
UNIT 2 RETAIL PLANNING PROCESS

Structure

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2.0 OBJECTIVES

After studying this unit, you should be able to:

- Define planning.
- Detail the planning process and types of plans;
- Find barriers in planning process,
- Identify qualities of an effective plan, and
- Explain benefits of the retail planning process.

2.1 INTRODUCTION

You have learnt the concept, principles and functions of management in Unit 1. This unit has a great role to play in the process of understanding the concept of retailing as well as able to plan for effective retailing, which would not only be beneficial to the customer, but also to the organization involved in retailing business, Retail Planning forms one of the essential and major activity for any retail organization, which is one of the core functions aimed at effective delivery as well as fulfilling goals of the organization. In this unit, you will learn an overview of the retail planning process including its features, steps involved and types of plans. You will further learn barriers to effective planning and also the qualities and benefits of a good plan.

2.2 RETAIL PLANNING PROCESS

The core of achieving success in an organization is the proper planning of the strategy to be adopted in short as well as in the long run. It has been well

said, "If you fail to plan then you plan to fail." such is the importance of planning.

In planning managers use facts, reasonable presumptions and constraints to visualize and formulate necessary activities required to achieve desired results. In the words of McFarland planning is the concept of executive action that embodies the skills of anticipating influencing and controlling the nature and direction of change.

An obvious question for a retailer arises, why is he in business? Or in other words, what is his relevance in business? Thus there should be a clear cut mission for a retailer which will inspire him for making earnest efforts for achieving success

As in every organization, in retail organization also, there are two components of planning- mission and vision. While the mission outlines the goal of the enterprise and the strategy to be pursued, vision motivates for the future development and expansion of the activities.

The recent developments in the IT sector have made it possible to collect the data and disseminate it for proper planning. With the help of detailed analysis of the data, the target markets and the customers are identified subsequently the resource markets Le from where the products will be purchased and the destinations ie where the products will be supplied, are located In this context human resource development plays a vital role in assigning the jobs to the appropriate people.

Keeping in view the prevalent market trends, the pricing strategy is evolved to make it more competitive and profitable. The retailer also has to comply with the ethics and laws of the market. He has to follow the local, state, national and international regulations for present and future action. To monitor the planning, he has to develop a proper mechanism for control and evaluation.

2.3 FEATURES OF PLANNING

The following are the identifiable features of planning.

- 1) Planning is a process of determining the future course of action.
- 2) Planning requires forecasting of future situations. The effectiveness of planning depends upon the accuracy of forecasting.
- 3) Planning is done at all levels of organization. Thus, plans are developed at the top management level, division level, department level and section level also.
- 4) Planning involves selection of the right course of action. There may be several ways of achieving an objective of an organization. Effective planning involves selection of such alternative that provides maximum benefit to the organization compared to other alternatives

- 5) Planning is a continuous managerial function. Plans are required for undertaking all managerial activities effectively. Thus, plans are required for official functioning and for leading the organization towards the desired position in future.

2.4 STEPS IN PLANNING

There is no universally applicable planning process. The process varies from organization to organization and even within the organization at different levels such as Top Management, Division, Department, etc., the process may differ. Figure 2.1 shows steps in the planning process that are applicable with minor modifications to all types of plans.

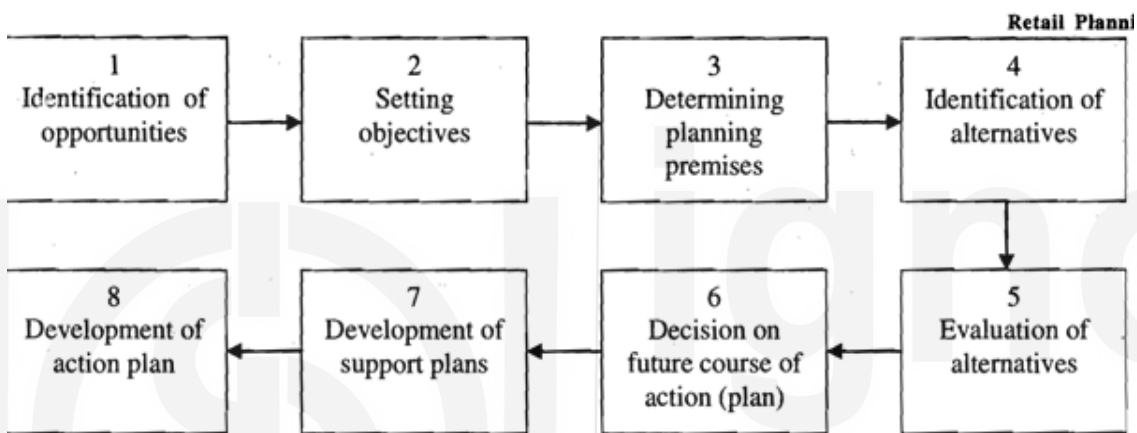


Fig. 2.1: Steps in planning process

As shown in Figure, there are eight steps in the planning process. Let us learn each step of the planning Process

- 1) **Identification of Opportunities:** Business environment is dynamic and ever-changing. Changes create many opportunities. One has to study the changes and spot out the right opportunities. For example, the Indian economy is growing at a rate of 9 per cent for the last two years and as a result the purchasing power of the population is increasing. The rise in income and changing consumption capabilities of a large group of consumers in India opened up many business opportunities for retailers. The retailers who identified such business opportunities have established big retail show rooms in various product categories and are expanding their business year by year. Their business plans and expansion plans are based on their ability to identify the right opportunities at the right time.
- 2) **Setting Objectives:** Once the opportunities are identified, the next step in the planning process is establishing objectives. Objectives specify the results expected. The managers should be clear about the desired result of a plan. The desired result may be in terms of profit to be achieved, market share, turnover (sales), customer retention etc. Thus, setting objectives provides for identification of end points of what is to be done,

where primary emphasis should be given and what is to be accomplished by the execution of a plan.

- 3) **Determining Planning Premises:** Planning premises are planning assumptions. In other words, the premises are the expected internal and external conditions that influences directly or indirectly the plans and their execution in an organization. The external premises include: political, social, technical, competitive, economic and so on. The internal premises include company policies, human as well as financial resources, strengths and weaknesses, etc. Plans are formulated generally by taking both internal and external premises as applicable to a type of plan.
- 4) **Identification of Alternatives:** It is believed that an objective can be achieved through several ways For example, if a retailing company aims to increase sales volume, it can introduce some sales promotion schemes like discounts, free gifts, one to one offers and so on. It can promote aggressively by releasing a series of advertisements, taking up door to door campaigns, erecting hoardings at various key points and sponsoring events. It can also achieve the objective by building and promoting customer relationships. Like that several options will be available for a manager to achieve the desired result. Thus, identification of alternatives is an important step in the planning process. An alternative is one of the ways of solving a problem or achieving a result. Therefore, each alternative is capable of achieving the objective. Such alternatives are needed to be listed out for evaluation.
- 5) **Evaluation of Alternatives:** At this stage, each alternative is analysed in all dimensions to assess its contribution or benefit in the light of resources and constraints. An evaluation-criteria will be developed to find out which alternative is more beneficial to the organization. Thus, cost benefit analysis is done against each alternative monetary costs and non-monetary costs will be estimated and present benefits as well as future benefits in monetary and non-monetary terms will be estimated against each alternative and finally, the evaluation statement of all alternatives will be developed.
- 6) **Decision on Future Course of Action:** Selection of the best alternative is called decision making. The selection of the best course of action for the future is planning. So, the best course of action is decided for execution.
- 7) **Development of Support Plan:** The basic plan often requires support plans. For example, the plan to build customer relationships may require support plans in the areas of human resource, training, communication, etc.
- 8) **Development of Action Plan:** Action plan is nothing but sequencing the activities required for effective execution of a plan. The action plan details the time frame for each part of the plan, and fixes responsibilities.

In other words, it gives the details of what to do, when to do, where to do, how to do, who will do and at what time.

Check Your Progress 1

- 1) List out different operational plans of a retail organization.

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- 2) Write the details of a store layout plan.

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- 3) Attempt to draw a plan for a store promotional campaign in your locality.

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2.5 TYPES OF PLANS

Plans can be differentiated based on the coverage of organizational activities, importance of contents, time dimension, etc. The following are the different types of plans.

- 1) **Corporate Plan:** This plan covers the total organizational activities. The basic focus of the plan is to determine long term objectives of the company keeping in view the possible changes in the environment. According to David Hussay, corporate planning includes the setting of objectives, organizing the work, and people. and systems to enable those objectives to be attained, motivating through the planning process and through the plans, measuring performance and so controlling process of the plan and developing people through better decision making, clear objectives, more involvement, and awareness of progress
- 2) **Functional Plan:** While corporate plan is for the entire organization, functional plan is for a segment or part of the organization Functional

plans are within the scope of the corporate plan. These plans include a marketing plan, finance plan, human resource plan, etc.

- 3) **Strategic Plan:** This plan is a long-term plan. This plan is developed after the careful analysis of opportunities and threats in the environment. Strategic plan details the way in which the company plans to use its strengths to exploit opportunities and face threats. It also details the ways of defending weakness or minimizing or eliminating them.
- 4) **Operational Plan:** These plans are short term plans covering operational activities of the organization. These plans are based on strategic plans. Examples of operational plans are resource allocation plan, control plan, implementation plan, etc.
- 5) **Formal plan:** This plan is developed through a well-structured process of planning. There will be a well-defined organizational system, processes and procedures for the development and finalisation of plans, Big business organizations develop formal plans.
- 6) **Informal Plan:** When a well-structured process is absent for the development of a plan, such a plan is called an informal plan. The planning process is based on managers' perceptions and gut feelings rather than a systematic evaluation of various alternatives, and small business organizations, generally, due to lack of sufficient resources develop informal plans.
- 7) **Short Term Plan:** These plans are related to existing operations of the organizations. The plans usually cover a time period of one year or less than one year.
- 8) **Long Term Plan:** These plans usually cover all functional areas of the business. They take into consideration the existing as well as future changes in economic, social and technological factors. These plans usually involve more than a year and may extend to more than 20 years also.

2.6 BARRIERS TO EFFECTIVE PLANNING

Planning is a managerial function. It is essential for every managerial position and for every organization. Though managers or organizations try to develop plans effectively. They encounter some practical problems in doing so. The following are the important barriers of effective planning.

- 1) **Planning Premises are Difficult to Formulate Accurately:** Planning exercise is done under certain assumptions of future happenings. Therefore, uncertainty of future happenings becomes one of the serious limitations and stands as a barrier. Under such circumstances formulating planning premises accurately may not be possible.
- 2) **Rapid Pace of Change in the Business Environment:** The last part of the 20 century and the beginning of 21st century witnessed unimaginable

changes in many fields. The boom of organized retailing has significant effects on the economy. The competition scenario, technology applications, store design and layout, product offerings, value additions and so on are changing at alarming. Therefore, judging the future changes is becoming a very difficult task. These changes are further complicating the planning process.

- 3) **Internal Problems:** There may be several internal problems that stand in the way of effective planning. The resistance to change among employees of an organization may become a hurdle in planning. Incorporating changes frequently in the policies and procedures may not be possible in all the organizations. Such inflexibility or rigidity in policies and procedures also cause problems for planning. Another important hurdle is financial resources. The developmental plans require financial support. If the organization is facing financial problems, the planners may be forced to compromise in development of plans
- 4) **External Problems:** Besides internal problems, external problems like changes in legal system, tax system, technology, etc. also influence the planning process.
- 5) **Efficiency of Planners:** Planning must be done by people with required skills and expertise. The quality of the planning process depends upon the quality of planners. All organizations may not have efficient human resources for the development of plans.

2.7 QUALITIES OF GOOD PLAN

The following are the qualities of a good plan.

- 1) Plans must be linked to long term objectives of the organization.
- 2) Plans should provide direction for future course of action.
- 3) Plans must be consistent in terms of external and internal factors. Therefore, organizations can have systematic growth over a period of time.
- 4) Plans must be feasible for implementation. They should take into consideration the realistic conditions of the organization.
- 5) Plans must be understandable. Therefore, plans should be simple and expressed in simple terms. The people who implement the plans should understand the motives of the planners to implement them effectively.
- 6) Plans should be flexible to incorporate changes that take place from time to time.

2.8 BENEFITS OF RETAIL PLANNING PROCESS

There are several benefits one can get out of the retail planning process. These may include: cost cuttings, enhanced appeal, enhanced customer service and profitability for both the customer as well as for the retailer. Some of the benefits of the retail planning process are:

- Effective cost control
- Effective stock management
- Effective store management
- Effective display management
- Efficient customer Service
- Enhanced customer satisfaction
- Providing the requested product, at the right place and at the right time.
- Striking a balance of size and operations as per local needs
- Increased Profit by planning:
 - More profitable product combinations
 - Reduced frequency of over-stocking
 - Minimal Stock Outs

The other benefits include:

- Planning timely promotional campaigns
- Improved negotiations by increased buying power
- Faster stock turnover
- Real-time merchandizing
- Enhanced forecasting capabilities
- Market analysis
- High goodwill in the market
- Reduced competition

Check Your Progress 2

1) What are the barriers for the development of a retailer's purchase plan ?

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2) Explain in detail three qualities of a good plan in detail.

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3) How does a corporate plan differ from a functional plan? Explain citing relevant examples?

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2.9 LET US SUM UP

Retail planning process is beneficial not only to the retailer but to the customers also. The planning process includes several aspects such as the goal, vision, target market etc. with the help of data analysis

Planning varies from organization to organization and also within an organization depending on the location of the organization and situation arising at different times. Planning includes identification of opportunities, setting objectives, determining planning premises, identification of alternatives, evaluation of alternatives, decision on future course of action, development of support plan and development of action plan. The consideration of all these factors strengthens the process of retailing.

Depending on the conditions, the retail plan is chalked out e g a corporate house makes a plan known as corporate plan keeping in view the strategy of its global operations. Likewise there may be functional plan, strategic plan, operational plan etc. these are some barriers too in planning like location of premises, ongoing change in the business environment, etc., that should be perceived in advance to overcome these problems The planning process is expected to comprise several qualities such as being linked to long term planning, consistent, flexible, etc. As mentioned earlier there are several benefits of the retail planning process such as effective cost control, effective stock management, effective store management, effective display management, efficient customer service, enhanced customer satisfaction, etc.

ILLUSTRATION-1:

Store Expansion

PUMA India Strengthens Retail Footprint, Launches its First Store in Maldives

Sportswear brand PUMA India opened its first store in the Republic of Maldives, entering the popular holiday destination that has witnessed a triple-digit surge in inbound tourism in 2019-21. This makes Maldives the latest market to join PUMA India's syndicate which includes 19 other countries such as Singapore, Indonesia, Malaysia, Thailand, Vietnam, and Philippines. Located in the capital city Male's iconic shopping street of Majeedhee Magu, the two-storeyed PUMA store is poised to be a one-stop destination for tourists and fashion enthusiasts besides the growing local football and futsal community. The store launch also comes at a time when Maldives is celebrating its golden year of tourism. Their executive director said that Maldives is coming up strongly as a travel destination, especially post-Covid. The number of resorts has swelled up over the years and the tourist-friendly economy has prompted good demand and consumption of global brands. He is excited to expand their presence in the country.

PUMA has partnered with Maldives-based sports and lifestyle marketplace Sonee Sports to launch the brand in the island nation. Under this partnership, the brand will expand its offline retail presence and also explore e-commerce, sports clubs, and other distribution channels in this new market. Tourism is the mainstay in the country, which managed to keep its Covid caseload low and luxury.indianretailer.com/news/puma-expands-product-portfolio-unveils-new-yoga-collection.n13354/s open to attract tourists from across the globe. According to the Ministry of Tourism Maldives, the tropical island nation witnessed a 138 percent increase in inbound travelers in 2021, the highest year-on-year growth rate recorded by Maldives in the last decade. The Ministry yet again estimates 15-17 percent jump in arrivals so far in 2022 over last year. In fact, India, Russia, UK, Italy, and USA were top source markets for Maldives during this two-year period.

“Maldives is also maturing rapidly as a football and futsal playing nation, indicating a real passion for sports. In Sonee Sports, we have found an experienced partner with a strong background of driving sports and lifestyle business in Male. We are looking forward to closely working with sports associations and clubs to provide access to the right sporting gear in the country and propel our commitment to the growth of sports and fitness culture with our range of apparel, footwear, and accessories,” said their MD.

Spread over 1800 square feet, the first store in Maldives will offer consumers a unique shopping experience and elevated product showcase. It will sell footwear, apparel, and accessories for men, women, and kids for their sports and lifestyle requirements. In the fiscal year ending December 2021, PUMA cemented its leadership position in the sports and lifestyle market of India,

earning a revenue of Rs 2044 crore. The brand added 51 stores in 2021 and has a total of 450 exclusive stores in India, so far in the current fiscal.

key takeaway, are the steps of planning

- 1) **Identification of Opportunity:** Identification of opportunity is one of the most important aspects of effective planning. Like The Puma India found republic of Maldives is the upcoming market, specially for sports and recreation activities. Due to its triple digit growth in inbound tourism brands like puma can capitalize on available opportunities.
- 2) **Setting up Objectives:** Next in the planning process is, to set objectives as Puma India set the objectives to serve the growing local football and futsal community in Maldives after the pandemic.
- 3) **Determining Planning Premises:** After the object is set then comes determine the planning premises. In the above-mentioned Illustration, Male being the capital city of Maldives is an iconic shopping street of Majeedhee Magu, can be a one stop destination for sports wear.
- 4) **Identification of Alternatives:** Identification of alternatives is very-very important in the planning process. Basically, one should always have the plan-B ready with. In the above, mentioned Illustration as Puma has identified alternative locations as shopping streets of Majeedhee Magu.
- 5) **Evaluation of Alternatives:** It is also very important for a retailer or anybody else planning must evaluate the available alternative. Having identified another location other than the Majeedhee Magu now the Puma must evaluate feasibility of the alternative location.
- 6) **Execution of the Plan:** This is the last stage in the planning process where one has to execute the planning as in the case of Puma entered into an agreement with the renowned sports brand of Maldives “ Sonee sports”

ILLUSTRATION-2

Nikon India Opens New Experience Zone in Mumbai

Nikon India, a 100 percent subsidiary of Nikon Corporation, leaders in imaging technology, inaugurated its experience zones in two key market hubs of Mumbai – Reliable Photo Store at Fort, and Nakshi Impex at Ghatkopar. The zone was inaugurated by their MD. The launch of these mark the 38th and 39th experience zones and will provide ease of access to Nikon's innovative product range and deepen its grip on the western region, thus Demonstrating Nikon's commitment to the photography community. The new experiential zones in Mumbai will enable reaching a vast network of photography enthusiasts, entrepreneurs, and artists to enable seamless access to the complete range of Nikon products, including the Mirrorless Series, DSLR cameras, COOLPIX range, lenses, accessories, and Sport Optics Range at a one-stop-shop. These zones will also host special technical support for all professional photographers.

The MD said, “We are pleased to announce the opening of our two Experience Zones in West India, located at Fort and Ghatkopar, for our valuable customers in Mumbai which is also known as the Entertainment Capital of the country. Mumbai is home to a diverse mix of artistic talent, photographers, cinematographers, and brooding entrepreneurs across the country. As a market leader, consumer centricity has always been at the core of all our offerings and these experience Zones are introduced to offer a unique experience to our consumers. We are confident this will accelerate our plans of creating more touch points for our customers pan India,” he added.

Nikon India will reach a Nikon dealer network milestone of approx. 400 in the West Region. With the help of these zones, Nikon aspires to give a unique ‘touch and feel’ experience to consumers all over India. Nikon's goal is to truly engage with millennials and empower them to explore creative opportunities through its revolutionary products, with the idea of bringing imagination to life.

Key Take-aways, types of planning

Corporate Plan: This plan covers the total organizational activities. The basic focus of the plan is to determine long term objectives of the company keeping in view the possible changes in the environment. Corporate planning includes the setting of objectives, organizing the work, people, and systems to enable those objectives to be attained.

Check Your Progress:

1. Analyze the cases of Puma and Nikon and interpret it.
2. What is store ambience? What are its essentials?
3. Write down the case facts towards their retail strategy.
4. What do you infer from it?

2.10 KEY WORDS

Corporate Plan: This plan covers the total organizational activities. The basic focus of the plan is to determine long term objectives of the company keeping in view the possible changes in the environment.

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Short Term Plan: These plans are related to existing operations of the organizations. The plans usually cover a time period of one year or less than one year.

Strategic Plan: Strategic plan details the way in which the company plans to use its strengths to exploit opportunities and face threats.

2.11 TERMINAL QUESTIONS

- 1) Explain the planning process.
- 2) What are the various types of plans?
- 3) What are the qualities of a good plan?
- 4) Explain the benefits of planning in retailing.
- 5) What are the barriers of effective planning?

FURTHER READINGS

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