

Retail Management

(A Case Study on Reliance Industries)

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ABSTRACT

Retailing in India is becoming increasingly important, and organized retailing is poised to grow at an exponential rate. These growth opportunities have even attracted global majors who are setting up shop in India. The growth of the retail sector will make retailers powerful intermediaries in the marketing channel, bridging the gap between manufacturers and consumers. Therefore it will be the power of the consumer as well as that of the retailer in the marketing channel that will spearhead the growth of retailing in India. The main objectives of the study is to know the present system and weakness of Retail Management in Reliance and to suggest measures to improve the quality of goods purchased from reliance stores, it is being studied by filling 730 questionnaires from the customers of the selected stores of the Reliance stores in Jaipur city by the Convenience and Random sampling. This study is descriptive and empirical in nature where it is totally based upon observational study which is being done by collecting the primary data, interview based, and secondary data based. According to survey on reliance fresh it has been observed that in spite of having all the modern retail outlets facilities and technologies the sales are decreasing and Reliance retail industry is catching the eyeing of every management prospects to get into for their career options and it look forward for future career option in the most lucrative and opportunistic. The study suggests that reliance industry needs to Connect with the customer by considering sales per square foot or potential sales at a particular location in addition to rent, Reliance it can also increase the variety of items that customers can purchase, and can also negotiate price on items with suppliers. At last the conclusion of the study is that Retail Marketing focuses on the segmentation, targeting, positioning and branding of a retail store and the methods of communicating this to the consumer. The marketing tools that a retail organization uses to pursue its marketing objectives are termed as the retail marketing mix a long- term performance is largely determined by its strategy the strategy coordinates employee's activities and communicates the direction the retailer plans to take. Retail market strategy describes both the strategic direction and the process by which the strategy is to be developed.

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INTRODUCTION

Reliance Fresh concerned it has been realized that Reliance Fresh is very different from what modern retail has offered in India so far. Unlike global retailers who operate on thin margins, Reliance Retail is looking at a fairly high-margin business model. Reliance Fresh is a unique format. It has deliberately stopped short of being a full-fledged supermarket (a tried and tested model in India). Reliance wants to build a high-profitability business and F & V, dairy items & grocery items are, perhaps, the best place to start. That is because the Indian food supply chain is grossly inefficient. There are several intermediaries, each of whom adds his profit margin to the cost. Besides, there is huge wastage in transit. This offers potential for savings and profits.

Globally, supply chains are fairly mature and efficient. This gives the retailer little opportunity to improve margins. But in India, any retailer who builds an efficient supply chain stands to gain. With efficient sourcing it can advantages. They bring down the cost of real estate (and increase profits).

According to survey on reliance fresh it has been observed that in spite of having all the modern retail outlets facilities and technologies the sales are decreasing. But sales can be increased or decrease in sales can be minimised if reliance fresh emphasises more on the following areas:

- Range of Products
- Checking Out
- Prices
- Parking
- Comparable cost
- Customers
- Customer service
- Location

Finally, Reliance retail industry is catching the eyeing of every management prospects to get into for their career options and it look forward for future career option in the most lucrative and opportunistic Reliance retail industry.

REVIEW OF LITERATURE

Retailing is the set of business activities which adds value to the product and services sold to consumers to the personal or family use. All retail operations requires the retailers to have a keen understanding on how to serve the needs of their customer's Nair suja(2006), Organised retailing is the most happening sector today the technological advancements are considerably influencing retail sector, helping to improve customer service and organise it better it thrives mainly on electronicbase technology babunagendria and avina (2007), Today suburban sprawl greater driving distances the appearance of new warehouses retail format that are often located in large space away from residential areas and , outline retailing have made location somewhat less central as a store choice criteria , Achabal, gorr and mahajan(1982) , They find that store environment factor, particularly physical design perceptions significantly affect consumers perception of merchandise price , merchandise quality , employ service quality Baker et.al (2002) , Store atmosphere has a social identity appeal a pleasing atmosphere in the store influence perception of socially communicative products in the store , no so much intrinsically rewarding products , Schlosser (1998), They develop a product price saliency framework to examine how consumers form an overall store price image Manroe and lee and desai and talukar (1999,2003) , They show that retail promotions in any one category do not directly

influence a consumers store choice decision , but they indirectly affect where the catrgory is purchased Buckling and Lathin (1992) ,customer shopping experience , product variety at different price points and cost advantage were studied by Sahudebajani and Mishra (2018).

OBJECTIVES OF THE STUDY

- To know the present system and weakness of Retail Management in Reliance.
- To assess the role of Retailing in meeting the emerging needs and challenges facing the Reliance Industry.
- To highlight the current policies with regard to retailing in the Reliance Industry.
- To suggest measures to improve the existing Retail Management.
- To see the response of the shoppers towards malls which are now opening up in the metros and big cities as perceived by retailers.
- To study the customer satisfaction and the employment generating schemes of retail stores.
- To suggest measures to improve the quality of goods purchased from reliance stores.

HYPOTHESIS OF THE STUDY

- There is no significant difference in customers age group and about retail store practices implemented by various departmental store
- Goodwill of reliance store has improved due to better retail management.
- Retail store has affected the business of local shops.
- Opening of retail store has increased the customer satisfaction and employment generation
- People are highly satisfied with the services of reliance retail store.

RESEARCH DESIGN & METHEDODOLOGY

The research design was descriptive in nature. An attempt has been made to outline major decision taken by researchers to execute empirical study relating to Reliance Retail management implemented in 2005 -09 in Jaipur city. No testes have been applied it is totally based upon Observation of primary data, Interview and Secondary data.

SAMPLE DETAILS

The primary data was collected from 730 customers from the selected branches of reliance retail store in Jaipur city. The research has used the convenient and random sampling method to collect the data.

SAMPLING MEDIA

The collection of primary data was personally administered Questionnaire with personal interview programme by the researcher at the randomly selected branches across the Jaipur city of Reliance Retail store.

LIMITATIONS OF THE STUDY

- The employees of store are not willing to give any information regarding the working of stores.

- Behaviour of customers was sometimes not good towards the researcher.
- The answer of some questions were not correct and it leads to create a problem while accessing the data

However all efforts have been made to present an unbiased report on the study and it is hoped that this study will contribute albeit its limitations, to the undertaking of the problems and to take appropriate measures to overcome these problems.

The major findings of the study:-

PART I: FINDINGS REGARDING CUSTOMERS

- Researcher has found 730 customers are selected from the different stores of reliance located in the various parts of Jaipur City. To know the differences in the mind set up of customers and their purchasing abilities from the stores.
- Out of 730 customers, majority of customer were female 61.64% and 38.35% are male members. It shows that women are more interested in shopping.
- Majority of customers are in the age group of 20-30 years i.e. 71.23%. it shows young generation prefers more to buy from departmental stores.
- Out of 730 customers 86.30% are fond of shopping.
- Out of 730 customers, 47.94% of customers prefer to buy from Reliance store.
- 60.27% of the customers found differences in the quality of goods purchase from the stores.
- 60.27% customers find quality differences in the goods for Reliance to any other store.
- 75.34% of the customers find differences in the prices of goods in Reliance Fresh Stores and they marked the difference below 10%.
- 460 customers out of 730 say that retail stores have affected the business of local shops.
- 76.71% of customers out of 730 find that all variety of goods is available at Reliance Fresh Outlet.
- 56.16% of the customers feel that these types of stores should be part of sub urban & rural areas. As it will give new line to the retail business.
- Out of 730, only 2.73% of the customers are highly satisfied with the Services & Delivery System of Reliance store which is the drawback of Reliance Store.
- Out of 730 customers, 2.73% of the customers are highly satisfied, 42.46% are quite satisfied and only 8.21% are dissatisfied.
- Out of 730 customers, 84.93% feels that shopping has increased during the weekends due to enhancement of store culture.
- Overall service of Reliance store out of 730 customers 67.12% has considered as good and only 2.73% has considered as excellent.
- Behaviours of Reliance Fresh staff has been considered helping by the respondents as 46.57% have rated them helpful.
- Out of 730 respondents 93.15% felt that staff is well dressed and 65.75% found that staff is irresponsible in nature.
- The ambience of Reliance fresh has been rated as good by the 75.34% of the respondents.
- 38.35% of the respondents believe that the space is limited in Reliance Fresh Stores.

- Respondents felt that display of goods in reliance store is systematic and 86.30% of customers find the store neat & clean.
- 65.75% of the customers say that there is help desk service in Reliance Fresh Store. But 52.05% of the customers are not happy with the billing system of Reliance.

SUGGESTIONS AND RECOMMENDATIONS

Following are the useful suggestions being provided for strengthening of market potentially of retail outlets:

- Connect with the customer – Excellent service is the key to increasing sales. Listen to the customer to understand their needs and wants. Then educate him/her about the products. Finally, let the customer know you appreciate their business. Offer value-added services and products. Create a mailing list by asking for contact information from each customer.
- Consider sales per square foot or potential sales at a particular location in addition to rent.
- Reliance Fresh Store can increase the variety of items that customers can purchase.
- Negotiate price on items with suppliers.
- Generate a Buzz – Whenever anything noteworthy happens within the business send a press release to the media. The idea is to grab any free coverage possible. Get involved with community events. Consider hosting classes, meeting or other networking events in retail store. Use unique promotional events to generate a buzz about business.
- Reliance Fresh Store Pricing Strategy – when purchasing and pricing products, be sure Reliance Fresh Store considered the cost of goods and that Reliance Fresh Stores able to make a profit at that price point. Reliance Fresh Store product price should be competitive, but still profitable. Ultimately, the right price is the price the customer is willing to pay for the product.
- There should be a clear and obvious difference between regular customers and other customers – a different that these customers perceive as showing that they value them.
- Reliance Fresh Store can design store for sale – Take advantage of cross-merchandising strategies and impulse sale opportunities. Use lighting techniques and creative displays to attract customers. Play videos for product education, customer entertainment and any other upsell or promotional tie-in.
- Team up with a non-competing business in their area to offer a package promotion.
- Create window displays in location away from their shop. Airports, hospitals and large office buildings occasionally have display areas they rent to local businesses.
- Create a loyalty program to reward existing customers.
- Advertise in creative locations such as park benches, buses and popular web sites.
- Increase the bonus points on shopping – Taking into account all the factors the numbers of bonus points should be increased in order to include more and high profile customers into loyalty program.
- Reliance Fresh Store can some benefits for those customers who don't want to have a card but they are regular customers – Few customers were regular visitors and they didn't want to possess the card. For such customers the store must have some special provisions so that they retain their regular customers.
- Format of membership form should be changed – It takes a lot of time to fill up a form because of the details sought. Due to which customers were not ready to be a member. So the format of membership form should be changed so that time duration spent to fill up the form can be minimized.

- Regular announcement for membership card – There should be regular announcements for membership card in a particular time gap because it's not possible to catch hold of each and every customer at the same time. This way of doing the work can be fruitful because all customers will listen to the announcements at the same time.
- Reliance Fresh Store can effective utilization of empty shelves – Most of the times some shelves remained empty. There should be proper coordination between distribution centre and the store.
- Separate cash counters for senior citizens and ladies – The facility of separate cash counters for ladies and senior citizens should be provided.
- Name of merchandise and price tag should be displayed in Hindi and font size should be increased – Few customers had a problem in identifying the price tag and merchandise. So in case of some merchandise the name should be displayed in Hindi and font size should be increased so that customers can read it easily.
- Reliance Fresh Store can provide a touch and feel experience to the customers – In India the customers want touch and feel experience. In case of staples there should be some sample of wheat, pulses and other items. So that the customer can touch and feel the commodity before purchasing.
- Facility of drinking water – Drinking water facility should be provided in the store. Particularly in summer season, so that customers can have a good shopping experience.

CONCLUSION

Retail Marketing focuses on the segmentation, targeting, positioning and branding of a retail store and the methods of communicating this to the consumer. The marketing tools that a retail organization uses to pursue its marketing objectives are termed as the retail marketing mix.

The components of the retail marketing mix are Product, Price, Place, Promotion, Presentation, People and Customer Service. The retail marketing mix is used to develop an appropriate marketing strategy for the store, depending on the target market to be serviced. Market is large and varied and so are the needs of the customers. The marketing strategy evolved as a result of segmentation, targeting and positioning is commonly known as STP marketing. The segment, target market and the positioning strategy adopted by the retailer dictates the image of the retail store. This in turn, decides the communication mix that the retailer needs to communicate with the consumers.

Communication is an integral part of the retailer's marketing strategy. Primarily, communication is used to inform the customers about the retailer, the merchandise and the services. It also serves as a tool for building the store image. The retailer can use various platforms/channels for communication. The most common tools are Advertising, Sales Promotions, Public Relations, Publicity and Personal Selling.

A Retailer is a business that sells products or services, or both, to consumers for their personal or family use. Retailers attempt to satisfy consumer needs by having the right merchandise, at the right price, at the right place, when the consumer wants it. Retailer also provide markets for producers to sell their merchandise. Retailers are the final business in a distribution channel that links manufacturers to consumers. A distribution channel is a set of firms that facilitate the movement of point of production to the products from the point of sale to the ultimate consumer.

Design is fast becoming a differentiating factor in retail. The store design and layout tells a customer what the store is all about. It is a very strong tool in the hands of the retailer for communicating and creating an image of the store in the mind of the customers. It is the creation of this image that is the starting point of all marketing efforts.

The exterior look of the store and the store interiors, both play an important role. The exterior look of the store, which draws a customer to the store, is the first impression that a customer has of the store. It is a function of the location of the store site, which is a combination of various, factors like the site itself facilities like parking and the ease of access. The architecture of the building is a combination of the frontage and exterior of the building, the display space and the health and safety provisions provided. Health and safety standards may not really be a cause of concern for Indian retailers; however, they are an important factor internationally.

Store interiors are a function of the fixtures, flooring, ceiling, lighting and signage's used within the store, to create a particular look. Integral to the interior look of the store is the layout of the store. A layout is like a plan for the store. It is meant to aid the movement and flow of customers, so that they move through the entire store. Store layouts may be classified into grid, racetrack or freedom.

An important element of a store layout is space planning. Space planning helps a retailer determine the amount of space available for selling and for storage. It is not only an element of retail design, but is also an element of merchandise managers are responsible for the overall profitability of the merchandise, it is linked to the retail space allocated for the merchandise within the store.

Visual Merchandising is the orderly, systematic, logical and intelligent way of displaying merchandise in the retail store. To produce good visual merchandising, it is vital to understand the product and the customer.

An understanding of consumer behaviour is important in order to formulate and implement effective retail marketing strategies. Consumer behaviour refers to the understanding of how consumers make decision to use their respective resources such as time, money, and effort fro buying, using, and disposing goods and services. Consumer behaviour in turn is affected by various factors specific to the consumer and the external environment. These factors could be classified as intrinsic and extrinsic; and former deals with motives, perceptions, and attitudes of the consumers, and latter deals with influences such as family, social class, culture, and economic environment.

Another classification of factors that affect consumer behaviour refers to personal, psychological, and environmental influences. Personal factors are unique to particulars persons and largely refer to demographics such as age, marital status, sex and income. Psychological factors refer to aspect of the individual, such as motives, perception, learning, attitudes, personality, and lifestyle. Environmental influences refer to the physical and social characteristics of a consumer's external word, including physical objects, spatial relationships, and social factors.

Consumer decision-making process refers to the stages consumers go through when they decide to make a purchase. It consists of five stages- need recognition, information search, evaluation of alternatives, purchase decision, and purchase evaluation. Needs could be simple or complex based on the frequency of their occurrence. Information search could be derived from internal and external sources. Consumers invest time in information search in proportion to the perceived risk association with the particulars purchase and the importance of purchase. Alternatives from the evoked set are then analyzed to take a final decision from various choices. It is essential for all retailers to ensure that

their outlet finds a place in the consideration set of the target segment for they need to inform and position the store as per the needs of the target segment.

In the retailing context, the purchase stage involves decision with regards to the place of shopping, which relates to the nature of store as well as the nature of market-traditional market, shopping mall, or neighbourhood market. Shoppers consider aspects like physical characteristics, social interaction, assurance, and nature of merchandise, and policies like operating hours, payment options, loyalty programmes act, while selecting or evaluating the viability of patronizing any particular store. Purchase is followed by evaluation of performance against expectations.

Nature of consumer decision making also varies with the level of involvement and familiarity with product usages and its purchase. Based on types of purchase, transactions can be classified into routine buy, modified rebuy, and new product purchase.

On the basis of efforts required or the level of involvement, consumer decision-making can be classified into extensive problem-solving, limited problem-solving, routinized response behaviour, and impulse buying.

The challenges facing the Indian organized retail sector are various and these are stopping the Indian retail industry from reaching its full potential. The behaviour pattern of the Indian consumer has undergone a major change. This has happened for the Indian consumer is earning more now, western influences, women working force is increasing, desire for luxury items and better quality. All these have lead the Indian organized retail sector to give more in order to satisfy the Indian customer.

The biggest challenge facing the Indian organized retail is the lack of retail space. With real estate prices escalating due to increase in demand from the Indian organized retail sector, it is posing a challenge to its growth. With Indian retailers having to shell out more for retail space it is effecting there overall profitability in retail.

Trained manpower shortage is a challenge facing the organized retail sector in India. The Indian retailers have difficulty in finding trained person and also have to pay more in order to retain them. This again brings down the Indian retailers profit levels.

The Indian government have allowed 51% foreign direct investment (FDI) in the India retail sector to one brand shops only. This has made the entry of global retail giants to organized retail sector in India difficult. This is a challenge being faced by the Indian organized retail sector. But the global retail giants like Tesco, Wal-Mart, and Metro AG are entering the organised retail sector in India indirectly through franchisee agreement and cash and carry wholesale trading. Many Indian companies are also entering the Indian organized retail sector like Reliance Industries Limited, Pantaloons, and Bharti Telecoms. But they are facing stiff competition from these global retail giants. A results discounting is becoming an accepted practice. This too brings down the profit of the Indian retailers. All these are posing as challenges facing the Indian organized retail sector.

The challenges facing the Indian organized retail sector are there but it will have to be dealt with and only then this sector can prosper.

In order to keep up with the pace of growth in retail, corporate India needs to find out more ways of meeting the demand- supply gap. There is need for more collaborative initiatives with the government, local bodies, NGOs and educational institutes to attract and train young talent. The huge employment opportunity in organized retail has the potential to absorb a significant portion of

unemployed youth in India, especially in the rural areas. As the sectors mature, the compensation packages at the entry and lower levels are expected to get better. Training programs specially designed and executed for organized retail will definitely improve the performance and efficiency of the associates which in turn will lead to higher revenue. A key challenge for HR professionals would be to manage a huge workforce in a motivating environment and keep the attrition rate within a moderate level.

Reliance Industries Limited is the largest and one of the fastest growing private sector companies in India, with business activities encompassing almost all major growth sectors of the Indian economy. The company manufactures and markets a wide range of products with market leadership in almost all its businesses.

All of Reliance Group production and services ventures have one common feature- global scale operations employing state-of-the-art technology in all fields. The company is truly emerging as a well diversified conglomerate with global competence in technology, management and financial capabilities to meet the needs of a rapidly growing Indian market.

With domestic market shares ranging from 40-80 per cent, Reliance is also ranked among the top 10 producers globally, for all its major product segments. It is one of India's largest business conglomerates with total revenue of Rs.1, 00,650cores (US\$22.6 billion).

It is being speculated within the industry that the ROIs made by Reliance in the retail space will far out-shadow its existing core flagship businesses and very soon retail will become the core business for the MukeshAmbani controlled Reliance Empire.

Strategic planning is an ongoing process. Every day, retailers audit their situations, examine lifestyle trends, study new technologies, and monitor competitive activities. But the retail strategy statement isn't changed every year or every six months. The strategy statement is reviewed and altered only when major changes in the retailer's environment or capabilities occur.

When a retailer undertakes a major re-examination of its strategy, the process for developing a new strategy statement may take a year or two. Potential strategic directions are generated by people at all levels of the organization. These ideas are evaluated by senior executives and operating people to ensure that the eventual strategic direction is profitable in the long run and can be implemented.

Thus a Reliance long-term performance is largely determined by its strategy. The strategy coordinates employee's activities and communicates the direction the retailer plans to take. Retail market strategy describes both the strategic direction and the process by which the strategy is to be developed.

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