and appropriate corrections that need to taken care which may need revisit of organizational objectives.

Further we discussed the various strategies that retailers can adopt. The role of portfolio management as key strategic tool is emphasised.

Eventually the role of promotional mix as a key retailing tool has been explained as a criteria for growth and sustainence. We concluded the unit with discussing the significance of services retailing.

A mention on the significance of services retailing has touched upon.

8.11 KEY WORDS

Advertising: An indirect, impersonal communication carried by a mass medium and paid for by an identified retailer.

Backward Integration: The process of gaining control of one's supply chains.



Brand Extensions: The process of leveraging a brand name by bringing more products under its fold.

Category: It is defined as "the logical groupings of products for example on lines of consumer taste preferences and product characteristics where a reasonable substitution is sought by consumer."

Category Management: Defined as the process of managing a retail business with the objective of maximizing sales and profits of a category rather than the performance of individual brands so on.

Customer Account Profitability: It is defined "as the disciplined approach to quantifying and understanding the relevant aspects of the trading relationship with any prospective/incumbent customer or group of customers. In particular it seeks to set the costs of serving a customer outlet against which it generates.

Cash Generator: A strategy for a category to achieve high cash sales and frequency of sales.

Cross-category Analysis: An assessment across two or more categories to explore their relative strengths and weaknesses.

Demographics: Information about population in terms of age, sex, income, household size etc.

Excitement Creator: A strategy for a category which stimulates interests in consumers through impulse appeal, for example it may be a lifestyle opportunity or seasonal offering

Forward Integration: An expansion strategy aimed at acquiring a greater consume base through acquisition of complementary marketing channels/entities.

Hyper Markets: Typically a huge super store format with area averaging 2.2 lakhs square feet featuring a line of products across soft, hard and perishable/ consumable goods.

Image Enhancer: A strategy for a category which seeks to enhance the image the retailer wants to create in the minds of the consumer.

Inventory: The average level of a stock at a given point of time at a point in the supply chain.

Profit generator: A strategy for category to achieve profits higher than any other category.

Retailing: The business activity of selling goods, services ora combination of both to the end consumer.

Retailing Formats: The process of identifying, evaluating and choosing a particular layout in term of size, location, look for selling a range of merchandise logically grouped under categories so on.

Retail Promotion: It is defined "as the integrated communications targeted at informing, persuading the target market about the marketing mix of the retail entity".

8.12 SELF ASSESSMENT QUESTIONS

- 1) what is the significance of strategy in retailing industry?
- 2) State what the organizational mission of a financial services provider will look like?



- 3) "Lister" a firm into food and groceries retailing across formats can you explain what would be broad contours of the strategic planning exercise and the role definition of top and store level management executives?
- 4) What would be the guiding objectives of an financial services provider and the guidelines of the planning process?
- 5) "Prius" a speciality food retailer. It plans to span the whole range of foods retailing from convenience foods, health foods, ready to eat, vegetable and fruits and processed foods. Formulate a category management framework and guideline policy with the role play definition of top level management and store level executives?
- 6) Create a retailing organisational framework and the process of creating portfolios of products for an entity which wants to migrate from steel manufacturing focus to retailing focus as an SBU?
- 7) Outline the importance of services retailing and explain what needs to be done to explore its full potential in India?

8.13 FURTHER READINGS

Retail Management by Chetan Bajaj, Rajnish Tuli and Nidhi V Srivastava.(Oxford University Press).

Retailing by Dale M. Lewison (sixth edition-Prentice Hall).

Category Management In Action by Michala Jarvis Jon Woolven. (IGD Business Publication).