INNOVATIVE MANAGEMENT PRACTICES – MARKETING IN RETAILING

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1. INTRODUCTION

Retailing in the new millennium stands as an exciting, complex and critical sector of business in most developed as well as emerging economies. Today, the retailing industry is being buffeted by a number of forces simultaneously, e.g., increasing competition within and across retailing formats, the growth of online retailing, the advent of radio frequency identification technology, the explosion in customer-level data availability, the global expansion of major retail chains like Wal-Mart, Big Bazaar & METRO Group and so on. Making sense of it all is not easy but of vital importance to retailing practitioners, analysts and policymakers. With crisp and insightful contributions from many of the world's leading experts in retailing, Retailing in the 21st Century offers in a compendium of state-of-the-art, cutting-edge knowledge to guide successful retailing in the new millennium.

Meaning Of Retail & Retailing

"The reality is that business and investment spending are the true leading indicators of the economy and the stock market. If you want to know where the stock market is headed, forget about consumer spending and retail sales figures. Look to business spending, price inflation, interest rates, and productivity gains".

Retail is the process of selling consumer goods and/or services to customers through multiple channels of distribution to earn a profit. Demand is created through diverse target markets and promotional tactics, satisfying consumers' wants and needs through a lean supply chain.

Retail is the sale of goods & services from individuals or businesses to the end-user of the products and services. Retailers play an important role in an integrated system called the supply chain. A retailer purchases goods or products in large quantities from manufacturers directly or through a wholesale, and then sells smaller quantities to the consumer for a profit. Retailing can be done in either fixed locations like stores or markets, door-to-door, specialty stores& by delivery. Retail is a simple concept: buy or make goods, place them on a shelf and sell them at a profit. However, competition for customers and the expenses involved in running a store ultimately pose challenges in the retail industry. Both large and small retailers face obstacles, whether it's maintaining a viable price point or keeping customers interested in what you sell. Retailing, on the other hand includes subordinated services, such as delivery. In simple words it is the sale of goods or commodities in small quantities directly to consumers. Retailing is all about understanding the needs of the customer and molding and packaging the product as per their requirements With the help of retailing the marketers are able to understand the connections between the lifestyle and expenditure characteristics of customers, their preference to purchase one product or brand over another, and this helps in understanding competition prevailing in the market.

Retailing involves selling products and services to consumers for their personal or family use. Department stores, like Burdines and Macy's, discount stores like Wal-Mart and K-Mart, and specialty stores like The Gap, Zales Jewelers and Toys 'R' Us, are all examples of retail stores. Service providers, like dentists, hotels and hair salons, and on-line stores, like Amazon.com, are also retailers.

Many businesses, like Home Depot, are both wholesalers and retailers because they sell to consumers and

building contractors. Other businesses, like The Limited, are both manufactures and retailers. Regardless of other functions these businesses perform, they are still retailers when they interact with the final user of the product or service.

2. DIFFERENTIATED AND INTEGRATIVE INNOVATION CONCEPTS

Sustainable innovation cannot be achieved by one-size-fits-all and one-sided approaches. It requires a common understanding of what innovation is, classifying concepts in order to assure individual assessments as well as differentiated approaches for firms to strengthen their innovation capabilities and performance. Further, innovation is about balancing complementary, and often opposing, variables. Therefore, integrative frameworks may help to gain a more holistic perspective and direction of impact. Examples:

- The Innovation Matrix is supposed to help assigning firms to one of nine types of innovative organizations. Depending on the characterization, a tailored approach can be developed in order to define where innovation should sit in the business model and how to drive growth.
- The Three Horizons Model integrates a short, middle and long term view of innovation, often being in tension to each other. It enables generating a balanced innovation portfolio, consisting of activities with different time horizons. This model can be of great benefit when it comes to mixing incremental and radical innovation activities with regard to risk and strategic alignment.
- As outlined previously, firms need to ensure a balance of exploiting existing businesses with exploring new opportunities, i.e. they need to become *ambidextrous* in order to thrive sustainably. As each direction of impact requires dedicated culture, metrics, leadership, mindset and organizational setup, this is another tension to be managed. An integrative framework (below) can be useful to determine a firm's inclination and how to move towards a balanced innovation capability. It's important to note – particularly for leaders: Exploration and exploitation are different, but equally important!

2.1KEY ISSUES

It is truly said by William James that individuals. That is the reason retailing is like to be in the jungle where we have to think for our survival to be the fittest. A good retailer would combine the personalized care of the local grocer with the state-of-the-art CRM and other tools of retail to retain his customer base and to survive and flourish in an ever emerging retail scenario. However, there are a few challenges that retailers across the country have to face. With the markets here being mainly fragmented and unorganized, retailers across the country face the following challenges:-

1. Heavy investment
It is very important for the retailers to focus on heavy investment to meet their infrastructure needs as well as appointment of well-trained middle management level professionals for the smooth functioning of the trade in the market.

2. Supply Chain Management

Now a day, the market scenario is changing with a rapid speed which results in the constant changes in consumer taste & preferences, logistical challenges and Evolution of new retail formats from time to time. Retailers need to implement various strategies to improve their business processes, such as logistics, innovation, distribution, fashion, marketing and management to keep in pace with changing market trends and to reach the levels of quality and service as per the expectations of the consumers.

3. Frauds in Retail

However, with rapid growth in the retail sector, the associated perils and issues are also coming to the forefront. The shrinkage or fraud in retail is a key issue that is becoming a cause of concern for Indian retailers. Shrinkage is the "loss in inventory on account of a combination of employee theft, shoplifting, vendor fraud and administrative error."

4. Infrastructure and Logistics

Retailing and logistics are concerned with product availability from the manufacturersand sometimes the retailers have to bear huge losses due to lack of proper infrastructure and distribution process.Good infrastructure and efficient distribution channel is the need of the hour to boost the retail business. It is required to concentrate in providing better transportation systems, warehousing facilities and timely distribution of products.

5. Merchandise:

The primary goal of the most retailers is to sell the right kind of merchandise and nothing is more central to the strategic thrust of the retailing firm. Merchandising consists of activities involved in acquiring particular goods and services and making them available at a place, time and quantity that enable the retailer to reach its goals. Merchandising is perhaps, the most important function for any retail organization, as it decides what finally goes on shelf of the store.

6. Change or perish

Change or perish is the writing on the wall. Some of the largest names in retail, with stores all over the country have disappeared from the retail map and some of the retailers are struggling to come to terms with the change so that they can meet the expectations of customers. New players are emerging, who seem to know which way the wind is blowing. They will also be voted out by the customer, if they do not change with the times and constantly keep satisfying the ever increasing and ever changing needs of the customer.

7. Pricing

Pricing is a crucial strategic variable due to its direct relationship with a firm's goal and its interaction with other retailing elements. The importance of pricing decisions is growing because today's customers are looking for good value when they buy merchandise and services. Price is the easiest and quickest variable to change.

8. Target audience

"Consumer the prime mover" "Consumer Pull", however, seems to be the most important driving factor behind the sustenance of the industry. The purchasing power of the customers has increased to a great extent, with the influencing the retail industry to a great extent, a variety of other factors also seem to fuel the retailing boom.

9. Scale of operations

Scale of operations includes all the supply chain activities, which are carried out in the business. It is one of the challenges that the Indian retailers are facing. The cost of business operations is very high.

10. FDI in retail

FDI would have a positive effect on the economy in the long run. It would lead to greater efficiency and improvement in standard of living and ultimately benefit the consumer both price and selection wise, due to the introduction of technology and know-how of foreign player in the market. Today, consumers are very choosy when it comes to buying of a brand of a product which is offered to them. Companies need to be up-to-date with latest trends and techniques in order to be able to compete with others in the market.

11. Auditing

Auditing is another problem that the retail industry faces on a regular basis. Retail businesses are regularly engaged in competition with one another, and this competition creates price wars, forcing a need to keep tight control over inventory and other important data. The company notes that existing auditing systems may be outdated and provide inadequate audits needed to stay competitive

12 Technology

Keeping up with the pace of modern technology is one of the major problem the retail industry is facing. For instance, retail point of sale technology often uses computer systems that are several years behind the computer industry as a whole. The inability of retail industry technology to keep up with initiatives such as mobile digital coupons is a problem that the industry regularly faces

13 Employee Turnovers

Lack of worker continuity, or employee turnover, is one of the major problems faced by the retail industry. Employees coming in and out of your business as if it were a revolving door only create problems for human resource professionals, who must constantly find and train new staff, which can eat up valuable time and resources.

14 Economic Challenges

Another area of challenge for the retail industry is the economic uncertainty it faces moving forward. The retail industry as a whole is largely dependent upon the economic well being of the nation. As the nation prospers and people have more mo

ney to spend, the retail industry generally flourishes. However, in more difficult economic times, the retail industry is often faced with potential shrinkage. Columbus IT also indicates that the future uncertainty of global economic markets makes economic planning difficult in the retail world

3. GROWTH AND CHANGES IN RETAIL MARKETING

Shopping is an important part of everyday life — providing both accesses to consumer goods and opportunities for employment within an increasingly services-oriented economy. Where we shop, how we get there, and what we purchase to some extent defines who we are and how others see us. Our motivations for shopping range from the personal (e.g., self-gratification, role-playing, meeting obligations) to the social (e.g., interaction, communication, peer group attraction). Why we shop is clearly a complex process and where we shop is often influenced by a combination of our personal preferences and our response to developmental, planning, and political decisions of which we are not always aware. These decisions collectively influence our choice of travel mode by affecting our access to shopping (and other non-work) destinations.

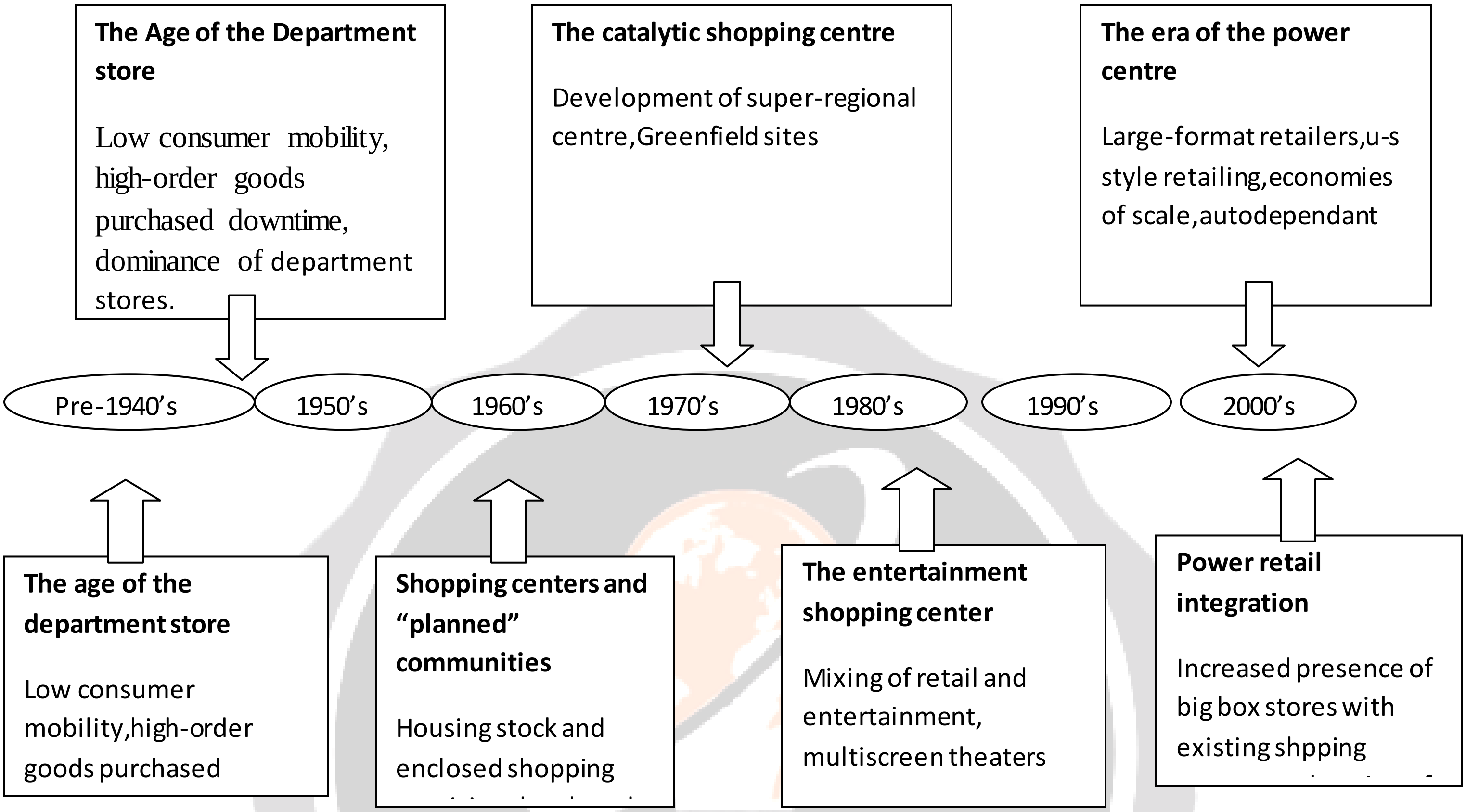
Many researchers have examined the influence of socio-technical processes (including innovation in technologies for moving information and people) on the development of cities and metropolitan regions. Less attention has been paid to the transformative impact of the retail economy on the size and shape of city-regions.

Recent data suggest that current forms of development have given rise to complex, non-uniform patterns of urban growth and change in Canadian metropolitan regions (Shearmur and Coffey, 2002). Understanding the forces of decentralization, which help account for the changing spatial structure of Canadian city-regions, can advance knowledge about the relationship between urban sprawl and economic growth at the local, regional, and national scales.

Canada's retail landscapes reflect the immense diversity of social classes, incomes, ethnicities, lifestyles, and business formats in our cities. Retail strips, suburban plazas and malls, power centres, downtown shopping areas, and boutique districts are some of the most prominent elements of the urban landscape. The current retail system is the product of a series of complex structural changes and political-economic processes (Berry, 1963; Bromley and Thomas, 1993). The system is highly volatile as new retailers open and existing retailers close or relocate. Minor shifts in the income, demographic, lifestyle, or competitive characteristics of an area can lead to rapid changes in the form and structure of the retail environment (Simmons and Kamikihara, 2007).

The retail fabric of cities responds to demographic, technological, behavioural, and entrepreneurial change. In general, retailers choose their locations in response to market conditions. If the population and income mix of a particular area constitute an appropriate market for retail goods, retailers will attempt to move in. At the same time, the spatial pattern of retail groupings relates to the transportation technology of the time. When mobility was low (that is, before the era of the automobile), retail activities tended to concentrate; as mobility increased throughout the postwar era, retail activities tended to become more dispersed. At a finer scale, consumer preferences for particular goods and locations and entrepreneurial decisions in response to those preferences help determine the growth and decline of retail areas. Certain urban shopping areas go in and out of fashion for particular groups. Meanwhile, investment decisions are based on entrepreneurs' evaluation of the prospects of the market over time.

Fig 3: The evolution of the Canadian urban retail system



The Canadian urban retail system has experienced several transformations in the last 60 years. These transformations were tied to the evolution of urban structure and transportation: the compact pre-automobile city was succeeded by the dispersed automobile city, which is now giving way to an emerging information city. **Figure 3** shows the major phases of evolution of the Canadian retail system for the period before the Second World War era to the present day.

Retail strips (street-front retail) have always been part of the urban retail system. They can be found in traditional downtowns as main shopping streets, clustered in the inner suburbs (often serving specialized functions), and dispersed throughout the outer suburbs along major arterial roads. Shopping centres date back to the 1950s, with major growth occurring through the mid 1960s to late 1970s. This period saw the build-out of suburban regional and super-regional centres in parallel with rapid suburban residential growth. Since the 1990s, power centres have dominated Canadian retail real estate development; only one new major shopping mall has been built in Canada since the mid 1990s.

The growth of large-format retail in Canada has been attributed to (1) the implementation of free trade agreements in the late 1980s and early 1990s; (2) the decline in the value of the Canadian dollar (1992-2004); (3) competition effects related to pricing and selection; and (4) innovation in design and site selection – i.e., the trend toward the development of highly visible, auto-accessible locations on inexpensive land (Hernandez and Simmons, 2006; Jones and Doucet, 2000). The rise of power retail in the GTA has resulted in some transformation of what consumers can expect to find at shopping centres (from retail to services), and the wholesale replacement or adaptive re-use of places previously used for other purposes (e.g., enclosed malls, industrial sites).

The proliferation of large-format retailing and the shift away from the enclosed shopping centre have been reinforced by escalating land costs, the high costs borne by shopping centre tenants (base rent, property tax, common area maintenance fees), and the opening up of markets (and subsequent influx of U.S. retailers like Wal-Mart in 1994) following the free trade policies of the late 1980s and early 1990s.[4] The result has been the production of a highly suburbanized auto-oriented retail landscape dotted with big boxes, power centres, and power nodes, accessible primarily by automobile — places with lower capital and operating cost structures than other retail formats.

The introduction and subsequent growth of large-format and power centre retailing did not occur either quickly or at the same rate through time (Jones and Doucet, 2000). While much of the growth of large-format retailing in the GTA occurred during the 1990s, early signs of what was to come emerged in the GTA as early as the 1960s — IKEA opened in 1962, Leon's in 1973, and Knob Hill Farms in 1971 (Jones and Doucet, 2000, 2001). The data also suggest that the growth of the retail economy in general, and big-box retailing specifically, has ebbed and flowed alongside the success and failure of the broader regional economy. For example, the recession of the early 1990s was a period of slow growth in big-box retailing in the GTA (Jones and Doucet, 2000). Overall, and despite short-term cycles of growth, the staying power of large-format retail derives from its dramatic success relative to other retail formats (Jones and Doucet, 2000).

5. REFERENCES

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