



**Branch : RETAIL MANAGEMENT**

**Semester : 3<sup>RD</sup> SEMESTER**

**Subject Name : MARKETING CONCEPT  
IN RETAIL MANAGEMENT**

**Subject Code : FSR-2**

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## Index

<b>1. Unit-1 / Topic-1</b>	<b>1-5</b>
1.1.Subtopic-1	
1.2.Subtopic-2	
1.2.1. Sub-subtopic (if any)	
<b>2. Unit-2 / Topic-2</b>	<b>6-15</b>
2.1.Subtopic-1	
2.2.Subtopic-2	
2.2.1. Sub-subtopic (if any)	
•	
•	
•	
•	
•	
<b>3. Reference Books</b>	



## **Unit-1 / Topic**

### **Topic-1**

**Subtopic- INTRODUCTION IN RETAIL MANAGEMENT,  
RETAIL MARKET SEGMENTATION, TARGETED  
MARKETS AND POSITIONING**

## **Unit-2/ Topic**

### **Topic-1**

**RETAIL STRATEGY, STORE LOCATION, MERCHANDISE  
MANAGEMENT, EVALUATING MERCANTILE  
PERFORMANCE**





## Reference Books

1. Retail Management- Suja Nair, Himalaya Publishing House.
2. Retail Marketing Management- David Gilbert, Pearson Education.
3. Retailing Management- Vedmani, Gibson- Jaico Books





## Unit-I

### Introduction of Retail Management

Retail management is the process of overseeing all aspects of running a retail business, from day-to-day operations to long-term strategy. It involves managing inventory, sales, customer service, marketing, and staff to ensure customer satisfaction, profitability, and a smooth shopping experience. Key functions include planning product displays, managing stock levels, training employees, and creating a compelling store environment.

#### Core functions of retail management

- **Sales and Customer Service:**

Encouraging sales and ensuring customers are happy with their purchases is a primary goal. This includes managing customer interactions and addressing concerns to foster loyalty.

- **Inventory Management:**

Retailers must manage inventory efficiently, which involves both stocking products and preventing loss or unsold goods.

- **Store Operations:**

This includes the daily tasks of running a store, such as creating attractive product displays and ensuring the overall shopping environment is conducive to sales.

- **Marketing and Strategy:**

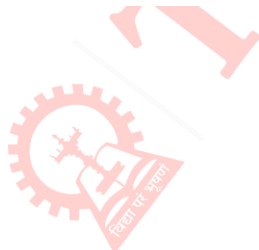
Developing and implementing marketing strategies, setting prices, and planning overall business goals are crucial for success and profitability.

- **Staff Management:**

Retail managers are responsible for hiring, training, and leading their teams to perform effectively and align with common goals.

#### The role of a retailer

- Retailers act as intermediaries, connecting manufacturers and wholesalers to the final consumer.
- They "break bulk" by buying large quantities from producers and selling smaller amounts directly to individual customers.
- They add value by providing a convenient location, a variety of products, and essential customer services





## Segmentation

Market segmentation is the process of dividing the heterogeneous total market into small group of customers who share similar sets of wants. Each of these smaller groups possesses somewhat homogenous characteristics. As in case of marketers in other businesses, Marketers in the business of retailing may also seek the benefits of market segmentation depending on his unique market and business context. Segmentation involves finding out what kinds of consumers with different needs exist.

For example, In the auto market, some consumers demand speed and performance, while others are much more concerned about roominess and safety. In general, it holds true that “You can’t be all things to all people,” and experience has demonstrated that firms that specialize in meeting the needs of one group of consumers over another tend to be more profitable.

## Benefits of Market segmentation

- Developing of Marketing Mix
- Decision in Store location
- Understanding Consumer Behaviour
- Merchandising Decision
- Promotional campaigns
- Positioning

## Segmentation, Targeting, and Positioning

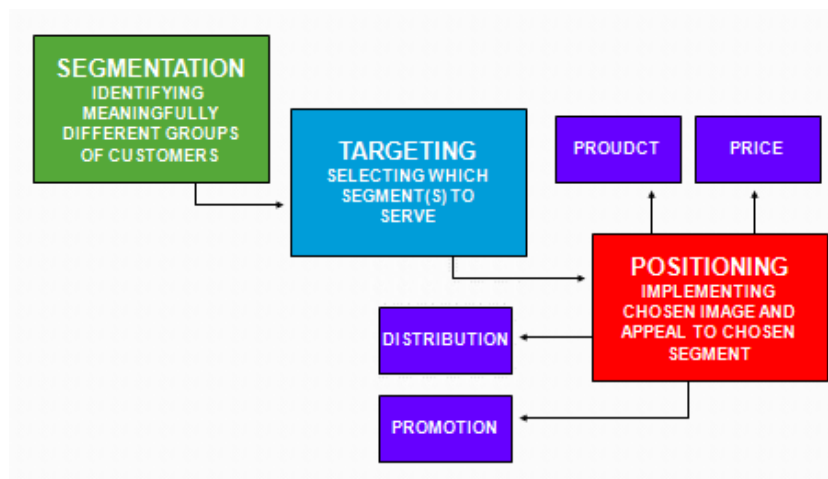
Generically, there are three approaches of marketing in retail management. Retail Marketers are required to recognize the three stages of market segmentation - Segmentation, Targeting, and Positioning (STP) **Kotler 1984**. According to this approach, the segmentation process begin with the aggregation of customers into groups to maximize homogeneity within and heterogeneity between, segments.

Segmentation, Targeting, and Positioning together comprise a three stage process.

(1) Determine which kinds of customers exist, then

(2) Select which ones we are best off trying to serve.

(3) Finally, Implement our segmentation by optimizing our products/services for that segment and communicating that we have made the choice to distinguish ourselves that way.



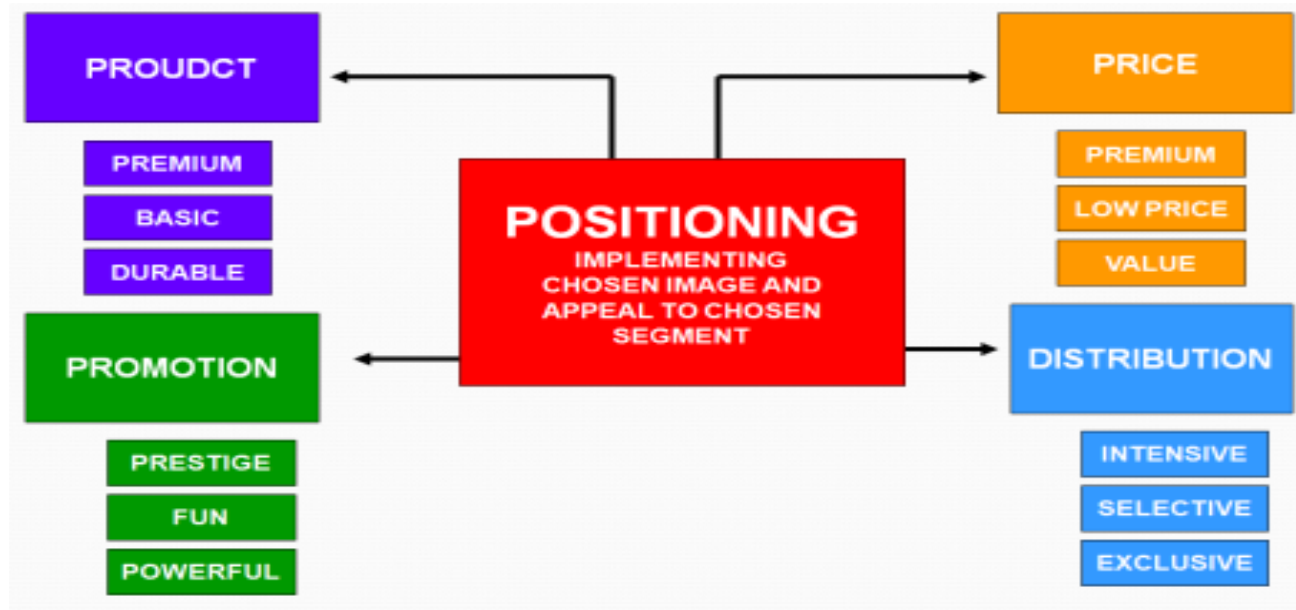
**Different kinds of variables can be used for segmentation.**

- *Demographic* variables essentially refer to personal statistics such as income, gender, education, location (rural vs. urban, East vs. West), ethnicity, and family size.
- Some consumers want to be seen as similar to others, while a different segment wants to stand apart from the crowd.
- Another basis for segmentation is *behavior*. Some consumers are “brand loyal”—i.e., they tend to stick with their preferred brands even when a competing one is on sale. Some consumers are “heavy” users while others are “light” users. For example, research conducted by the wine industry shows that some 80% of the product is consumed by 20% of the consumers—presumably a rather intoxicated group.

One can also segment on *benefits sought*, essentially bypassing demographic explanatory variables. Some consumers, for example, like scented soap (a segment likely to be attracted to brands such as Irish Spring), while others prefer the “clean” feeling of unscented soap (the “Ivory” segment). Some consumers use toothpaste primarily to promote oral health, while another segment is more interested in breath freshening.

Next step, is **TARGETING** which means to approach one or more segments. Our choice should generally depend on several factors. It will be more difficult to appeal to a segment that is already well served than to one whose needs are not currently being served well. Secondly, how large is the segment, and how can we expect it to grow? (Note that a downside to a large, rapidly growing segment is that it tends to attract competition). Thirdly, we have strengths as a company that will help us appeal particularly to one group of consumers.

**POSITIONING** involves *implementing* our targeting. For example, Apple Computer has chosen to position itself as a maker of user-friendly computers. Thus, Apple has done a lot through its advertising to promote itself.



## Pricing policies and techniques.

Pricing is undoubtedly a vital decision area in marketing. Price is the only element of marketing mix of a firm that generates revenue. The term pricing refers to fair price by which the consumer feels satisfied in every respect.

Pricing policies are the route taken by the firm in fixing the price. There are several method of pricing .

## 1. Mark-up Pricing

**Markup on cost** can be calculated by adding a pre-set [profit margin](#), or percentage, to the cost of the merchandise. Be sure to keep the initial mark-up high enough to cover price reductions, discounts, shrinkage and other anticipated expenses, and still achieve a satisfactory profit. Retailers with a varied product selection can use different mark-ups on each product line.

## 2. Vendor Pricing

Manufacturer suggested retail price (MSRP) is a common strategy used by the smaller retail shops to avoid price wars and still maintain a decent profit. Some suppliers have minimum advertised prices but also suggest the retail pricing. By pricing products with the suggested retail prices supplied by the vendor, the retailer is out of the decision-making process. Another issue with using pre-set prices is that it doesn't allow a retailer to have an advantage over the competition





### 3. **Competitive Pricing**

Consumers have many choices and are generally willing to shop around to receive the best price. Retailers considering a competitive pricing strategy will need to provide outstanding customer service to stand above the competition.

### 4. **Pricing below competition**

Simply means pricing products lower than the competitor's price. This strategy works well if the retailer negotiates the best prices, reduces costs and develops a marketing strategy to focus on price specials.

### 5. **Prestige pricing, or pricing above competition**

It may be considered when location, exclusivity or unique customer service can justify higher prices. Retailers that stock high-quality merchandise that isn't available at any other location may be quite successful in pricing their products above competitors.

### 6. **Psychological Pricing**

Psychological pricing is used when prices are set to a certain level where the consumer perceives the price to be fair. The most common method is [odd-pricing](#) using figures that end in 5, 7 or 9. It is believed that consumers tend to round down a price of \$9.95 to \$9, rather than \$10.

### 7. **Multiple pricing**

It is a method which involves selling more than one product for one price, such as three items for \$1.00. Not only is this strategy great for markdowns or sales events, but retailers have noticed consumers tend to purchase in larger amounts where the multiple pricing strategy is used.

### 8. **Discount pricing**

Discount pricing is the price reductions are a natural part of retailing. Discounting can include [coupons](#), rebates, seasonal prices and other promotional [markdowns](#).



## UNIT – II

### Merchandise Management

MERCHANDISE MANAGEMENT termed as the analysis, planning, acquisition, handling and control of merchandise investment of retail operation. Merchandising management is the science of evaluating human behavior and buying habits in order to determine the best way to stock, display, and sell goods at retail stores. It's no accident that the ice-filled tubs of soda are sitting next to the cash register at the convenience store on a hot summer's day -- a merchandise manager determined that more product would be sold by doing it.

### Features of Merchandise Management

- Access real-time, detailed views of inventory across stores and channels
- Perform physical inventory, cycle counts, and do item adjustments
- Manage and optimize for style, color, and size
- Calculate demand plans leveraging historical data or sales forecasts
- Model how expected sales and purchase orders affect future inventory levels
- Handle bin and lot management, landed cost, demand-based replenishment, customer and volume pricing, multi-location inventory, and more.

### Benefits of Merchandise Management

- **Get complete real-time visibility** into demand, supply, costs, fulfillment measures and trends .
- **Effectively and efficiently meet customer demand**, helping drive and maintain superior customer service levels.
- **Slash inventory costs** by tightening control of stock levels.
- **Improve relationships** with suppliers, vendors and partners by providing self service and real-time visibility.

### Retail Merchandising

RETAIL MERCHANDISING termed as the planning, buying and selling of merchandise It is an integral part of retailing and is also one of the most challenging functions Retailers often say, “GOODS WELL BOUGHT ARE HALF SOLD”.

Retail Merchandising refers to the various activities which contribute to the sale of products to the consumers for their end use. Every retail store has its own line of merchandise to offer to the customers. The display of the merchandise plays an important role in attracting the customers into the store and prompting them to purchase as well.



Retail Merchandising helps in the attractive display of the products at the store in order to increase their sale and generate revenues for the retail store.

Retail merchandising benefits.

The products must be of high quality; this helps to ensure the customer will return for more purchases in the future. Along with the quality, the retailer must also sell the products at prices the consumer finds reasonable. By providing quality products at affordable prices, the retailer has a much better chance of standing out from the competition and remaining in business for many years to come.

## **Mercantile**

A place of business for retailing goods. Mercantile is a practice which contributes to the sale of products to a retail consumer. At a retail in-store level, mercantile refers to the variety of products available for sale and the display of those products in such a way that it stimulates interest and entices customers to make a purchase. In Retail commerce, mercantile means merchandise [sales](#) using [product design](#), selection, [packaging](#), [pricing](#), and display that stimulates consumers to spend more.

Merchandise Planning is "A systematic approach. It is aimed at maximizing return on investment, through planning sales and inventory in order to increase profitability. It is a "systematic approach" in many ways. You need the systems to ensure that you have the right people, the right processes and the right computerised support.

Involves those activities which are needed to ensure a balance between inventories and sales.

Marketing the right merchandise at the right place at the right time in the right quantities at the right price.

Management of the product component of the marketing mix.

## **Process of Mercantile Planning and evaluation of mercantile performance.**

**Gross margin Return on Inventory (GMROI)**

**Merchandise Planning Inventory Turnover**

**Basic Stock Method Method**

**Percentage Variation Method**

**Weeks' supply Method**

**Stock to Sales Method**

## **Buying Process**



Manufacturer versus Wholesaler as vendor

Determine suitability of product - quality, colors, durability, etc.

Determine suitability of Distribution - available, order time, consistency, etc. Price  
Promotional support      Service support

### **Tools used for mercantile functions**

Mercantile function is affected by various factors, like

- The size of the retail organization
- The type of store
- The merchandise to be carried ,and
- The organization structure



