

TRENDS IN RETAILING



Trends in retailing:

A retailer performs the dual functions of buying and assembling of goods. The responsibility of a retailer is to identify the most economical source for obtaining the goods from the suppliers and passing on the advantages to the consumer.

The seven trends in retailing in india are as follows:

1. Shift from unorganized to organized retailing
2. Store design
3. Competition
4. New form of retailing
5. Technology
6. Consumer buying behaviour
7. Entertainment.



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:

Modern 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.

7. Entertainment:

Modern 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.

FRANCHISING

Franchising is an arrangement where franchisor (one party)

Grants or licenses some rights and authorities to franchisee

(Another party). Franchising is a well-known marketing strategy

For business expansion.

A contractual agreement takes place between franchisor and franchisee. Franchisor authorizes franchisee to sell their products, goods, services and give rights to use their trademark and brand name. And these franchisee acts like a dealer.

In return, the franchisee pays a one-time fee or commission to franchisor and some share of revenue. Some advantages to franchisees are they do not have to spend money on training employees, they get to learn about business techniques.



Examples of franchising in india

- Mcdonald's
- Dominos
- Kfc
- Pizza hut
- Subway
- Dunkin' donuts
- Taco bell
- Baskin robbins
- Burger king



ADVANTAGES AND DISADVANTAGES OF FRANCHISING

Advantages to franchisees

- A franchise can use franchising to start a business on a pre-established brand name of the franchisor. As a result, the franchise can predict his success and reduce risks of failure.
- Furthermore, the franchise also does not need to spend money on training and assistance because the franchisor provides this.

- Another advantage is that sometimes a franchisee may get exclusive rights to sell the franchisor's products within an area.
- Franchisees will get to know business techniques and trade secrets of brands.

Disadvantages for franchisees

- First of all, no franchise has complete control over his business. He always has to adhere to policies and conditions of the franchisor.
- Another disadvantage is that he always has to pay some royalty to the franchisor on a routine basis. In some cases, he may even have to share his profits with the franchisor.
- A concession or concession agreement is a grant of rights, land or property by a government, local authority, corporation, individual or other legal entity.^[1]
- Public service such as water supply may be operated as a concession. In the case of a public service concession, a private company enters into an agreement with the government to have the exclusive right to operate, maintain and carry out investment in a public utility (such as a water privatisation) for a given number of years. Other forms of contracts between public and private entities, namely lease contract and management contract (in the water sector often called by the french term affermage), are closely related but differ from a concession in the rights of the operator and its remuneration. A lease gives a company the right to operate and maintain a public utility, but investment remains the responsibility of the public. Under a management contract the operator will collect the revenue only on behalf of the government and will in turn be paid an agreed fee.

- A grant of land or property by a government may be in return for services or for a particular use, a right to undertake and profit by a specified activity, a lease for a particular purpose. A concession may include the right to use some existing infrastructure required to carry out a business (such as a water supply system in a city); in some cases, such as mining, it may involve merely the transfer of exclusive or non-exclusive easement.
- In the private sector, the owner of a concession typically pays either a fixed sum or a percentage of revenue to the owner of the entity from which it operates. Examples of concessions within another business are concession stands within sporting venues and movie theaters and concessions in department stores operated by other retailers. Short term concessions may be granted as promotional space for periods as short as one day.
- Depending on what the law that is related to a sector states, concession can either allow the authority to retain or keep ownership of the assets, turning over to the concessionaire and reverting the ownership back to an authority once the duration of their concession ended, or both the authority and concessionaire own the facilities.

CONCESSIONS

Concessions may be defined as contractual arrangements through which a private entity obtains the right from a government agency to provide a service under market conditions. The arrangement allows asset ownership to remain in public hands, but allows the private operator to take responsibility for new investments in addition to operation and maintenance.

The underlying characteristics of concession Contracts make them successful models for Attracting private sector participation. They Also give the municipality maximum Protection in its role as public owner.



Characteristics of concessions are as follows:

- The concession permits the municipality to conduct and oversee monitoring functions, while the private investor is responsible for and obligated to provide parking services, which may include financing of activities and constructing new public properties. The municipality is obliged to repay invested money to the concessionaire (for construction activities) in the case of early termination of the concession. A minimum investment amount may be determined for the entire concessionary period, either annually or by other terms.
- The property of newly constructed parking facilities remains within the public sector. After the concessionary term expires, the concessionaire transfers the facilities to the municipality.
- Failure to meet established operating performance requirements in the contract is sanctioned (as agreed upon) by monetary penalties paid to the municipality. It is possible that in the concession contract, requirements for off-street parking facility construction may be defined, as well as performance requirements. The concessionaire has relative operational independence, as far as the scope of obligations established under the concession contract set in consideration of initial activity parameters, are met.
- On-street parking prices are regulated by the municipal council under the traffic law, which the concessionaire must comply with. Off-street parking prices may be set by the concessionaire, so long as consent is granted by the municipality.

ADVANTAGES AND DISADVANTAGES OF CONCESSION

Advantages:

- The concession is a method by which all responsibility (in terms of financial and technical, depending upon the agreement) is transferred to the private sector.
- A concession permits an operator to have greater freedom and flexibility to obtain maximum operating effectiveness (using its own management, financial, and technical abilities and knowledge) and guarantee the success of the project.
- A concession allows the municipality to guarantee the construction of needed facilities despite the fact that existing funds are insufficient to publicly finance them.
- The clear division of obligations between the contract parties decreases the likelihood of conflicts between the municipality and the concessionaire, leading to improved project results.
- The public sector has the opportunity to concentrate on monitoring and regulation of the concession obligations from the contract, as well as in other areas.

Disadvantages:

- A concession is a binding agreement with a long-term contract, which naturally requires longer period of research and preparation.
- Expenses for concession preparation are significant, emanating from various administrative procedures (including bid organization and preparation, coordination between different municipal departments, preparation of concession contract, and contract signing). It should be noted that possibilities exist to reduce the cost and expedite the process, based on worldwide best practice in similar projects. Furthermore, international financial institutions may be invited to assist in the financing of preparatory activities using their broad international expertise to facilitate the process.

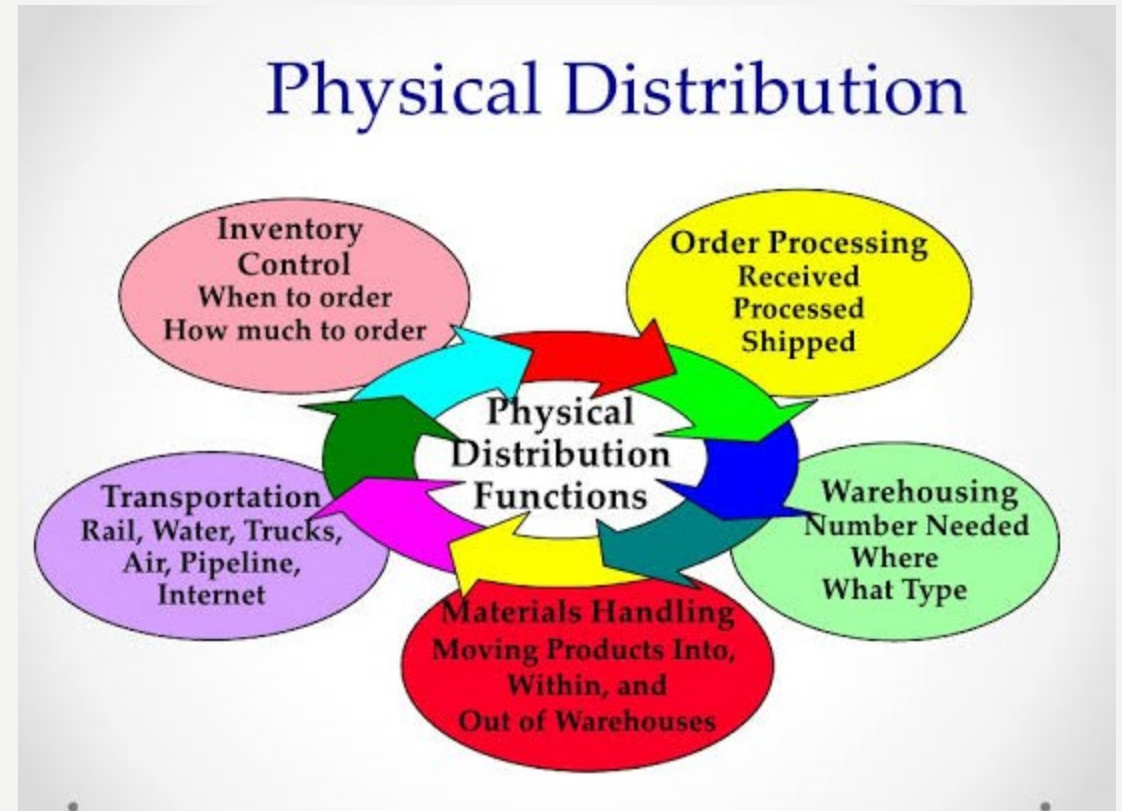
PHYSICAL DISTRIBUTION

Physical distribution is concerned with the physical movement of the goods from the producer to the consumer. It is an important part of marketing activity and a major component of marketing mix. It includes all those activities which help in efficient movement of goods from producer to consumer, such as transportation, warehousing, material handling, inventory control, order processing, market forecasting, packaging, plant and warehouse location and customer service.

Philip kotler has defined physical distribution as, “physical distribution involves planning, implementing and controlling the physical flow of materials and final goods from the point of origin of use to meet consumer needs at a profit.”

Objectives of physical distribution:

Physical distribution has two broad objectives viz. Consumer satisfaction and profit maximization. Apart from these, there are other objectives too. A satisfied consumer is the biggest asset that a company has. A firm can provide satisfaction to consumers by making available right quantity of right goods at right place and time, at lowest costs. Prompt and dependable distribution enhances consumer satisfaction.



At the same time, by offering better service at lower price of the product, the firm can attract additional consumers and make more profits. This can be done by improving the efficiency and effectiveness of physical distribution activities, firm can bring in economy which will have an effect on profit margin i.E. By lowering the physical distribution costs, profit position can be improved.

Importance of physical distribution system:

Physical distribution have an important role to success business.

1. Creating time and place utility:

Physical distribution activities help in creating time and place utility. This is done through transportation and warehousing. Transportation system creates place utility as it makes available the goods at the right place where they are required. Warehousing creates time utility by storing the goods and releasing them when they are required.

2. Helps in reducing distribution cost:

Physical distribution cost account for a major part of the price of the product. If these costs are handled systematically, decrease in costs of product can be there. Proper and systematic planning of transportation schedules and routes, warehousing location and operation, material handling, order processing, etc. Can easily bring in cost economies.

3. Helps in stabilization of price:

Physical distribution helps in maintaining stable prices. Even customers expect price stability over a period of time. Proper use of transportation and warehousing facilities can help in matching demand with supply and thus ensure stabilization of price.

4. Improved consumer services:

Consumer service in physical distribution means making products in right quantity available at right time and right place i.E. Place where customer needs.

Components of physical distribution:

(1) Order processing:

Order processing is the starting point of any distribution activity. Order processing includes activities like receiving the order, handling the order, granting credit, invoicing, dispatching, collecting bills, etc. Each customer expects that the order placed by him is implemented without delay, and as per the specifications of the order.

(2) Storage and warehousing:

Storage means making proper arrangements for retaining the goods in proper condition till they are demanded by customers. There are many products which are seasonally produced but are used throughout the year, they can be stored and later released.

Warehousing provides the storage function. Places where the goods are stored are known as warehouse. Goods are stored in warehouses to be released in time of demand. Apart from storing function, warehouses also perform other functions like, marketing and assembling the goods.

(3) Inventory control:

Inventory control refers to efficient control of goods stored in warehouses. Maintaining adequate level of inventory is very essential for smooth flow of business. Inventory acts as a bridge between the orders of customers and production. They are the reservoir of the goods held in anticipation of sales. Therefore, it needs to be properly managed and controlled. Neither too small nor too large inventory should be maintained.

(4) Material handling:

Material handling includes all those activities which are associated in moving products when it leaves the manufacturing plant but before it is loaded on the transport. This activity has been in existence since very long period of time, and now it has developed as a system.

(5) Transportation:

Transportation as a component of physical distribution is concerned with the movement of goods from the warehouse to customer destination. It includes loading and unloading of goods and their movement from one place to another. In doing so it provides time and place utility. Transport accounts for a major portion of the distribution cost and of the total price of the product.

Different modes of transportation are there like road transport, railways, airways, water transport and pipeline from which a choice has to be made. Each has its own share of merits and demerits. Normally a combination of different mode is chosen and integrated in a sequential order to move the product economically and faster.

Choice of a particular mode of transportation depends upon various factors like cost of the transport, availability of the mode of transport, speed, reliability, frequency, safety and suitability of the mode to move the product.

I. Road transport:

Ii. Railways:

Iii. Water transport:

Iv. Air transport:

TELESHOPPING

- In simple words, teleshopping means buying goods and services on telephone. It does not involve correspondence and personal visits. The seller prepares a short advertising film which is shown on television screen.
- It gives a full demonstration of the working of the product along with a list of contact phone numbers in every city.
- People who feel convinced of the utility of the demonstrated product contact the seller on telephone and place orders goods are delivered to buyers through courier or value payable post (v.P.P.).

Teleshopping types:

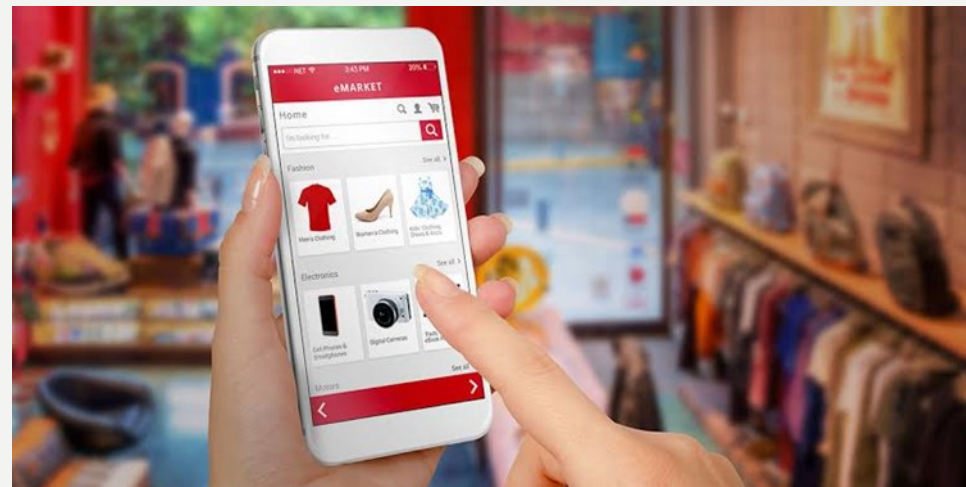
- Home shopping
- Online shopping
- Shopping channel
- Infomercial



1. **Home shopping** is the electronic retailing and home shopping channels industry, which includes such billion dollar Television-based and e-commerce companies as shop LC, HSN, Gemporia, TJC, QVC, eBay, shopHQ , and amazon.com , as well as traditional mail order. Home shopping allows consumers to shop for goods from the privacy of their own home, as opposed to traditional shopping, which requires one to visit brick and mortar stores and shopping malls.

- There are three main types of home shopping: mail or telephone ordering from catalogs; telephone ordering in response to advertisements in print and electronic media (such as TV and radio); and online shopping.

2. **Online shopping** is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the internet using a web browser. Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine, which displays the same product's availability and pricing at different e-retailers



A typical online store enables the customer to browse the firm's range of products and services, view photos or images of the products, along with information about the product specifications, features and prices.

3. Shopping channels (also known in British English as teleshopping) are a type of Television program or specialty channel devoted to home shopping. Their formats typically feature live presentations and demonstrations of products, hosted by on-air presenters and other spokespeople who provide a sales pitch for the product. Viewers are also instructed on how they can order the product.

The image shows a teleshopping presentation for an Archos smartphone. A male presenter in a dark suit stands behind a table displaying several smartphones. The background features a large red 'SALE' sign. On the left, a vertical text box provides product details: 'Flexi-pay 3 Payments of £26.66', 'ARCHOS 464 026', 'Archos Core 57s Ultra 4G, 5.72" HD Smartphone', '3GB RAM 32GB Memory, Dual Sim, 8MP Camera', and 'CLEARANCE'. At the bottom left, it states 'Ideal World Price £79.99 UK P&P £4.99'. On the right, another vertical text box says 'Flexi-pay Spread the cost with 3 Payments of £26.66 Plus UK P&P £4.99'. A horizontal banner at the bottom center lists specifications: 'Android 8.1 Oreo OS | Quad Core Processor | 3GB RAM | 2500 mAh Battery'. To the right of this banner is the phone number '09056 48 48 48' and the website 'idealworld.tv'. The 'ideal world' logo is in the bottom right corner.

Flexi-pay
3 Payments of £26.66

ARCHOS
464 026
Archos Core 57s
Ultra 4G, 5.72" HD Smartphone

3GB RAM
32GB Memory,
Dual Sim,
8MP Camera

CLEARANCE

Ideal World Price
£79.99
UK P&P £4.99

SALE

Flexi-pay
Spread the cost with
3 Payments
of £26.66
Plus
UK P&P £4.99

Android 8.1 Oreo OS | Quad Core Processor | 3GB RAM | 2500 mAh Battery

09056 48 48 48
Calls cost 20p per min + your phone company's access charge

idealworld.tv

ideal world

4. Infomercial

An infomercial is a form of television commercial, which generally includes a toll-free telephone number or website. Most often used as a form of direct response television (DRTV). Infomercials are also known as paid programming. While the term "infomercial" was originally applied only to television advertising, it is now sometimes used to refer to any presentation (often on video) which presents a significant amount of information in an actual, or perceived, attempt to promote a point of view. When used this way, the term may be meant to carry an implication that the party making the communication is exaggerating truths or hiding important facts. Often, it is unclear whether the actual presentation fits this definition because the term is used in an attempt to discredit the presentation.

ADVANTAGES AND DISADVANTAGES OF TEleshopping

Advantages of teleshopping

- The main advantage of teleshopping is convenience for the customer. The customer can purchase the product without visiting the seller. This saves valuable time, effort and
- Customers can make payment through their credit
- Cards. Asian sky shop, telebrands are examples of
- Companies which provide teleshopping facilities in india.



- Computer systems have made it easier by playing recorded messages and then record the information given by customers.
- Teleshopping, however does not offer the opportunity to the customer to examine the product before buying. Computerised systems used in teleshopping are expensive.

Disadvantages of teleshopping

There can be as many negatives using teleshopping as there are positives. In particular, you need to consider that:

- Teleshopping can be resented - particularly when dealing with business-to-consumer customers, and when calls are made in the evenings
- Customer lists may not always be clean and opted-in - this leaves you with a potential risk of breaking the law
- Customer lists can be very costly
- Telemarketing has a negative image that could damage your business' reputation - if carried out poorly
- Telemarketing has the potential to replace a sales team and this could lead to negative feelings among employees
- Training staff can be time-consuming and costly
- An outside service provider can result in your losing control over your sales processes because the people doing the work aren't your employees

SERVICE PROVISION RETAILERS

To some degree, customer service is fundamental to all retail because it supports customer loyalty and contributes to the customer's overall retail experience. However, retailers must decide what level of service they will provide for their customers:

- No service, such as Amazon Go concept stores that do not have associates or check lanes
- Self-service, such as most grocery shopping experiences where the product is available on-shelf for the shopper's selection. This goes a step further when shoppers use the self-checkout and scan the items, process the transaction, and bag the product themselves.
- Full-service

The variety of supporting services, known as the service type, range from self-service operators that provide few basic services to full-service operators with a wide range of highly personalized services.



Full-service retailers compete by providing support to consumers at every touch-point in the shopping process. This isn't just confined to the realm of personal interaction, but includes service types that can make the shopping process easier:

- Accepting Multiple forms of payments, such as cash, check, or credit card
- Offering delivery services
- Making recommendations or providing demonstrations, such as offering recipes, cooking classes, or product samples
- Allowing exchanges or returns
- Allowing special orders
- Providing customer loyalty programs

Another method is special orders, which can be online, in-person, or by phone. Many food retailers offer this service in their bakery departments, where cakes can be special ordered. The meat and floral departments may offer similar services.

Advantage: No Inventory

If sell a service, usually don't have any inventory. Instead of buying and selling products, convince customers to take advantage of your ability to make their lives easier. Do not have to manufacture, so you have no production facility, and you don't have to wait on products to be finished and inspected so sell them. This frees up to focus on sales rather than inventory or manufacturing.

Advantage: You're an Expert

If you developed your service based on a skill you have, an expert in your field. increase the size of your business by becoming better at that skill. The downside of this is that you must duplicate yourself eventually. That means you have to hire people who can replicate the level of service you provide. This requires constant monitoring, evaluation and retraining of employees. Where manufacturing companies must work to improve productivity, you have to work to improve quality of service, which can be much Harder to measure than productivity.

Disadvantage: Difficult Valuation

Service business is harder to value than a manufacturing or retail company. Those businesses have inventory, equipment and other hard assets that have a value. start a service business with a phone and very little equipment. While this makes for a simple start-up it can make for difficult valuation. To establish a track record of sales and some reliable sales projections to convince lenders of the value of your company.

Disadvantage: Demand Cutback

In difficult economic times, consumers usually cut back on services. They focus on products they need to survive and prosper, and services are often looked upon as extras. For example, a person who has been paying for oil changes might decide to do his own oil changes to save money. A person who has been hiring a dog walker may decide that she can do the job herself and save money. You should evaluate your service to see how you can make it more valuable to your customers so they see your service as a necessity.

INTERNET

Internet Retailing



The internet Retailing also called as *e-tailing* or *Electronic retailing*, is the process of selling the goods and services through electronic media, particularly the internet. Simply, the sale of retail goods and services online is called as *internet* retailing.

The internet can be of Two types:

- Pure Play e-retailers such as Amazon, that emerged as the online bookseller. It is present only online and do not have any physical outlet for the customers.
- Brick and click e-retailers such as Dell, that sells computers through the internet as well as has the physical store front for the customers.

Advantages of internet Retailing

1. Through internet retailing, customers can save both the efforts and time.
2. The wide range of products is available online, so the comparison can be made easily before the purchase.
3. The customer Can shop anytime and from anywhere, the facility is available 24*7
4. The huge discounts can be availed while shopping online.
5. The detailed information about the product is available online; that helps the customer to make the purchase decision.
6. The internet retailing offers the easy payment terms such as payment on delivery that instigate the customer to shop online.

Disadvantages of internet retailing

Internet retailing is advantageous in many ways. There are also certain limitations or disadvantages that one cannot ignore completely. The following are some of the disadvantages or limitations of internet retailing.⁶

1. Unfulfillment

The major issue facing internet retailers is “unfulfillment” or the inability of the business to deliver the customer Orders accurately. Most deliveries by internet companies contain some errors. Goods ordered for special occasions like Christmas, Diwali etc., are delivered late. Internet companies out source such services to parcel couriers.

Companies that send out small and easily deliverable packages like DVDs, software or books have a fulfillment advantage. But **delivery of a bulky assortment of goods within specific time** when the customer is not present is a major constraint.

2. Security concerns

A major barrier to the use of the internet for the transaction is **security**. There is a need for secure electronic transaction which will allow credit card-holder and merchant to authenticate each other during an internet transaction.

3. Network limitations

In electronic retailing, the **visual impact of website** is very important. But it raises conflicts. Graphic and Multimedia attributes assume that the customer end has access to a high specification PC. Customers are frustrated when they experience slow data transfer.

4. Demographics

Web applications should demonstrate clear relevance to the customer base. The pages on the website should be targeted at specific online customer groups.

5. Culture

Customer should feel comfortable with electronic shopping. However, purchasing over internet is fraught with difficulties. Customers are reluctant to supply their credit card details over the internet. They consider it to be too risky and fear breach of security. So, popular web browsers have incorporated secure payment encryption algorithms. Experiments on payment without having to transmit card details over the internet have been unsuccessful.

6. Easy to Hack

It is often easier for hackers to obtain credit card details, passed over a cordless or mobile telephone.

7. Social Acceptance is doubtful

The commercial success of internet technology depends upon the fundamental question of social acceptance. Only when users of technology are motivated to become customers, electronic commerce will flourish.

8. Size of Internet Market

While the home PC market is growing at a rapid speed, the home internet market should also match the trend. It means that people should become very familiar not only with personal computers but should have access to internet and use it quite frequently.

THANK YOU