



RASCI
Retailers Association's
Skill Council of India

Participant Handbook

Sector
Retail

Sub-Sector
Retail Operations

Occupation
Store Operations

Reference ID: **RAS/Q0107, Version 3.0**
NSQF level 5.5



Retail Store Manager

This book is sponsored by

Retailers Association's Skill Council of India

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Prime Minister of India

“ Skilling is building a better India.
If we have to move India towards
development then Skill Development
should be our mission. ”



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RETAILERS ASSOCIATION'S SKILL COUNCIL OF INDIA

for

SKILLING CONTENT: PARTICIPANT HANDBOOK

Complying to National Occupational Standards of

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The preparation of this handbook would not have been possible without the retail industry's support. Industry feedback has been extremely beneficial since inception to conclusion, and it is with the industry's guidance that we have tried to bridge the existing skill gaps in the industry. This participant handbook is dedicated to the aspiring youth, who desire to achieve special skills that will be a lifelong asset for their future endeavours.

About this book

This participant handbook has been designed to enable training for the specific Qualification Pack (QP). Each National Occupational Standard (NOS) has been covered across units. The key learning objectives for the specific NOS mark the beginning of the units for that NOS. The symbols used in this book have been described below.

A Retail Store Manager is responsible for optimizing inventory to ensure maximum availability of stocks and minimizing losses; adhering to standard operating procedures, processes, and policies at the store while providing timely and accurate reporting; managing sales and service delivery to increase store profitability; executing visual merchandising displays as per standards and guidelines; ensuring overall safety, security and hygiene of the store; implementing promotions and special events at the store; leading and managing the team for developing store capability, and conducting price benchmarking and market study of competition. The individual should be meticulous, motivated to learn new things, logical, and result-oriented. He or she must have manual dexterity, right eye for visual quality, and excellent attention to detail. Among others, the individual must have decent communication skills and be able to prioritise tasks. The trainee will enhance his/her knowledge under the trainer's guidance in the following skills:

- **Knowledge and Understanding:** Adequate operational knowledge and understanding to perform the required task
- **Performance Criteria:** Achieve the required skills via hands-on training and complete the necessary operations within the specified standards
- **Professional Skills:** Ability to make operational decisions related to the area of work

The handbook incorporates the well-defined responsibilities of a Retail Store Manager.

Symbols Used



Key Learning Outcomes



Unit Objectives



Exercise



Tips



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Activity



Summary



Practical

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Employability Skills is available at the following location :

<https://www.skillindiadigital.gov.in/content/list>

Scan the QR code below to access the ebook



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1. Overview of the Retail Industry



Unit 1.1 - The Retail Industry in India

Unit 1.2 - Role of Retail Store Manager



Key Learning Outcomes

At the end of this module, you will be able to:

1. Sketch an overview of the retail industry
2. Discuss how the retail industry developed in India
3. Summarise basic concepts of the retail industry
4. Describe the role and responsibilities of a retail store manager

UNIT 1.1: The Retail Industry in India

Unit Objectives

At the end of this unit, you will be able to:

1. Summarise the current scenario of the retail industry in India
2. Define retail
3. Describe how the Indian retail industry grew over time
4. Classify retail marketing
5. Discuss the importance of retail

1.1.1 Current Economic Scenario – Retail

In this fast-growing world, the retail industry has proved to be one of the most critical sectors in the world, as well as the Indian economy. India is one of the largest global destinations in the retail space.

India is expected to become the world's fastest-growing e-commerce market, driven by sound investments in the sector and a rapid increase in the number of internet users. With the exponentially intensifying need for consumer goods in different industries, including home appliances and consumer electronics, many companies have invested in the Indian retail market in the past few months. Various agencies have high expectations about the growth of Indian e-commerce markets.

The retail industry is one of the pillars of the Indian economy and accounts for 10% of its Gross Domestic Product (GDP). The retail market in India is most likely to be around USD 600 billion. The retail trading of India has received Foreign Direct Investment (FDI) equity inflows worth US\$ 1.66 billion between April 2000–March 2019, according to the Department of Industrial Policies and Promotion (DIPP).

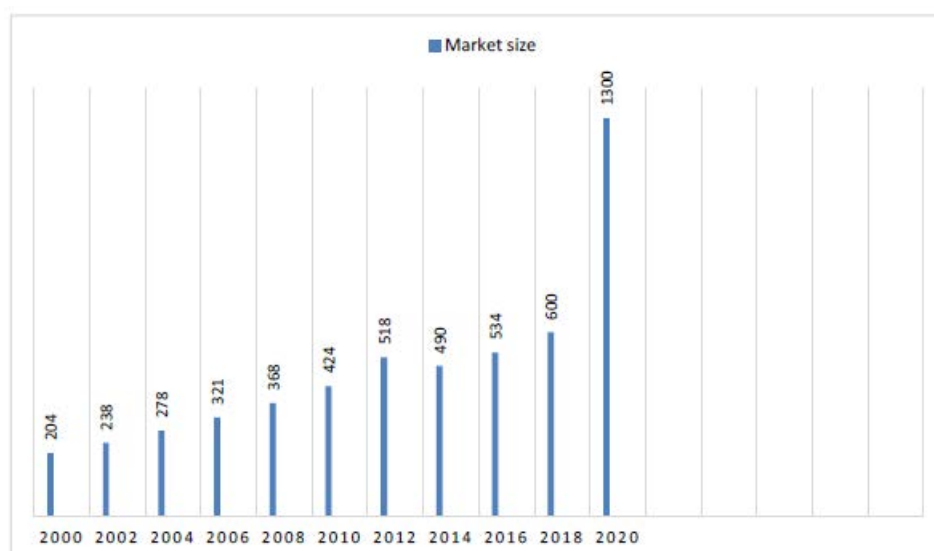


Fig. 1.1.1: Indian Retail Industry Growth - Market Size over the Past Few Years in USD billion
(Source - India Brand Equity Foundation)

The Indian government may change the Foreign Direct Investment (FDI) rules in food processing, in an upcoming bid to permit e-commerce companies and foreign retailers to sell “Made in India” consumer products. The Government of India has allowed 100 percent Foreign Direct Investment (FDI) in the online retail business of goods and services through the automatic route (less restricted), thereby providing transparency in the existing activities of e-commerce companies functioning in India.

The retail industry of India is one of the fastest-growing sectors – domestically as well as abroad. Due to an increase in incomes and affordability for consumers, the industry is facing incremental growth at an exponential rate. With the further easing of regulations governing FDI in India, investments by multinationals are on a continuous rise. Organised retailing is workforce-intensive and is the second largest employer in India. The current situation indicates that there will be a very high demand for human resources to match the scope of work of various retailers shortly.

1.1.2 The Meaning of Retail

The word ‘retail’ means ‘the sale of goods to the public in relatively small quantities for use or consumption rather than for resale.’

- Retail marketing is the sale of goods and services from productions to customers
- Retail marketing is the procedure by which retail stores spur the consumers’ interest in their goods and services and generate sales
- Retail marketing, thus, is the process of bringing a product directly to customers in a retail store
- Retail marketing involves the planning, promotion, and presentation of a product



Fig. 1.1.2: How the Indian Retail Industry changed with time

The concept of retail has changed over the years.

- In the middle ages, the exchange of goods took place in the form of a barter system
- Then it evolved to weekly markets, which took place on a particular day of the week, and also village fairs
- Later, convenience stores came into existence. This further developed into supermarkets, malls and other brand outlets where everything is available under a single roof

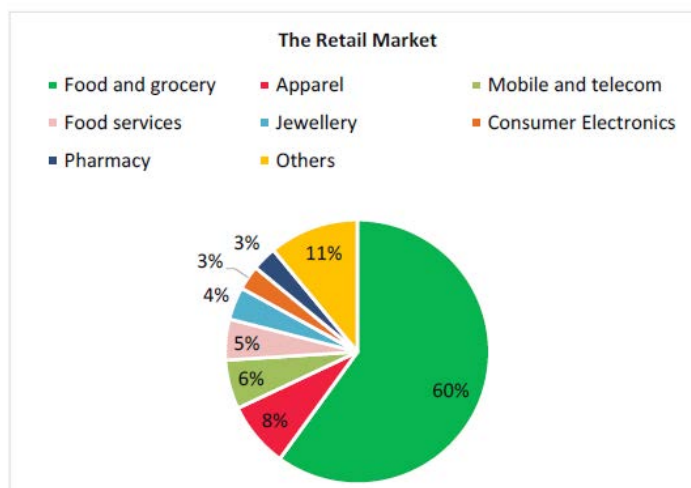


Fig. 1.1.3: Distribution of various retail markets

Research suggests that about 60% of the Indian economy is benefitted from the food and grocery sector, while electronics and pharmacy strive to contribute the least being nearly 3%.

1.1.3 Types of Retail Marketing

The various types of retail stores are:

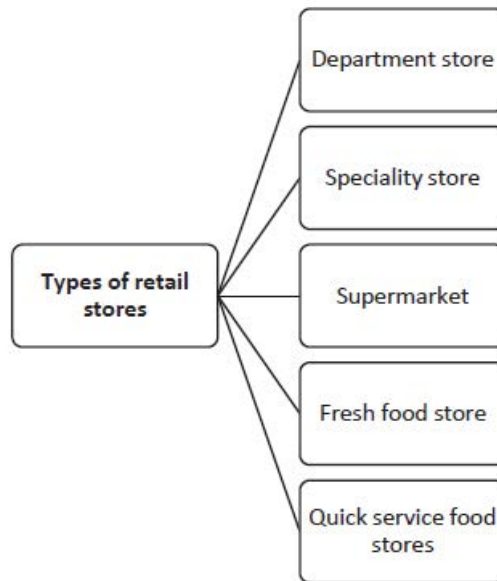


Fig. 1.1.4: Types of retail stores

The four Ps of retail marketing are product, price, place, and promotion.

Ps of Marketing	Explanation
Product	Making products ready for sale
Price	Setting the price at a level comparable to a store’s competitors
Promotion	Using advertisements, brochures, pamphlets, flyers, free trials, etc. for spurring the customers’ interest
Place	Determining how and where products should be distributed for sale

Table 1.1.1: Four Ps of retail marketing

The concept of retail marketing falls under “Place”. A retail store is an important distribution channel (mode by which goods and services are delivered to customers) and also a crucial component of the supply chain (the network involving an organisation and its stakeholders, like vendors, to produce and distribute a specific product to the final buyer). This has been discussed in section 1.1.4.

1.1.4 Importance of Retail Marketing

The retail sector has a tremendous impact on the economy. It generates high sales volume annually and offers many job opportunities. The retail industry provides a wide range of career opportunities, including store management, merchandising, and owning a retail business. The consumers' benefit from retailing is that retailers perform marketing functions that make it possible for customers to access a wide variation of products and services under the same roof. A retailer's service also helps in enhancing the image of the product. Retailers participate in the categorization process by collecting a variety of goods and services from a wide range of suppliers and offer them for sale. The method of assortment depends upon the individual retailer's strategy.

Role of retail:

- Retailers state information to consumers via advertising, signs, displays, and sales personnel.
- They store products, mark prices on it, place them on the selling floor, and handle products. Usually, they pay suppliers for details before selling them to end consumers.
- They complete transactions by using appropriate locations and timings, credit policies, and other services, e.g., delivery.

Retailing is the final stage in marketing channels for consumer products. Retailers provide a vital link between producers and end-users.

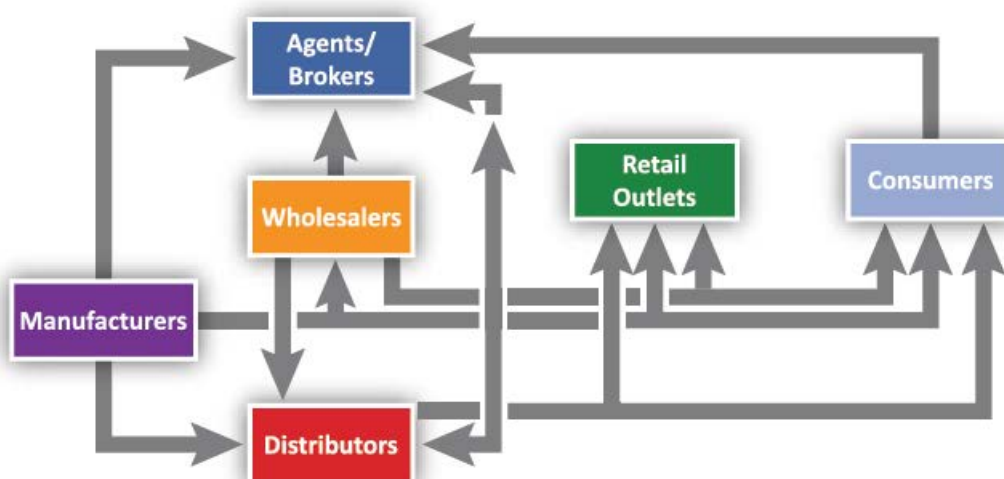


Fig. 1.1.5: The retail supply chain

Role of Retailers in a store:

- Providing an assortment of products and services
- Managing inventory

Practical

1. You would require a few specific skills to become a successful Retail Store Manager. In this note, fill up the below table and show your trainer in the next class.

Skills you have	Skills you need to acquire	Plan of Action

2. Which was the last retail store that you visited? What did you like about it? Had you been in charge of the store, what changes would you have made to the store, and why?

Exercise

A. Answer the following questions by choosing the correct option:

1. The 4Ps of retail marketing are:
 - a) Product, Price, Place, Promotion
 - b) Pay, Price, Position, Product
 - c) Product, Point, Promote, Play
 - d) Place, Priority, Purchase, Performance

2. Role of retail industry does not include
 - a) Providing information to consumers
 - b) Storing merchandise
 - c) Complete transactions
 - d) Shunning away customers

3. Which of the following is not a retail store?
 - a) Department Store
 - b) Supermarket
 - c) Local Grocery Store
 - d) Fresh Food Store

B. Analyse and answer:

Consider a scenario where you have been offered a few courses by an academic counsellor of a training institute. All classes are related to diverse job roles from various sectors. Which of the following would you choose?

1. Customer care executive
2. Accounts executive
3. Retail store manager
4. Front office executive

Justify your answer.

(Hint: The retail sector has been forecasted to grow substantially in the next few years, thus offering excellent job opportunities and even self-employment opportunities.)

UNIT 1.2: Role of Retail Store Manager

Unit Objectives

At the end of this unit, you will be able to:

1. Summarise the role of a retail store manager
2. Discuss the employment potential for retail store managers
3. List various responsibilities of and the skills required by a retail store manager

1.2.1 Role of a Retail Store Manager

A retail store manager's purpose is to manage the overall operations of the store and ensure its profitability. Thus, this individual is responsible for controlling operational expenses and ensuring the financial growth targeted by the organisation. Retail managers are responsible for the day-to-day supervision of retail outlets, including sales, staff, stock, and resource management.

Role of a retail store manager

A retail store manager's job is to run a store successfully and is in constant contact with the store staff and customers. The role of a retail store manager can be broadly classified into a few categories, namely:

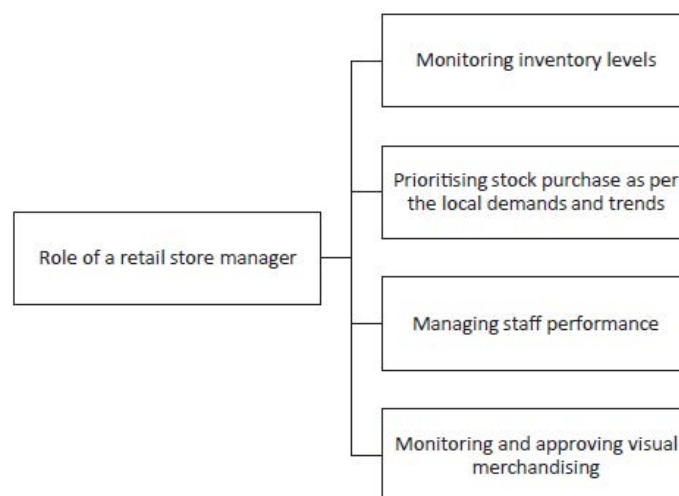


Fig. 1.2.1: The role of a retail store manager

He/she is responsible for:

- monitoring inventory levels at the store
- ensuring that the team renders excellent customer service
- monitoring and improving the financial performance of the store
- supervising and directing the store staff
- making staffing decisions
- ensuring product availability and security at the store
- maintaining visual merchandising standards
- ensuring customer satisfaction
- optimizing the store's financial performance

Sitting at the top of the chain, a retail store manager has to take care of the below hierarchy. However, the below hierarchy is only indicative and may vary according to the store.

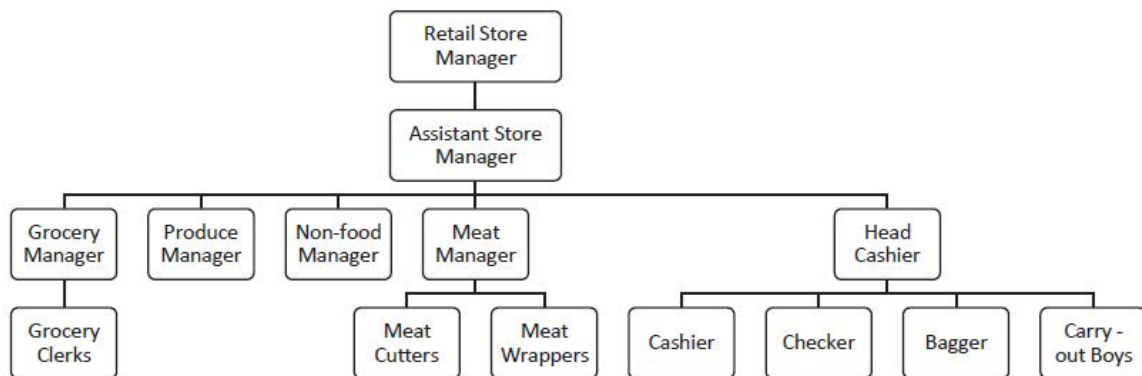


Fig. 1.2.2: A sample hierarchy managed by retail store managers

Responsibilities of a Retail Store Manager

- Recruiting, training, supervising and appraising staff
- Managing budgets
- Maintaining statistical and financial records
- Dealing with customer queries and complaints
- Overseeing pricing and stock control
- Maximizing profitability and setting/meeting sales targets, including the task of motivating staff to do so
- Ensuring compliance with health and safety legislation
- Preparing promotional materials and displays
- Liaising with head office
- Ensuring adherence with store operating procedures

Scope of work for a retail store manager

- Store opening and closing
- Key management
- Store security and disaster management
- Monitoring and controlling staff purchases
- Control of barcodes
- Compliance with tagging standards
- Access control
- Unclaimed baggage
- Emergency telephone numbers
- Lost and found
- Night shift operations
- Preventative maintenance of store tools and equipment

Employment potential

Employers of Retail Store Managers are generally:

- Department stores
- DIY (do-it-yourself) shops
- Chain stores
- Supermarkets

Skillset of Retail Store Manager

Essential skills desired in a Retail Store Manager are:

- Numerical skills
- Verbal communication skills
- Team building skills
- Organisational skills
- Resourcefulness
- Confidence
- Commercial awareness

Since a Retail Store Manager is responsible for managing every aspect of store operations, including sales, inventory, finance, workforce, and other resources. He/she needs to possess these skills and basic knowledge of leadership, people management, sales, and marketing.

Personal Attributes of Retail Store Manager

- Every retail store that you see on the road need store managers. This individual needs to be:
- physically fit to be able to fulfil tasks efficiently
- mentally balanced to be able to motivate the team to handle unexpected situations, if any
- able to effectively plan and organise work (of self and team) and handle the pressure
- a person with sharp business acumen
- able to demonstrate strong interpersonal skills, people management skills, and service-related vexpertise

Practical 

1. Prepare a list of all the stores in your locality that require Retail Store Managers and match the job requirements with the skills that you possess.
2. With the help of a flowchart, describe a typical working day for a Retail Store Manager.

Exercise

A. Answer the following questions by choosing the correct option:

1. What the skills required for being a retail store manager?
 - a) Team working skills
 - b) Organizational skills
 - c) Commercial awareness
 - d) All of these
2. The retail store manager acts as the _____ between the chain outlet and the head office.
 - a) Bridge
 - b) Wall
 - c) None of these
 - d) All of these
3. Retail store managers are responsible for ensuring that the staff members give great _____ service as well as monitoring the financial performance of the store.
 - a) Consumer
 - b) Customer
 - c) Producer
 - d) Director

B. Study the table carefully. Tick the boxes adjoining the unique job responsibilities of a Retail Store Manager.

Responsibilities	Tick, if applicable to a Retail Store Manager
1. Recruiting, training, supervising and appraising staff	
2. Preparing budgets	
3. Calculating salaries	
4. Troubleshooting POS machines	
5. Processing financial transactions at the POS	
6. Maintaining statistical and financial records	
7. Dealing with customer queries and complaints	
8. Overseeing pricing and stock control	
9. Setting/meeting sales targets and motivating the staff to do the same	
10. Ensuring compliance with health and safety legislation	
11. Planning visual merchandising	

Summary

- Indian economy ranks 5th in the global market.
- The retail industry in India is one of the pillars of its economy and accounts for 10% of India's GDP.
- Retail trading of India has received Foreign Direct Investment (FDI) equity inflows worth US\$ 1.66 billion from April 2000–March 2019.
- The word 'retail' means 'the sale of goods to the public in relatively small quantities for use or consumption rather than for resale.'
- About 60% of the Indian economy is benefitted from the food and grocery sector.
- Retail marketing involves the planning, promotion, and presentation of a product.
- The retail industry offers a broad prospect of career opportunities.
- Retailers participate in the categorization process by gathering an assortment of goods and services from a wide range of suppliers and offering them for sale.
- Retailers provide a vital link between producers and ultimate consumers.
- Retail managers are responsible for the day-to-day supervision of retail outlets, including sales, staff, stock, and resource management.
- A Retail Store Manager is responsible for guaranteeing that the staffs give excellent customer services as well as monitoring the economic performance of the store.

Practical

1. Prepare a list of reasons why you wish to pursue the course of a Retail Store Manager and what are your expectations from the course.
2. Visit stores in your locality as a customer and study the various ways in which the stores are set up or managed. Take note of all the ideas that inspire you. If you feel that you can improve any of the processes, what might it be, and why?

Exercise

Choose the correct alternative

1. Which of the following cannot be an employer of a retail store manager?
 - a) Department stores
 - b) Hospitals
 - c) Chain stores
 - d) Supermarkets
2. Which of the following type of marketing is not aimed at achieving the four Ps of marketing?
 - a) Internet marketing
 - b) Direct marketing
 - c) Fake rumour marketing
 - d) Public relations marketing

3. Key responsibilities of a retail store manager do not include
- Causing fraudulent in budgets
 - Recruiting, training, supervising and appraising staff
 - Overseeing pricing and stock control
 - Ensuring compliance with health and safety legislation
4. FDI stands for
- Faculty Distribution Inquiry
 - Focus Direct Investment
 - Federal Duty Investigation
 - Foreign Direct Investment

B. Match the skills/attributes, with the activities, by writing the suitable numbers in the cells at the side. Each number represents a specific skill. Note that an activity may involve more than one skill.

Activities	Skills/attributes involved (1 - Numerical skills 2 - Verbal communication skills 3 - Team working skills 4 - Organisational skills 5 - Resourcefulness 6 - Confidence 7 - Commercial awareness)
Calculating the monthly budget for promotional activities	
Conveying the team targets for the month	
Handling an angry customer	
Deploying sales interns, on a contractual basis, when a few sales associates are on leave during the festive season	
Estimating what discount rates would help the store retain customers as well as earn good profits	

2. Optimise inventory to ensure maximum availability of stocks and minimised losses



Unit 2.1 - The Management of Stock Levels

Unit 2.2 - Receipt and Dispatch of Goods

Unit 2.3 - Stock Records

Unit 2.4 - Stock-Take/Cyclical Count



Key Learning Outcomes

By the end of this module, the participants will be able to:

1. Categorise inventory appropriately
2. Prepare a list of the benefits of inventory management
3. Analyse the effects of inventory management on the store profitability
4. Demonstrate the processes of controlling the receipt and dispatch of goods
5. Perform an inspection to check the accuracy of store records
6. Practise methods of avoiding shrinkage or pilferage of products

UNIT 2.1: The Management of Stock Levels

Unit Objectives

By the end of this unit, the participants will be able to:

1. Categorise stock levels and inventory appropriately
2. Calculate various stock levels
3. Analyse the effects of inventory management on the store profitability
4. Demonstrate purchase procedures

2.1.1 Introduction

Any business cannot run successfully without the knowledge of the position of its stock because one cannot sell what one cannot see. That is why retailers use a system called the inventory management system to keep a tab on what is in stock, how much is in stock, what needs to be refilled, and also what needs to be thrown out.

Goal of Effective Inventory Management

The most crucial goal of effective inventory management is to balance order fulfilment needs while minimizing the inventory carrying costs. An inventory management plan has to balance several conflicting goals – like overstocking/under-stocking, shorter lead times, rapid order fulfilments, smooth product flow, fluid workflow, improved visibility, good selectivity, more productivity, and maximum capacity.

This module deals with sub-tasks that lead to effective inventory management to maximise the availability of stocks and minimize inventory-related losses.

2.1.2 Maintaining and Implementing Stock Levels

Defining Inventory or Stock

Inventory or stock means the goods or materials that a store holds for sale. Inventory management is a discipline primarily concerned with the purchase and maintenance of stocked products meant for sale. Inventory management requires a retail store manager to maintain a proper assortment of merchandise while ordering and shipping.



Fig. 2.1.1: Inventory at a retail grocery



Fig. 2.1.2: Inventory at a retail apparel store



Fig. 2.1.3: Inventory at a jewellery retail



Fig. 2.1.4: Inventory at an electronics retail

How Inventory Management System Affects Store Profitability

A retail store manager must manage inventory at the store very efficiently because both over and under-procurement of inventory may lead to financial loss and loss of customer base. The nature and size of business determine the amount of inventory or stock to maintain at the store. For example, if a retail store lacks space, the retail store manager may allow for bulk purchase of inventory and get the vendor to store the same appropriately, against a fee. The deal can be cancelled, if required. The more stock a store holds, the greater the amount of funds that remains blocked. This affects the store profitability significantly.

The below example establishes how inventory management affects store profitability.

Example:

It is the festive season and the manager of a retail store, which specialises in food items, prepares a plan for stocking up the store. He identifies that the following categories of inventory must be added for sale at the store:

- Perishable items like meat, fish, milk, fruits, and vegetables
- Canned and processed food items

However, the retail store manager makes the following blunders:

- He overloads the retail store with canned food products when the neighbourhood mainly comprises health-conscious consumers who prefer organic food items to canned and processed food products
- He places requisition for and procures huge quantities of non-vegetarian and perishable food items like meat, fish, eggs, etc. when the neighbourhood mainly comprises vegetarian consumers
- He places a late requisition for all categories of inventory; consequently, the vendor delivers late and the store suffers stock-out

Action of the retail store manager	Impact on inventory	Impact on customer base	Impact on store profitability
He overloads the retail store with canned food products when the neighbourhood mainly comprises health-conscious consumers who prefer organic food items to canned and processed food products	The store is overloaded with slow-moving items (canned food products)	The store is unable to attract health-conscious customers	The store is unable to hit the target revenue since a huge chunk of the neighbourhood remain untapped

Action of the retail store manager	Impact on inventory	Impact on customer base	Impact on store profitability
He places requisition for and procures huge quantities of non-vegetarian and perishable food items like meat, fish, eggs, etc. when the neighbourhood mainly comprises vegetarian consumers	The store is overloaded with low-demand, low-shelf life, and slow-moving items (non-vegetarian food products)	The store is unable to attract vegetarian customers	The store makes huge loss since a huge amount of food items rots and gets disposed of
He places a late requisition for all categories of inventory; consequently, the vendor delivers late and the store suffers stock-out	Stock-out	Customer footfall decreases since customers are unable to find the desired items and leave the store dissatisfied	The store is unable to hit the target revenue since it is unable to cater to the needs of a large number of customers

Table 2.1.1: How inventory management affects a store's profitability

The below scenarios explain what would happen if:

- a retail store manager allows less stock at the store
- a retail store manager allows excess stock at the store

Impact of keeping less or no stock at the store

This scenario is suitable for a store:

- with a fast-paced environment
- where products develop fast
- the inventory is expensive for purchase and storage
- the inventory is perishable and can be replenished easily

Pros	Cons
The system becomes flexible and efficient since the store can procure stock as and when it is required	Frequent inventory requisitions can complicate the store operations, which can increase costs
Less storage costs involved	The store suffers from frequent stock-outs, which, in turn, disappoint customers
The retail store manager can keep track of the inventory and encourage the development of new products without wasting inventory	The store grows dependent on the promptness and efficiency of vendors

Table 2.1.2: The pros and cons of keeping less or no stock at the store

Impact of keeping too much stock at the store

Pros	Cons
Involves low costs	Involves high storage costs
No stock-outs	Unsuitable for perishable inventory with low shelf life (expiry)
Bulk purchase is often cost-effective for the store	The inventory runs a chance of getting obsolete before it is used
	The store's funds are blocked unless and until the entire inventory gets sold

Table 2.1.3: The pros and cons of keeping excess stock at the store

This scenario is suitable for a retail store, if it is difficult for the retail store manager to forecast the sales for a specific period. Consequently, it is difficult for the retail store to estimate the amount of inventory to be procured. The scenario is also suitable when:

- the store has adequate space to store inventory cheaply
- the inventory has long shelf-life and takes a long time to get replenished

Example:

A renowned retail salon was facing losses for quite some time. The losses were mainly due to the below practices:

- discarding half-used colour tubes
- washing excess products down the drain
- not being able to conduct customers' favourite treatments due to frequent stock-outs of popular products, thus, resulting in customer disappointment and attrition

The salon manager devised a few measures to control cost and arrest loss at the store. They are:

- A customer card is allotted for each client, where the treatment details are written
- Each customer card is marked with the amount of product used and the customers are billed accordingly for the amounts used for their treatments
- At the end of each day, customer cards are checked against the products used, as labelled, to ensure that both sets of records match
- The products checked out of the inventory, for professional use, are clearly labelled
- All containers, once empty, are disposed of in designated bins, counted, and recorded
- An overall stock-count is taken, on weekly basis, by printing off the stock-count report and verifying the actual against the desired amounts
- Two staff members have been dedicated for the stock-taking activity - this is done by the same persons every week (one person verifies retail while the other person checks professional inventory, like salon equipment and tools) to ensure process consistency
- After the stock-taking process, the system is adjusted for variations and low-stock items are re-ordered promptly

The salon, under the guidance of the salon manager, has been implementing the above measures for more than a quarter. Profits at the salon have been looking up ever since.

Types of Stock/Inventory

Stock levels depend on the type of stock in the store. Broadly, there are four categories of stock.

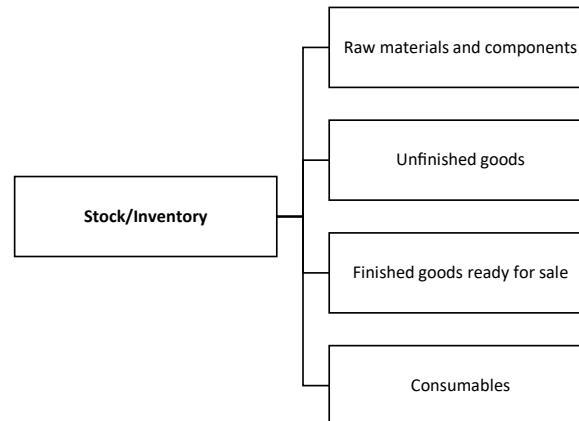


Fig. 2.1.5: Types of stock/inventory

1. **Raw materials and Components** – The type of stock that can be used for making other products. E.g. – cloth pieces, threads, etc. that can be used for making a final dress.
2. **Unfinished goods** – The type of stock that is half-done and will be completed when used/consumed by the end user. E.g. – Semi-stitched dress materials that are fitted according to the shape and size of the customer.
3. **Finished goods ready for sale** – The type of stock that is kept in their ready-to-use state. E.g. – All types of dresses in an apparel store, all products of an FMCG store, etc.
4. **Consumables** – These types of stocks are those that can be consumed, i.e., eatables. E.g. – Food and beverages

Types of Stock Levels

If a retail store has proper inventory management system, the following questions can be answered without compromising with the store's profitability:

- What is the current stock level?
- When and what does the store need to reorder?
- Is the inventory order too much or too less?
- What are the worst and the bestselling items in the store?
- Should any item be stopped being sold completely?
- Is the inventory storage sufficient?

The optimal stock level indicates the order amount that will result in the total sum of ordering and carrying costs being lessened.

Maintenance of various stock levels is very important. The various levels fixed for effective stock control may be broadly classified into the following broad categories.

- 1. Maximum Stock Level:** The maximum stock level is the level above which items cannot be stored in a store. It is the maximum storage capacity that varies from store to store.

While fixing the maximum level, the following factors should be taken into consideration.

- The rate of consumption of the material
- The time necessary for obtaining supplies from the supplier
- Warehouse space availability
- Possibilities of loss in stores by deterioration, evaporation, moisture, pest infestation, etc. There are certain products that deteriorate in quality if they are stored over a long period
- Cost of maintaining stores
- Fluctuation in prices - for instance, if there are possibilities of a substantial increase in prices of a certain product, a larger maximum stock level will be fixed. On the other hand, if there are possibilities of a decrease in prices of that product, the stock will be kept at a reduced level
- The seasonal nature of the supply of material - certain materials are available only during a specific period of the year; so these must be stocked heavily during these periods
- Restrictions imposed by the government or local authorities regarding materials pose an inherent risk, e.g. fire and explosion
- Possibilities of change in fashion and habits that will demand change in the requirement of materials

Keeping these factors in mind, any store can set their maximum stock level according to their requirement

- 2. Minimum Stock Level:** The minimum stock level is the level beyond which the quantity/availability of stock should never drop. Sales at the retail store will stop if the stock goes down this level. It is sometimes called the “buffer stock level”.

The following aspects are considered while calculating the minimum stock level:

- The average rate of product consumption
- Reorder level
- Nature of the item – the minimum stock level is low for perishable goods like fruits, vegetables, fish, meat, dairy products, etc.
- Stock-out cost – the financial impact of stock-out on the retail store in terms of loss of sales

The formula for the minimum stock level is given as below:

$$\text{Minimum Level} = \text{Re-order Level} - (\text{Average Usage} \times \text{Average Lead-time})$$

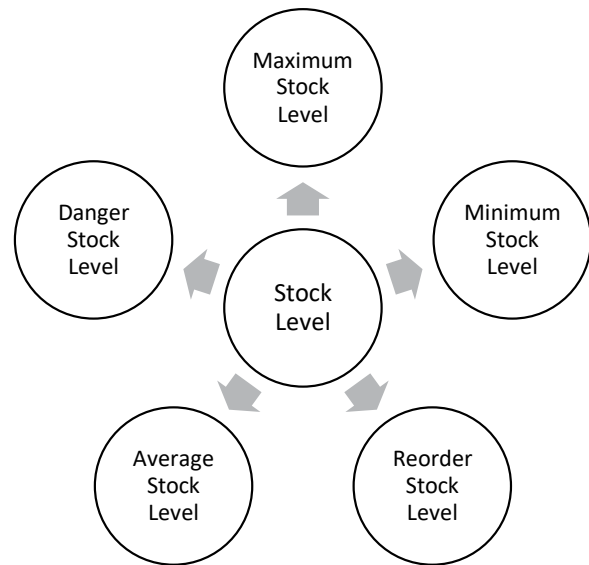


Fig. 2.1.6: Types of stock levels in a retail store

Generally, stores keep their stock of indigenous goods for seven days and three to six months for imported goods. It may vary from store to store and also on the type of product.

- 3. Reorder Stock Level:** It is the quantity level at which a refill order should be issued to ensure that fresh supplies will arrive in time to keep the item from running out of stock.

This logically consists of:

- the average volume of use during the normal time
- an additional quantity to cover any unanticipated increase in the rate of usage

The factors that should be taken into account while fixing the re-order level, are -

- Maximum usage of materials
- Maximum lead time
- Maximum stock level
- Minimum stock level

The formula for re-order level is given as:

Reorder Level = Maximum Usage × Maximum Lead-time

- 4. Danger Level:** Danger level of stock is fixed below the minimum stock level and if stock reaches below this level, urgent action for replenishment of stock should be taken to prevent stock-out position. As the normal lead-time is not available, regular purchase procedure cannot be adopted, thus resulting into higher purchase cost. Hence, this level is useful for taking corrective action only.

- 5. Average Stock Level:** This average stock level is average of maximum stock level and minimum stock level.

Average Stock Level = (Minimum Stock Level + Maximum Stock Level)/2

Example:

Let understand the concept of stock levels with a common example.

A retail store XYZ keeps two varieties of coffee. On an average, about 20 packets of coffee are sold daily. The store keeps a buffer stock for 7 days. If the stock level falls below 500, the store has to re-order.

So, based on the above information,

$$\begin{aligned} \text{Minimum Stock Level} &= \text{Re-Order Level} - (\text{Average Usage} \times \text{Average Lead-Time}) \\ &= 500 - (20 \times 7) \\ &= 500 - 140 \\ &= 360 \text{ units} \end{aligned}$$

Danger stock level, in this case, can be fixed at, say, 300 units.

Maximum stock that the store holds depends on the store size and space allotted for that particular product. The maximum stock level for this coffee is, say, 1000 units.

Then,

$$\begin{aligned} \text{Average Stock Level} &= (\text{Minimum Stock Level} + \text{Maximum Stock Level}) / 2 \\ &= (360 + 10000) / 2 \\ &= 1360 / 2 \\ &= 680 \text{ units} \end{aligned}$$

The task of a retail store manager lies in setting these levels and supervising over the fact that the stocks are maintained based on these levels.

Example:

There are 5 varieties of toothpaste available in a retail store. How can the store manager keep a track of the stock available in the store?

Here is a sample of the inventory to be maintained by a retail store manager.

Sl. No.	Name of the product	Brand	Variety	Size	Maximum stock level	Minimum stock level	Re-order level	Danger stock level	Initial stock in current month	Stock sold in current month	Available stock in current month	Re-order initiated (Y/N)
1.	Toothpaste	XYZ	Original strong teeth	10 mg	100	200	500	100	800	525	275	Y
2.	Toothpaste	XYZ	Original strong teeth	50 mg	750	150	375	75	600	403	197	Y
3.	Toothpaste	XYZ	Original strong teeth	100 mg	500	100	250	50	400	250	150	Y
4.	Toothpaste	XYZ	Original strong teeth	500 mg	250	50	125	25	200	107	93	Y
5.	Toothpaste	XYZ	Visible white	10 mg	100	200	500	100	700	475	225	Y
6.	Toothpaste	XYZ	Visible white	50 mg	750	150	375	75	500	318	182	Y
7.	Toothpaste	XYZ	Visible white	100 mg	500	100	250	50	350	70	280	N
8.	Toothpaste	XYZ	Visible white	500 mg	250	50	125	25	150	51	99	Y
9.	Toothpaste	XYZ	Active salt	10 mg	100	200	500	100	750	465	285	Y
10.	Toothpaste	XYZ	Active salt	50 mg	750	150	375	75	650	580	70	Y
11.	Toothpaste	XYZ	Active salt	100 mg	500	100	250	50	400	50	350	N
12.	Toothpaste	XYZ	Active salt	500 mg	250	50	125	25	185	101	84	Y
13.	Toothpaste	XYZ	Max-fresh gel	10 mg	100	200	500	100	900	215	685	N
14.	Toothpaste	XYZ	Max-fresh gel	50 mg	750	150	375	75	700	250	450	N
15.	Toothpaste	XYZ	Max-fresh gel	100 mg	500	100	250	50	450	170	280	N
16.	Toothpaste	XYZ	Max-fresh gel	500 mg	250	50	125	25	250	188	62	Y
17.	Toothpaste	XYZ	Charcoal clean	10 mg	100	200	500	100	600	150	450	Y
18.	Toothpaste	XYZ	Charcoal clean	50 mg	750	150	375	75	500	434	66	Y
19.	Toothpaste	XYZ	Charcoal clean	100 mg	500	100	250	50	300	27	273	N
20.	Toothpaste	XYZ	Charcoal clean	500 mg	250	50	125	25	200	135	65	Y

Table. 2.1.4: Sample Inventory List of Brand XYZ Toothpaste

By using this sample inventory tracking system, the store manager can check:

- How much stock has been ordered for a certain SKU (Stock Keeping Unit, which is a unique code assigned to a given product in a retail store)
- How much stock has been sold in the current month
- How much stock is available on the shelves and the warehouse
- How much buffer stock is available before/after re-order

2.1.3 Importance of Organisational Policies on Stock Management

There are different policies followed by different organisations for better stock management. It is very crucial to have a plan of action because inventory is the backbone of retail.

- Organisational policies provide a blueprint of what needs to be done
- Organisational policies provide a given store with an edge over its competitors
- Organisational policies mandate that the inventory must be replenished on time for customer goodwill and loyalty
- Organisational policies streamline store operations, especially inventory management

Organizational Policies on Stock Management

The purchase of merchandise or inventory is based upon the following factors:

Right items: Procurement of merchandise that has demand

Right time: Procure merchandise at the right time or when the trend for the commodity is high

Right price: Procure best quality product at the lowest possible price

Right quantity: Order the right quantity so that the retailer neither has excess nor less

Right quality: Procure the best quality products to ensure a constant demand



Fig. 2.1.7: Factors that determine the purchase of merchandise

Example: The recent Coronavirus attacks in India has spurred a high demand of hand sanitisers and face masks. This high demand is due to the decrease in the supply of sanitisers. Under such circumstances, if a retail store manager spots a big business opportunity, allows for enough stock of hand sanitisers, and the product is marked at a reasonable price, the store is bound to gain profit.

This shows how a retail store manager should direct the store staff:

- to procure the right item
- of the right quality
- at the right time
- in the right quantity, and
- sell at the right price

Rules and regulations related to inventory management

For managing an inventory, a certain set of guidelines is very necessary for its execution. Some of the steps are:

Step 1: Conduct continuous or periodic review system

Step 2: Prepare a proper checklist against which employees will check the goods and materials

Step 3: Keep the stock levels low to decrease the cost of operation

Step 4: Optimise the stock as per market demand

Purchase procedure

The term “purchasing” in the retail industry is the process of buying goods and services from vendors or suppliers in a formal bargain. Every store has its unique purchasing procedure. However, there are a few common steps in this purchasing process.

The adjacent flowchart can be considered a guideline for conducting this purchase process.

Every retail store has a particular department that is responsible for the purchasing unit. However, this team is headed by the retail store manager and the purchasing team cannot operate without his consent/approval .

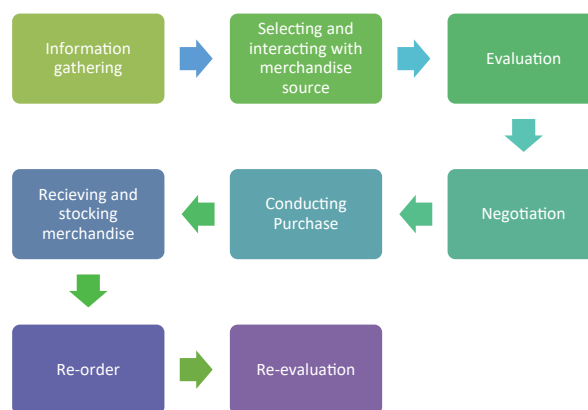


Fig. 2.1.8: The receiving procedure

For example:

A new category of perfume has been launched in the market. The purchasing department has gathered information about this new product. The purchasing team has conveyed the new product information to the store manager and why its purchase is profitable to the store. The store manager has given his/her consent based on this information.

Based on the above example, the purchasing procedure should be:

Steps of Purchasing	Explanation
Information gathering	Launch of new perfume in the market
Selecting and interacting with merchandise source	Discussing with brand vendors
Evaluation	Conduct sample test of the perfume
Negotiation	Negotiating a deal with the perfume manufacturing brand/vendor
Conducting purchase	Purchasing a sample batch of the perfume for trial sale
Receiving and stocking merchandise	Receiving the sample of perfume in the warehouse/store and stocking the product on the shelves for display
Re-order	Setting a re-order level in the inventory management system based on the sale of the perfume
Re-evaluation	Placing a new order based on the demand of the new perfume

Table: 2.1.5: Explaining the steps of purchasing

Practical

1. Consider a scenario where a new lot of stock has arrived at the store. List the steps you would take to organise the inventory.
2. With the help of a real-life example, prepare a flowchart depicting the various phases of a purchase procedure.

Exercise

A. Answer the following questions by choosing the correct option:

1. The purchase of merchandise is not based on which of the following factor?
 - a) Right price
 - b) Right time
 - c) Right place
 - d) Right quantity
2. Re-order level depends on
 - a) Company's work-order lead time
 - b) Present market demand of the company
 - c) Safety stock of the company
 - d) All of these
3. Which of the following is not a statutory rule in inventory management?
 - a) Conduct continuous or periodic review system
 - b) Make a checklist but do not stick to it
 - c) Keep stock levels low to lower cost of operation
 - d) Optimize the stock as per the market demand

UNIT 2.2: Receipt and Dispatch of Goods

Unit Objectives

By the end of this unit, the participants will be able to:

1. Analyze a few organisational policies regarding stock movements
2. Compare inventory based on age
3. Calculate the average inventory age of products
4. Interpret the guidelines on negotiating with vendors with staff
5. Calculate the credit period offered by vendors

2.2.1 Organisational Policies on the Movement of Goods

Defining movement of goods

Movement of goods in a retail store involves ordering, receiving, and dispatching goods at and from the store. Movement of goods keeps a retail store running and helps the store fetch revenues. The retail store manager needs to maintain constant and complete control of every instance of movement of goods at the store.

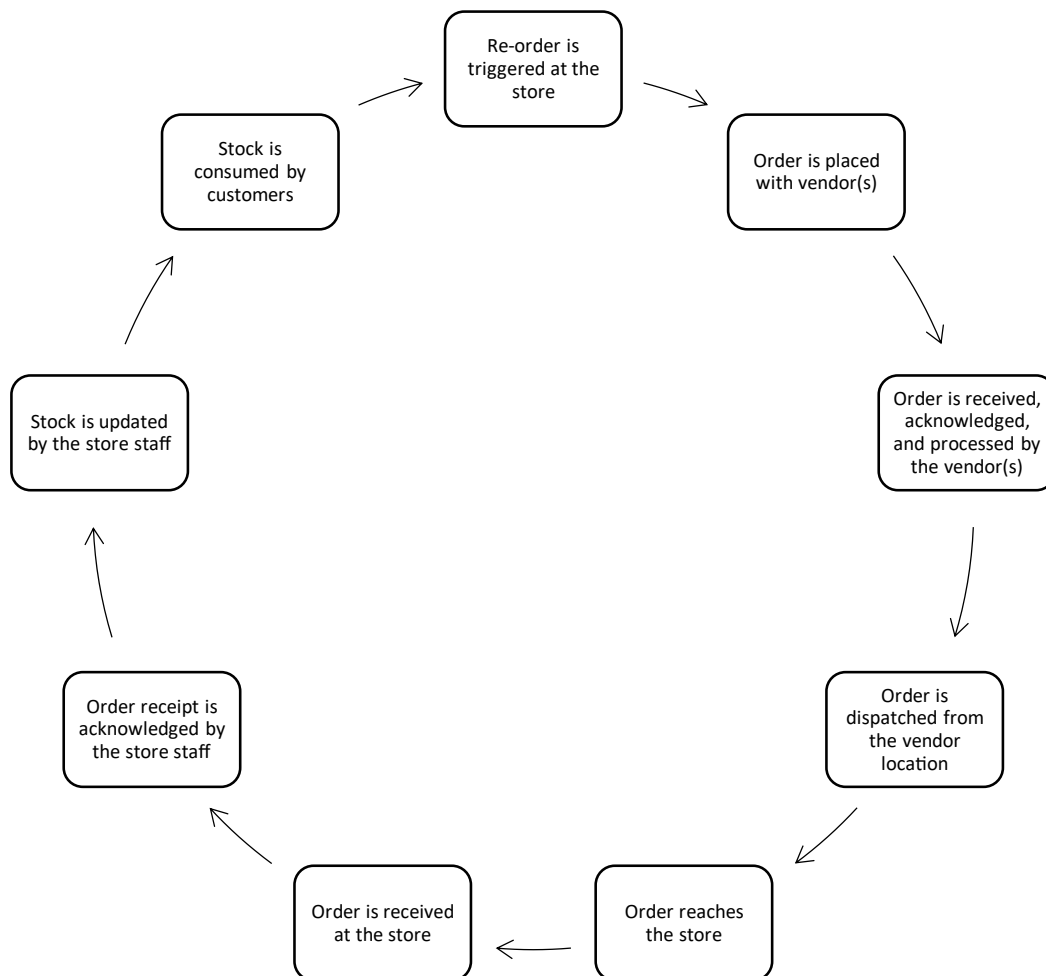


Fig. 2.2.1: Movement of goods at a retail store – monitored by the retail store manager

Importance of organisational policies on the movement of goods

However, to exercise complete control on the movement of goods, retail store managers must ensure that the store staff is aware of and complies with all store policies related to the movement of goods. There may be severe consequences of not following organisational or store policies related to the movement of goods. The below example explains this.

For example

A retail store manager leaves everything in the hands of the purchase department at his store. Order placement, receipt, acknowledgement, stock-updating, etc. are handled and managed by the store staff without the store manager's intervention. Because of which, things start going astray with time.

One day, there is a surprise audit at the store and the auditors detect huge discrepancies in the stock records. The quantity of stock ordered for and the quantity received, do not match for a few consecutive quarters. Further investigation into the matter reveals that, over a few quarters, a major chunk of the incoming stock got sold, on its way to the store, by a few staff members. The crime does not end here. The staff, who received the stock, manipulated the stock receiving documents and forged the retail store manager's signature on all approval documents to hush up the wrongdoings. This case is an ideal example of a situation that may occur, if a retail store manager fails to keep track of the movement of goods at the store.

Complying with policies related to the movement of goods

Some of the organisational policies guiding the order, receipt and dispatch of goods are as follows:

- Ensure that the logistics unit handles the receipt and dispatch of goods
- Check the goods to ensure the quality and that they conform to the required specifications as per the organisational SOP (standard operating procedures)
- Document the receipt of goods in goods receiving note
- Note down any shortages, damages, and losses, on the supplier's end, on the product's receiving note
- Coordinate with the programme and logistics unit to arrange for the transport of goods to the required destination
- Use stock and inventory management system to manage the receipt and dispatch of goods

For example:

- A famous fast food joint has an organisational policy that if the food is delivered to the customer after 30 minutes of placing the order, the order is considered free
- On conducting the inventory check, during stocking of goods, a batch of goods is found damaged and tampered; a negotiation must be struck with the vendor for the return of this batch since such policies already exist in the store

2.2.2 Ageing of Products

An inventory ageing report is a list of items on hand, grouped based on the length of time in inventory. This metric is used to identify slow-moving inventory as well as the additional costs to store and maintain these products until they are sold. An inventory ageing report provides information related to the following:

- Identifying slow-moving products
- Highlighting non-moving items
- Gaining an understanding of the length of time your product sits in the inventory
- Calculating the cost of maintaining inventory for long periods

Importance of the Ageing Factor

Ageing of products is related to poor inventory management. A retail store manager may be unaware of the huge amount of stock/excess stock that is sitting idle at the store, whose details are not included in the inventory system. What can be the possible consequences of this?

Both the cases will reflect huge losses in the store's accounts. The vendor, according to the pre-agreed terms and conditions, might/might not take back the expired stock and might/might not refund a certain portion of the money depending on the margin.

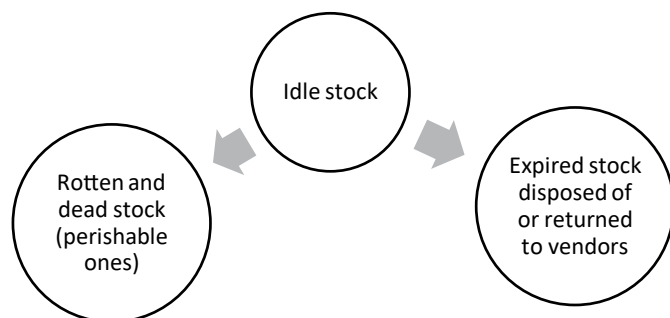


Fig. 2.2.2: Consequences of idle stock at the store

2.2.2.1 Steps of Calculating the Average Inventory Age

The average age of stock can be estimated with the help of the average inventory turnover ratio, which reflects the number of times the average inventory of a retail store has been converted to sale. It is calculated as follows:

1. The Cost of Goods Sold (COGS) is calculated with the help of the below formula:

$$\text{Opening Stock} + \text{Purchases} + \text{Direct Expenses} - \text{Closing Stock} = \text{Cost of goods sold (COGS)}$$

2. Average Stock is calculated with the help of below formula:

$$\text{Average Stock} = (\text{Opening Stock} + \text{Closing Stock}) / 2$$

3. Stock inventory turnover ratio can be calculated by the below formula:

$$\text{Inventory Turnover Ratio} = \text{Average Stock} / \text{Cost of goods sold}$$

4. The average inventory age can be calculated by dividing 365 days with the average inventory turnover ratio

$$\text{Average Age of Inventory} = 365 / \text{Inventory Turnover Ratio}$$

For example:

The vertical balance sheet of Indian Bazaar reflects the below data as on 31st March 2018:

Transaction on:	Parameter	Amount (Rs.)
01.04.2017	Opening stock	12,00,000
15.07.2017	Goods purchased	6,45,000
31.03.2018	Closing stock	3,87,000

Table 2.2.1: The balance sheet of Indian Bazaar as on 31st March 2018

The retail store manager arrives at the average inventory age by the below steps:

Step	Calculation
<p>The Cost of Goods Sold (COGS) is calculated with the help of the formula:</p> <p>Opening Stock + Purchases + Direct Expenses – Closing Stock = Cost of goods sold (COGS)</p>	<p>Cost of Goods Sold</p> <p>= Rs. (12,00,000 + 6,45,000 – 3,87,000)</p> <p>= Rs. 2,58,000</p>
<p>Average Stock is calculated with the help of below formula:</p> <p>Average Stock = (Opening Stock + Closing Stock) / 2</p>	<p>Average Stock</p> <p>= (12,00,000 + 3,87,000) / 2</p> <p>= 7,93,500</p>
<p>Stock inventory turnover ratio can be calculated by the below formula:</p> <p>Inventory Turnover Ratio = Average Stock / Cost of goods sold</p>	<p>Inventory Turnover Ratio</p> <p>= 7,93,500 / 2,58,000</p> <p>= 3.076</p>
<p>The average inventory age can be calculated by dividing 365 days with the average inventory turnover ratio</p>	<p>Average age of inventory</p> <p>= 365 / 3.076</p> <p>= 118.78</p>

Table 2.2.2: Calculating the average inventory age

2.2.3 Techniques of Negotiating with Vendors

Negotiation with vendors usually occurs at the head office. Let us consider that a certain brand wants to sell its products to the chains of a retail store. The retail store manager must ensure that vendor/manufacturer contacts the company head office and comes to know about the negotiation terms and conditions. However, specific fresh consumables like milk, bread, eggs, etc. are acquired from local vendors to maintain the freshness of the products.

Common vendor norms about stock return and damages

- Goods/materials should be returned unused and in their original condition
- The return and replacement fee will be borne by the seller, provided the poor performance and displacement is due to damaged or stained item

- In case a higher priced item is demanded instead of replacement, the remaining amount has to be paid by the customer
- The seller reserves the full right of rejecting any returned goods provided it does not meet the stipulated stock return policy

Credit period offered by vendors

A credit period is a time between the purchase of a product and the payment. In simple words, credit is the amount a customer must pay, but has not paid yet, for a product. It can be explained with the help of a simple example given below:

Problem: Raj's machine shop regularly purchases tin and other raw materials from vendors. As part of the agreement, he can pay cash for purchases made from vendors within 10 days and receive a 20% discount. Otherwise, all payments are due within 20 days.

Solution: In this case, the first ten-day period is considered the early pay discount period. Raj can pay for the entire order in a ten-day window if he wants to, but he isn't required to. Raj is, however, required to pay for the full order within 20 days. This means the vendor allows him a credit period of 20 days to pay for the purchase.

Reverse Logistics Policies of the Organisation Viz-A-Viz Vendors' Policies

Reverse logistics refers to the activities undertaken by a retail store to collect used, damaged, unwanted, or out-dated products, in addition to the packaging and shipping materials from the reseller or end-user. The following conditions are taken into consideration for reverse logistics:

- If the products can be returned to the supplier in return of a full refund, the store may choose this option first
- In case the product has not been used, it may be sold through an outlet store or resold to a different customer
- In case a store chooses to increase the selling price of a product by refurbishing, reconditioning, or remanufacturing the goods, the store may perform these activities before selling the product
- After completing the events, the product may be sold as a reconditioned or remanufactured product but not as new
- In case the product cannot be reconditioned due to poor condition, legal allegations or environmental restrictions, the store will try to dispose of the product at the minimum cost
- All recyclable materials should be removed before the remainder is finally sent to the landfill

In all the above-mentioned cases, the role of a retail store manager stands justified where the person has to supervise all these operations and sign any necessary document for the facilitation of operations.

Practical

1. Consider a scenario where a vendor is not sticking to the contract terms and conditions as signed during placing the order. What steps would you take to turn the situation in your favour?

Exercise

A. Answer the following questions by choosing the correct option:

1. To ensure the quality of the goods, which of the following specifications should you check?
a) Type b) Brand c) Model d) All of these

2. An inventory ageing report does not provide information on
a) Slow-moving products b) Moving items
c) Length of time your product sits in the inventory
d) Cost of maintaining inventory for long periods of time

3. In case a firm can increase the selling price of a product by _____, _____, or _____ the product, the firm may perform these activities before selling the product
a) Refurbishing, Reconditioning, Remanufacturing
b) Reducing, Reusing, Recycling
c) Refurbishing, Reusing, Remodelling
d) None of these

B. Solve the problem:

1. Given:
Minimum stock level = 500 units
Average Stock Level= 1250 units
Calculate the Re-order quantity.
(Hint: Average Stock Level= Minimum stock level + 1/2 of Reorder quantity)

UNIT 2.3: Stock Records

Unit Objectives

By the end of this unit, the participants will be able to:

1. Assess the accuracy of stock records
2. Record costs during stock movements
3. Examine if the store staff is following correct stock-taking methods
4. Perform regular inspections to check if the store staff is following appropriate procedures of preventing the inventory shrinkage/pilferage

2.3.1 Maintaining Accurate Records of Stocks Bought and Sold

Introduction

Keeping the records or complete list of stocks is a crucial part of inventory management. A retail store manager must always be aware of the details of recorded information for better and smooth operations. Record management aids in planning, staying within budget, identifying a company's information holdings, and other administrative functions.

Receiving Stock

Based on the stock level, a re-order requisition is placed with the vendor for the replenishment of stock. But before the stock is recorded into the inventory system, the first and foremost task is to receive the stock methodically.

Processes of receiving stock:

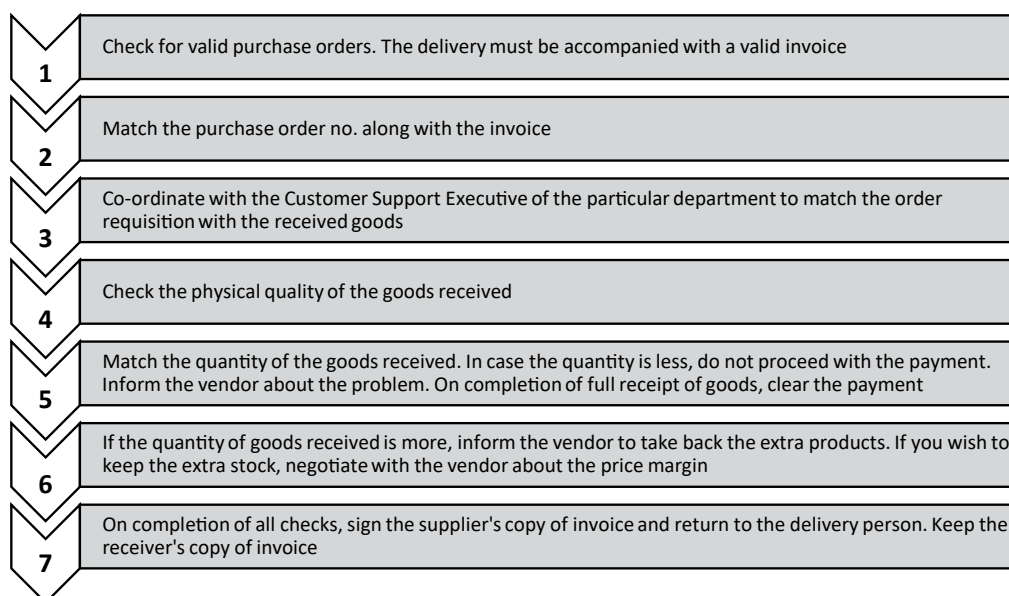


Fig. 2.3.1: The processes of stock receipt

Stock-taking

Stock-taking involves making a list of inventories or stock and recording its value and location. It is often an annual exercise, or a kind of an audit to arrive at the value of the stock. Barcodes can make the whole process easier but it can still be quite excruciating. Checking stock more frequently, i.e., a rolling inventory, avoids a massive annual exercise, but also demands constant attention throughout the year. RFID (Radio Frequency Identification) tagging using handheld readers can offer a simple and efficient way to maintain a continuous check on inventory.

Any stock-take control system must enable you to:

- Trade stock levels
- Place orders
- Issue stock

Methods of stock-taking:

A few ways of stock-taking have been discussed below:

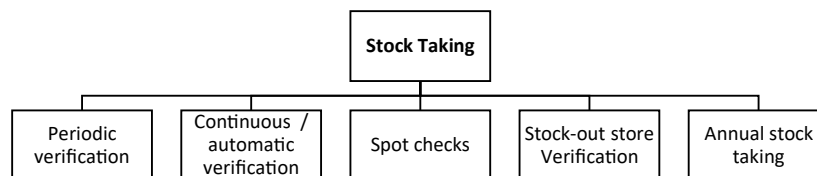


Fig. 2.3.2: Various stock-taking methods

- **Periodic stock verification:** Periodic stock verification is the quarterly or half-yearly checking of the entire stock in one or two days. This is implemented in stores where the stock comprises few but expensive items. The physical stock of various elements is recorded on inventory sheets or inventory cards and then compared with the bin card balance.
- **Continuous, Perpetual, or Automatic Stock Verification:** The verification is conducted throughout the year as per the pre-determined plan of action. A perpetual inventory record is maintained for each item showing all transactions.
- **Spot Checks:** The storekeeper performs spot checks at the time of receiving first stock or while issuing store items. It is carried out by the store's staff to check the accuracy of materials. It is, however, not a natural method of inspection.
- **Stock-out Stores Verification:** The storehouse staff does this type of verification. This method of verification is done when a particular item of stock is out of stock. When the stock touches the danger level, where replenishment may become urgent, this type of verification is performed.
- **Annual Stock-Taking:** Annual stock taking is performed in the last month of the financial year. A month or two weeks may be taken for the checking, depending on the number of items, which are to be checked.

2.3.2 Team's Understanding of Stock Management Systems

A few stock management systems, followed by stores daily, have been discussed below:

- **Barcode scanning:** Inventory management software is integrated with barcode scanners for instant product identification and labelling.
- **Inventory Optimization:** Here, the right amount of inventory is maintained for each product, without over or under-stocking any item. It is done while dealing with products, which experience seasonal rise and fall in demand.
- **Stock Notifications:** In this case, alerts and notifications are received when there are over and under-stocking. It helps in placing orders or offer promotional discounts for clearing out extra stock.
- **Report Generation:** The sales history is maintained in the form of a list of the most popular products. The feature enables the retail store manager to manage items in the inventory that have not reached the desired sales levels as expected.
- **Multi-location Management:** Multiple locations can be integrated into a single inventory management system. Multiple warehouses and points-of-sale can be managed through this.
- **Stock Returns Handling:** Here, the returns can be managed more effectively by reducing time-to-return through automated processes.
- **Material Grouping:** The inventory is grouped into predefined categories to manage the stocks well.
- **Purchase Order Records:** A single view of purchase order records is created. The seller can quickly identify which products are in demand, both perpetually and seasonally
- The retail store manager is not responsible for carrying out the procedures of stock management. He /she will conduct the training of these processes with the staff members according to the store's standard operating procedures.

2.3.3 Shrinkage/Pilferage of Products

Shrinkage/pilferage is the loss of inventory that can be accredited to the factors such as employee theft, shoplifting, vendor fraud, administrative error, damage in transit or store, and cashier errors that benefit the customer. Inventory Shrinkage is related to the loss of merchandise and currency from the store.

The following example will help us understand the concept better.

For example:

On conducting a sudden inventory check, a certain gap in inventory records and sale counts are noticed in the make-up section of the store. On checking the security footage, evidences of shoplifting and internal employee theft are found.

These are the major reasons of shrinkage of stock in the stores.

A few forms of shrinkage are:

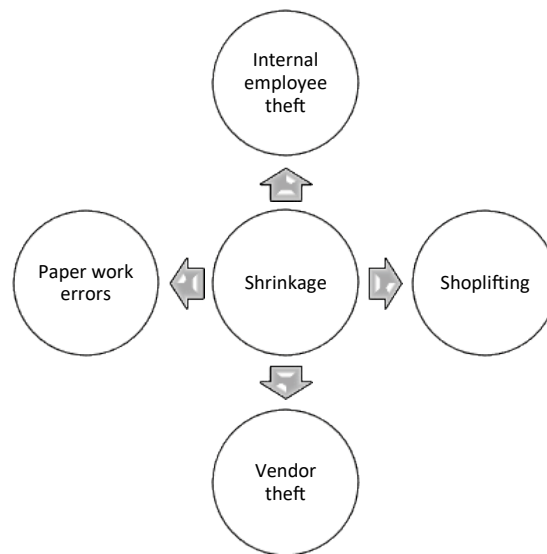


Fig. 2.3.3: A few forms of shrinkage

Processes to prevent shrinkage of products:

- Ensure proper bookkeeping is done by employing strict security at receiving and shipping platforms
- Ensure that the cargo documents and purchase orders match
- Track cashier's performance and carry out spot checks of the cashier funds during the day
- A particular area should be maintained for handling and storage of cash
- There should be well constructed burglar resistant, convenient alarms and hold up buttons
- Procedures must be established to monitor pay-outs against related documents and merchandise
- Stricter policies should be set for dealing with employees caught for theft

Practical

1. Recently, you have been noticing that some of the stock items at your store are missing at regular intervals. What measures would you take to identify the cause of this?

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not a method of stock taking?
 - a) Periodic stock variation
 - b) Spot checks
 - c) Annual stock taking
 - d) Time check

2. Which of the following is not a stock management system?
 - a) Barcode scanning
 - b) Losing stock
 - c) Report generation
 - d) Stock returns handling

3. Which of the following steps can be taken to prevent shrinkage of products?
 - a) Ensure that the cargo documents and purchase orders match
 - b) Track cashier's performance and carry out of the cashier funds during the day
 - c) A special area should be maintained for handling and storage of cash
 - d) All of these

UNIT 2.4: Stock-Take/Cyclical Count

Unit Objectives

By the end of this unit, the participants will be able to:

1. Prepare a plan for an effective stock-taking process
2. Perform regular inspections to ensure that data are recorded and transmitted accurately at the store
3. Compare the calculated number of stocks with the physically available quantity at the store
4. Analyse stock-take data as required by the organisation
5. Demonstrate appropriate safety measures during stock-taking

2.4.1 The Stock-Taking Process

Stock-taking is a fundamental part of any business that deals in goods. It is an effective way to keep track of inventory for checking if the ordering process is efficient and over-stocking is reduced.

Importance of Stocktaking

- With the help of stock-taking, retail store manager is able to keep an accurate track of physical stocks
- It helps retail store managers find discrepancies in products, if any
- It gives a bigger picture of the inventory by calculation of wastage and allowances
- It aids in highlighting problems like theft and shrinkage issues

Some of the ways to do effective stock-taking:

- Choose the right time to conduct a stock check
- Use printable stock sheets built into an existing stock-taking system
- Categorise the existing stock
- Appoint separate staff for managing each category of stock
- Once the stock count is taken, validate the stock-take

2.4.2 Recording and Re-Checking Variances

The purpose of recording and re-checking variances is to count the number of stocks and compare them with the physically available quantity. Then the deviation, if any, can also be calculated.

Apart from that, it can be used to add stock into the system.

For example:

The following is an example of how to record and re-check the variances in the computer data-base.

Administration>System Security>System Roles>

Select the role of the user (A) who is going to appoint another user (B) to do the count > Stock Takes > Initiate, Analyse and Cancel

Data Input: The user can query details of purchase orders giving –

- Stock-take number
- Store
- All locations
- Status
- Date

And press <**Find Transaction**> Button.

(*) To raise stock Count Transaction press <**New Transaction**> button, and it enables the user to proceed forward to Stock Take Details dialog box.

Stock Take No: Once stock take transaction is initiated, stock take no is generated in a sequence.

Store: Select the store for which the stock is to be counted.

Rack: Select the shelf for which the stock is to be counted.

Bin: Select the bin for which the stock is to be counted.

Supplier: If the user selects the supplier, the stock count is done for the selected item in the stocks of this supplier only. If the supplier is not selected, the user counts the quantity of the item in stores from all the suppliers.

Note: The user can enter an appropriate sign or remark on the stock count.

Expand to view the data entry team; press the plus mark to enter/appoint a user to do the stock count.

<**Add New Member**>: Press the button to add a new member for counting.

Team Member: Select a user to do the count.

Status: Select the state of the user as active/inactive to do the count.

<**Save**>: Press the button to entered data of counting members/members.

- As discussed in the top, once a user (B) is appointed or nominated to do the count, the data are saved.

To enter the data of counting records of the stocks, the appointed user (B) requires logging in.

E.g., User A appoints user B for counting.

Therefore, user B requires logging in, selecting the product/item, and entering the count figures, and finally saving. See below for field description.

Stock Count: User B above selects the item/product that he is appointed to count.

Lot No: Select the lot no. of the count.

Bin No: Select the bin no of the count.

Product Name: The selected product is appearing in the product name here.

UOM: The Unit of measure appears here.

Quantity: The User enters the physical amount as per count.

<Save>: Press the button to save the entered count details.

- Once saved, then the user can generate the Variance Report in PDF or Excel Format.
- Now the count is at the entry-level. Another user (C) with an approval level can approve the count.

And finally, a user (D) with authorization level can authorize to finalize the count.

- Please note that there shall be four users to execute the stock count transaction.
 - A user (A) to appoint/nominate another user (B) to count the stock
 - A user to calculate the stock
 - A user to approve the count
 - A user to authorize the count

2.4.3 Accurate Recording and Transmission of Data

While taking records of the inventory, the retail store manager comes across a situation where the vendor has supplied thrice the quantity of one product and none of another product. This will result in excess stock for the first product and stock-out situation for the other product.

Processes of analysing stock-take data are as follows:

- Select and train the counting teams regarding how to conduct counts and fill out the associated paperwork
- Establish a cut-off line after which no further inventory is allowed in the store
- Assign counting responsibility areas in the warehouse to each count team
- Distribute a pre-numbered sequence of count tags to each team
- In each count team, ensure that one person identifies and counts inventory while the other person fills out the count tag. The original label is taped to the list, and the staff retains a backup copy
- The count tag administrator checks to see if names are missing, which may require an additional search to find the tags
- The count tag clerk summarizes the count tags into a spreadsheet, which is used to create summary totals for each inventory item
- The cost accountant compares the resulting information with the unit balances maintained in the company's perpetual inventory system
- In case there are significant variances from the existing database, a count team goes back to the storage area to verify the original counts

For example:

The barcode of product A was wrongly placed on product B. The stock of product A was 100 units and the re-order level is 50. The stock of product B was less than 3 and its re-order level was 35. On appearing at a danger stock level, the inventory system was checked and it was found out that the stock of product B was 100 whereas on the shelves it was less than 3. On further assessment, the interchange of barcode was caught.

Such a type of situation is very common while recording the data or tagging the inventory. This has to be done very meticulously since any major mistake can lead to heavy losses on the store finance. The store manager has to supervise the process of tagging and rechecking of products to minimise discrepancies.

2.4.4 Safety and Well-Being of Team Involved in Stock-Take

Safety should be ensured during all processes and not only stock-take. However, physical injuries are possible during stock-take. A retail store manager must ensure compliance with safety norms at all levels because the responsibility of the overall well-being of the store staff is, to a great extent, in his/her hands.

Safety measures undertaken during stock-taking

- Avoid staying inside closed warehouses, without proper ventilation, for long hours
- Train the employees on handling and managing heavy objects
- Educate the store staff on the hazardous health effects of certain chemicals
- Conduct risk assessments regularly
- Carry out adequate supervision of all store operations

Practical

1. An employee has fainted during the stock-taking process due to poor ventilation in the store. What are the apt measures to be taken so that such a situation does not recur?

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not an effective way of stock-taking?
 - a) Choose the right time to conduct a stock check
 - b) Use printable stock sheets built into existing stock taking system
 - c) Jumble up the existing stock with the new stock
 - d) Appoint separate staff for managing each category of stock

2. The purpose of recording and re-checking of variances is to count the _____ of stocks and compare with the physically available quantity.

a) Quality	b) Quantity
c) Both a and b	d) None of these

3. Safety measure during stock-take does not include -
 - a) Stay inside closed warehouses without proper ventilation for long hours
 - b) Train the employees on handling and management of heavy objects
 - c) Educate the employees regarding the hazardous health effects of certain chemicals
 - d) Risk assessments should be conducted from time to time

Summary

- An inventory management plan has to balance several conflicting goals – like overstocking/understocking, shorter lead times, rapid order fulfilments, smooth product flow, fluid workflow, improved visibility, good selectivity, more productivity, and maximum capacity.
- Inventory or stock means the goods or materials that a firm holds for sale.
- An Inventory ageing report is a list of items on hand, grouped by the length of time in inventory. It is used to identify slow-moving inventory plus the additional costs to store and maintain these products until they are sold.
- In terms of finance, the term ‘cover’ refers to any number of actions that reduce an investor’s exposure.
- Reverse Logistics refers to the activities undertaken by a company to collect used, damaged, unwanted, or out-dated products, in addition to the packaging and shipping materials from the reseller or end-user.
- Shrinkage/Pilferage is the loss of inventory that can be credited to factors such as employee theft, administrative error, shoplifting, vendor fraud, damage in transit or in-store, and cashier errors that benefit the customer.
- Stocktaking is an effective way to keep track of inventory to check if the ordering process is efficient and reduces over-stocking.
- The purpose of recording and re-checking variances is to count the number of stocks and compare them to the quantity that physically available.

Practical

1. While recording the data for stock take, a vast paper trail is missing. How do you recover the lost data?
2. A new employee has joined your team. How do you train him/her in managing stocks?
3. A category of items is missing as per the requisition order. How do you communicate with the vendors regarding this?

Exercise

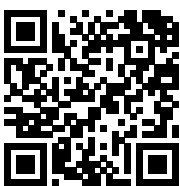
A. Answer the following questions by choosing the correct option:

- An inventory management plan has to balance several conflicting goals. Which of the following does not belong to the group?
 - Overstocking/under-stocking
 - Smooth product flow
 - Improved visibility
 - Price negotiation
- Reverse Logistics refers to the activities undertaken by a company to collect _____, damaged, unwanted, or out-dated products, in addition to the packaging and shipping materials from the reseller or end-user.
 - Used
 - Re-used
 - Reduced
 - Recycled
- Inventory Management Software is integrated with barcode scanners for instant product identification and _____.
 - Naming
 - Filling
 - Labelling
 - Reporting
- A _____ inventory record is maintained for each item showing all transactions.
 - Periodic
 - Perpetual
 - Annual
 - Spot

B. Read and solve the questions.

- Freshness Ltd., a retail outlet for organic food, does not maintain any safety stock due to the less shelf life of its merchandise. On average, it sells 1000 units of organic food. The vendor delivers fresh orders to Freshness Ltd. in 5 working days. Calculate the re-order level.
(Hint: Re-order Level= average demand× lead time + safety stock)

Scan the QR codes or click on the link for the e-books



<https://www.youtube.com/watch?v=Np090VKtzt>

Common Types of retailers



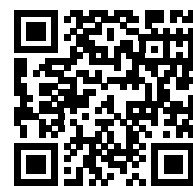
<https://www.youtube.com/watch?v=lmukoz9aWGY>

Development of Retail Sector in India



<https://www.youtube.com/watch?v=iRvaWHk3A8k>

Retail 2020 | 5
Technologies that will change the way you shop



www.youtube.com/watch?v=W9Y-483ONw

Role of Retail Store Manager



3. Standard operating procedures, processes and policies at the store while ensuring timely and accurate reporting



Unit 3.1 - Store Policies, Vendor Guidelines and Statutory Regulations

Unit 3.2 - Managing Operational Records



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Prepare a list of the benefits of following standard operating procedures at the store
2. Implement store and vendor policies
3. Manage operational records by apt maintenance, prompt submission, and safekeeping

UNIT 3.1: Store Policies, Vendor Guidelines and Statutory Regulations

Unit Objectives

By the end of this unit, the participants will be able to:

1. Examine the alignment of all processes with standard operational procedures
2. Explain relevant store policies/guidelines to the team
3. Support store audits by communicating effectively with the concerned authorities
4. Devise solutions for non-compliance issues at the store
5. Demonstrate the process of signing off and honouring contracts

3.1.1 Introduction

Retail stores can be seen everywhere now-a-days. People enjoy shopping at these retail stores, but they may not give much thought to how stores are run. There is much work done behind the scenes. First, “retail store” means a place of business usually owned and operated by a retailer in which products are sold primarily to consumers. Similarly, “process” refers to actions or operations leading to an end outcome. In this unit, we are going to study about the various standard processes of a retail store. The retail store manager must learn to comply with many norms and industry practices as well as brief team members on the same.

Types of Processes

The four significant processes in retail are:

- Visual merchandising
- Sales promotion
- Customer relationship management
- Direct communication

This module deals with sub-tasks that ensure compliance with all policies and procedures of the store while ensuring completion and timely submission of reports.

This unit/task covers the following:

- compliance with all store policies, vendor guidelines, and statutory regulations
- maintenance, timely submission, and safekeeping of operational records

3.1.2 Implementing Processes in Alignment to Store Policy

To apply effective rules and regulations at the store, one must follow these processes below.



Fig. 3.1.1: The steps of applying rules and regulations at the store

Process 1: Consultation

While developing rules and regulations, a retail store manager must refer to all relevant stakeholders, including health and safety representatives, contractors (especially those who work with the store regularly), and staff members.

Consultation should guarantee that every person in the workplace recognises the importance of company rules and regulations and why they need to be implemented effectually.

Consultation should also ensure that the policies and procedures are realistic and sh~~l~~ actionable. Consultation helps in enforcing more effective rules and regulations and is an excellent source of inspiration for employees.

Process 2: Modify the business policy

The rules and regulations that a retail store manager adopts have to be customised as per the needs of the store, and not just lifted straight from a guidebook.

If rules and regulations are used from another source, the manager must adapt them in line with the store and the workplace operations.

Process 3: Define obligations clearly and be specific

All policies should be short and concise. All procedural measures should be set out in clear and plain English. This will lead to an 'auditable standard,' implying that a standard draft can be used to identify whether the store norms are being adopted.

The compulsions outlined in an auditable standard should define that persons at the workplace precisely understand what is expected of them. You should specify what actions need to be taken. For example, do not say "dispose of chemicals safely," but describe how this should be done at the workplace.

3.1.3 Store Policies and Guidelines

To have a smoothly functioning society, one must comply with the laws and statutes of the land. This is not different for business entities like retail stores. Being vital to the community at large, retail stores must be in strict compliance with all legal requirements. In this unit, we are going to study about how legal contracts should be related to a store's statutory requirements and honour all terms and conditions in employee contracts. In this context, we will discuss regulatory guidelines and government policies on which the retail industry operates.

Statutory Guidelines

Nowadays, retailers regularly seek and gather information from their customers. They do this to gather feedback about their products and improve them in the future. However, while finding and storing such information, retailers are bound by specific legal and regulatory requirements that they have to adhere to. To protect customer data, the retail store should have a privacy policy. As the name suggests, the privacy policy should be created to safeguard the privacy of the customer and ensure that private or personal information do not get misused in any way.

The second facet of statutory guidelines relates to safety standards that retail stores have to maintain while conducting their businesses. These safety standards are communicated to all employees of the retail store. Employees must follow these safety norms for the benefit of the store as well as their well-being.

The third aspect of statutory guidelines involves return and repair policies.

For example:

Let us consider a product is defective. The customer will have to follow the retailer's return policy, which would have already been explained to him or her before purchasing the product. If, for instance, the product has experienced wear and tear, the customer will not be eligible for a return. However, if the product is defective, the retailer should honour the return policy. The retailer would be legally bound to do so.

Employee contracts and other government policies

Certain elements must be present in employee contracts. The employee should be aware, among other things, of the following:

- Number of leaves allowed
- Monthly salary
- Shift timing
- Notice period

For example:

Let us assume that an employee wants to resign. This employee may wish to leave the organization immediately. However, in the contract, it is stated that the employee will have to give 30 days' notice. This is to help the employer find a suitable replacement.

There are certain dos and don'ts of government policies regarding safety. They are enumerated in the table below.

Dos	Don'ts
The employer should furnish a safe work environment.	Neglect reporting accidents.
Use safety equipment, if necessary.	Fail to review safety measures periodically.
Comply with up-to-date legal guidelines.	Be casual about safety.

Table 3.1.1: The dos and don'ts of store safety policies

3.1.3 Conducting Store Audits

Retail store managers often want to know what products get sold fast and what products do not. To find out this information, a store audit must be conducted. For the health of the store, inspections must be performed regularly. A “store audit” is a study of the retail store directed by brand authorities or retail store employees to collect data about the health of the brand’s products. In this unit, you are going to study about the mechanism of cooperating with authorities regarding store audits and resolving any identified issues. In this light, we will discuss vendor policies.

Vendor Policies, Cooperation, and Compliance

The vendor may ask for various types of information concerning their products. Data, required by vendors, include:

- Sales volume
- Stock levels (shelf and back-stock)
- Descriptions of in-store displays and promotional materials
- Competitor activity
- Pricing
- Product damage

For the sake of the vendor, the retail store needs to cooperate with the vendor’s requirements. It is vital for the vendor for two primary reasons:

1. Store audits serve as a tool for suppliers to ensure that retailers are complying with pre-established agreements on product placement, pricing, and promotion.
2. Store audits allow brands to measure their success in the retail environment accurately.

Compliance with store audits is mutually beneficial. Benefits available to the vendor have already been enumerated. However, the store also stands to gain. The following are the benefits for the retail store:

1. Identifying and resolving inconsistencies regarding in-store staging, brand compliance, and visual merchandising
2. Searching for store-level problems, such as maintenance and operational issues
3. Creating and executing new in-store processes and procedures
4. Identifying training needs

For example:

Suppose a brand representative comes to a retail store and wants to find out about two categories of products - the brand’s baby products and beauty and wellness products for adults. A Retail store manager will have to help the brand representative collect the desired information. The brand representative may want to know the sales volume of each product, how competitors’ sales are faring in comparison to a similar product of the concerned brand, etc.

3.1.4 Cooperation and Collaboration with Authorities to Conduct Store Audits

For suppliers to stay put in today’s marketplace, it is essential to design and implement a robust retail execution strategy. Following retail audits is the most appropriate way for a retail store manager to capture crucial information that affect the health of the store and its products. By analysing longitudinal data, business owners and managers can prove what works and what does not to make better informed decisions and adjustments to their retail plan.

The benefits of performing retail audits are two-fold. On the one hand, they serve as instruments for suppliers to ensure that retailers are abiding with pre-approved agreements on merchandise promotion, placement, and pricing. On the other hand, audits allow brands to measure their success in the retail environment accurately.

Equally beneficial is the priceless reservoir of data that audits provide. By aggregating quality data from various retail locations over time and comparing the results, retail store managers can make actionable decisions that reduce inefficiencies and ultimately drive sales.

3.1.5 Resolving Non-Compliance Issues

What is the best reply while dealing with a non-compliant person? First of all, a manager must remember that he/she, as the staff member, cannot compel the person to do anything. His/her task is to make a person act as per the rule book and to explain and enforce the penalties of a person's choice of compliance or non-compliance.

Here are some critical verbal intervention tips while dealing with non-compliant behaviour:



Fig. 3.1.2: Tips for dealing with non-compliant behaviour

3.1.6 Signing Off Legal Contracts

A contract is a pact voluntarily entered by two or more parties to create onus for both parties. Agreements play a part in many areas of life, from multi-million-dollar business deals to the purchase of goods from the local shopping centre.

Elements of a Contract

Generally, a contract must have the following features to be valid:

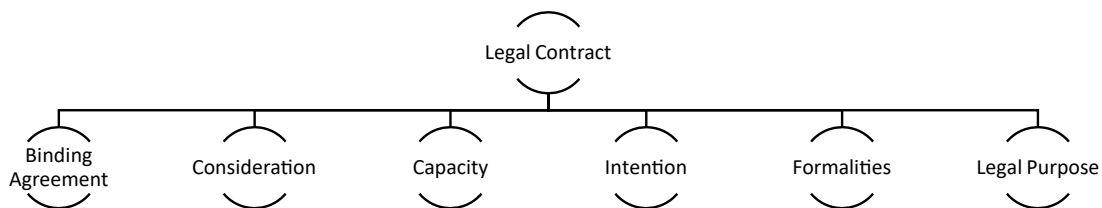


Fig. 3.1.3: The essential features of a contract

A deal that meets all these arrangements is valid. When any of the elements mentioned is irregular, violated, or lacking, the agreement may become void, voidable, or unenforceable.

3.1.7 Sign Off and Honour All Terms and Conditions in Employee Contracts

It is essential that an employment contract accurately captures the terms and conditions of employment agreed between the employer and employee in writing. The starting point of the deal is that a party will be bound by the terms of an agreement, regardless of whether they understood or read them. There are, of course, exemptions to this. It sometimes happens that an employment agreement contains errors. The fact that an employer is required to honour a term in an erroneous contract will depend on the situations that led to the failure.

The law of agreements concerning "errors" applies to employment bonds. There are two primary types of errors:

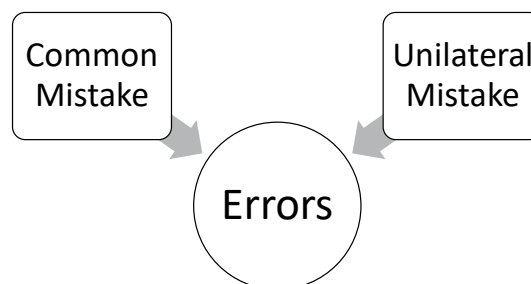


Fig. 3.1.4: Types of errors

- **"Common mistake"** – where the employee and the employer agree to the terms of the deal, but the written document does not conform correctly.
- **"Unilateral mistake"** – where one party wrongly believes that the contract has been accurately documented in the written format, while the other party is aware of the mistake and acts unscrupulously about it.

An example of a typographical error that is not recognised by the parties before signing is adding two extra zeroes on the salary amount would be an example of a "common mistake."

Rectification – Common Mistake

A court has the power to grant the "rectification" of a contract so that it accurately reflects the collective intentions of the parties.

An employer seeking to fix a contract will need to prove to the court that:

- The parties had agreed to the term before recording the agreement in writing
- The parties involved in preparing the employment contract did not correctly express their approval in terms of the written document
- During the period after the term was agreed to, until the time it was put in writing, it was the continuing intention of the parties that the term was mutually agreed upon
- If rectified in the way required, the written contract would serve the common purpose of the parties
- If the employer charges that there has been an error in the written terms of the agreement, then he will have to bear the burden of proving the error. The employer will need to establish what the mutual intention of both parties was.

It may be able to be recognised by pre-contractual correspondence and proof of the responsible officers involved in discussing and entering into the contract.

Where there is an actual disagreement between the parties about an alleged mistake, obtaining rectification will be more difficult. Rectification will not be possible if there is no mutual intention.

Practical

1. Imagine that you have been asked to conduct a store audit. Note down what you want to find out.
2. Design the layout of a legal contract with the help of MS PowerPoint. The arrangement should comprise all the essential elements. Show the plan to your trainer, in the next class, for verification.

Exercise

A. Answer the following questions by choosing the correct option:

1. The primary categories of mistakes in a legal contract are:
 - a) Common mistakes
 - b) Unilateral mistakes
 - c) Both a and b
 - d) None of these

2. To implement effective policies and procedures at your workplace, which of the following steps is not implemented?
 - a) Consultation
 - b) Tailoring the policy to your business
 - c) Defining obligations clearly and being specific
 - d) None of these

3. To tackle a non-complaint behaviour, you should never
 - a) Loose your calm
 - b) Place responsibility where it belongs
 - c) Be prepared to enforce your limits
 - d) Set reasonable limits

B. Read the below question and answer the same.

Below are the steps of implementing retail store processes w.r.t store policies.

- Consultation
- Tailor the policy to your business
- Define obligations clearly and be specific

Draw examples from real life and prepare a case study to explain the above actions.

(Hint: Illustrate each step with the help of a real-life example. You may research on the internet for suitable examples and case studies.)

UNIT 3.2: Managing Operational Records

Unit Objectives

By the end of this unit, the participants will be able to:

1. Prepare a list of the benefits of maintaining store records
2. Manage the processes of collecting, preserving, and transmitting relevant data
3. Examine the quality of recorded data via regular checks and audits

3.2.1 Importance of Maintenance of Records

A detailed listing of a company's scope, complexity, and volume is known as a record, a significant management tool utilized by companies and business owners and managers to ensure effective operation. The list includes details of recorded facts like the dates prepared, people, and offices preserving the records, and media used in recording the data. Records of inventory help in administrative functions, such as planning, staying within budget, and identifying a company's information holdings.

Types of records in retail

- **Trade Licence:** Like any business, a retail store requires a trade license from the state/central government for its functioning.
- **Food Licences:** If the retail store sells food items or is a food and beverage store, a food license from the FSSAI is necessary for the quality assurance of the food.
- **Drug Licences:** Retail stores, selling drugs and chemicals for consumption and application, must obtain a drug license from the government for the sale of drugs.
- **Ownership proof:** Every retail store must contain the evidence of the purchase of the store, such as any document that shows that the land on which the store is built is the property of the store owner or rented. Failing to produce such materials can be considered a case of fraudulence.
- **Tax certificates:** Every business has to file income tax, goods, and services tax, etc. to the government. If any company withholds from paying the charges, the extra money is considered black money. In the case of store audits, these tax receipts are given a priority check.
- **Emergency Numbers,** like the nearest police station, fire brigade, ambulance, company office numbers, etc. should be kept handy to tackle emergency situations.

Need for the maintenance of records

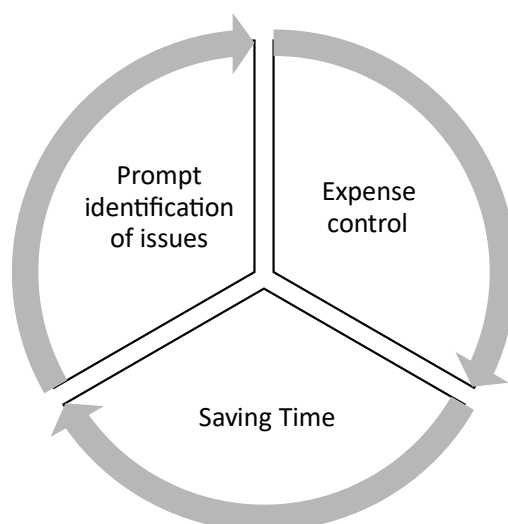


Fig. 3.2.1: Reasons for maintaining records

A well maintained and organised set of records not only helps one identify the root cause of problem easily but also saves a lot of time that would have been lost due to the lack of organisational skills.

For example:

The cashier of the afternoon shift had not completed his shift and had to leave due to a personal emergency. A customer has come back to the store since he has not been given a free item, which he was entitled to get. The employee, who is now working in this shift, could not find the copy of the bill of this particular customer since the records were not maintained by the previous cashier diligently.

Since this situation will naturally be escalated to the store manager, it is advisable to follow diplomatic policies so as not to lose the customer any way.

3.2.2 Collection, Preservation and Transmission of Data

1. Data Collection

Data collection is the method of collecting and measuring information on interest, in a systematic fashion, that allows one to answer stated research questions, test hypotheses, and evaluate outcomes. While methods may vary by discipline, the importance of ensuring the accurate and honest collection is the same.

The Significance of Ensuring Error-free and Appropriate Data Collection

Irrespective of the area of study or preference for defining data, accurate data collection is vital for maintaining the reliability of research. Both the choice of appropriate data collection instruments (existing, modified, or newly developed) and delineated instructions for their proper use reduce the likelihood of errors.

The consequences of improperly collected data include:

- Inability to answer research questions accurately
- Failure to repeat and authenticate the study
- Inaccurate findings that result in wasting resources
- Confusing other researchers to pursue fruitless avenues of investigation
- Wrong decisions
- Harm to human participants

While the degree of effect from faulty data collection may vary by discipline and the nature of the study, there is the potential of disproportionate harm when these research results are used to support store policy recommendations.

2. Data Preservation

Data preservation is the method of conserving and maintaining both the safety and integrity of data. Maintenance is done via formal activities that are administered by regulations, policies, and strategies focussed on protecting and extending the existence and authenticity of data. Data can be described as the elements in which knowledge and information are created. The main goal of data preservation is guarding data against being lost or destroyed and contributing to the reuse and evolution of the data.

Importance of Data Preservation

The importance of preserving data is vast. When data are lost, it is as though it never existed.. Data can be lost in many ways, whether it is natural disasters, data breaches, wars, or just mere decay or negligence.

- It is essential to realise that data are the building blocks of everything
- Data can be lost via small or independent scale whether it is personal data loss, or data loss within an organizations, as well as on a more significant or national or global level
- It can negatively and potentially permanently affect things such as environmental protection, medical research, homeland security, public health and safety, economic development and culture

3.2.3 Checks and Audits to Ensure Quality of Data

What is data quality? Generally speaking, data are of high quality when they satisfy the requirements of their intended use for decision-makers, clients, processes, and downstream applications. The main criteria used to measure data quality are as follows:

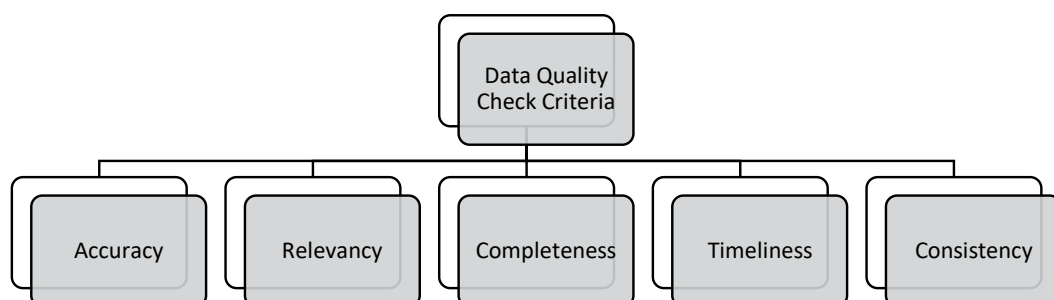


Fig. 3.2.2: The criteria considered for checking data quality

1. **Accuracy:** for all kinds of data described, it needs to be error-free
2. **Relevancy:** the collected data should meet the requirements for the planned use
3. **Completeness:** the collected data should not have misplaced values or miss data records
4. **Timeliness:** the data should be updated
5. **Consistency:** the data be in the data format as expected and must be cross reference-able with the outcomes

The standard for decent data quality can fluctuate depending on the necessity and the nature of the data. For example, the primary customer dataset of a store needs to meet very extraordinary standards, while there could be a higher acceptance of errors for a third-party data source.

For any organization to deliver data with decent quality, it needs to control and manage data storage formed in the pipeline from the beginning till the end. Many organizations focus on the end data and invest in data quality control. This is not good enough, as when an issue is found in the end, it is already too late. Either it takes a long time to figure out where the problem came from, or it becomes too expensive and time consuming to resolve the issue. However, if a company can manage the data quality of each dataset at the time when it is received or created, the data quality is naturally guaranteed.

How to do so?

- Profile and control incoming data
- Carefully design data pipeline to avoid duplicate data
- Enforce data integrity
- Employ capable data quality control team

The objective of such checks and audits is to recognise any data quality issues and have them fixed before clients and users do. This team also needs to tie-up with customer service teams and can get a direct reaction from customers and address their apprehensions quickly. With the development of modern Artificial Intelligence (AI) technologies, efficiency can be possibly improved drastically. However, as stated above, quality control at the end is essential but not sufficient to ensure good data quality.

Practical

1. Internal store auditing is about to take place in your store. What steps would you take so that it runs smoothly?
2. You, a Retail Store Manager, had placed a large order with one of your vendors. On receipt of the items, you observe that many things are either defective or damaged. The vendor, however, denies his onus and refuses to abide by the return policy. Prepare a note on what you would do in such a situation.

Exercise

A. Answer the following questions by choosing the correct option:

1. Aspects of Data Lineage Traceability includes
 - a) Meta-Data
 - b) Data itself
 - c) Both a and b
 - d) None of these

2. A good data profiling tool should be capable of examining:
 - a) Data format and data patterns
 - b) Data consistency on each record
 - c) Data value distributions and abnormalizes
 - d) All of these

3. A good maintenance of records does not help in
 - a) Customer service
 - b) Wasting time
 - c) Expense control
 - d) Identifying issues promptly

B. Write down the consequences of not conducting audits at a retail store.

Summary

- To have a smoothly functioning society, we must all comply with the laws and statutes of the land.
- For suppliers to stay put in today's marketplace, it is imperative to design and implement a robust retail execution strategy.
- You must remember that you, as the store manager, cannot make the person do anything. Unless you are going to force compliance physically, your task is not to make a person comply.
- A contract is an arrangement voluntarily entered into by two or more parties to create obligations on both parties. Bonds play a part in many areas of life, from multi-million-dollar business deals to the purchasing of goods from the local shopping centre.
- It is obligatory that an employment contract accurately captures in writing the terms and conditions of employment agreed between the employer and employee.
- A court has the power to grant the "rectification" of a contract so that it accurately reflects the common intention of the parties.
- A detailed listing of a company's scope, complexity, and volume is known as a records inventory, a significant management tool utilized by companies and business owners and managers to ensure efficient operation.
- Data collection is the process of gathering information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes.
- Data preservation is the method of conserving and maintaining both the safety and integrity of data.
- The standard for decent data quality can differ depending on the requirement and the nature of the data itself.

Practical

1. A retail store employee, by mistake, has lost a large chunk of data. What measures would you take to ensure such an event does not happen in the future?
2. An employee has been creating discord among employees and making the store atmosphere unfavourable for work. How can you bind him/her in a legal contract so that it is in favour of the store?

Notes 

A large rectangular area with a thin orange border, containing 30 horizontal black lines for writing notes.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not an element of a valid legal contract?

a) Consideration	b) Capacity
c) Quality	d) Legal Purpose

2. Consequences of improperly collected data does not include
 - a) Reaching to a correct conclusion
 - b) Inability to repeat and validate the study
 - c) Distorted findings resulting in wasted resources
 - d) Misleading other researchers to pursue fruitless avenues of investigation

3. What ensures high quality data for a store?

a) Quality assurance	b) Product quality control
c) Both a and b	d) None of these

4. Data quality is not measured by

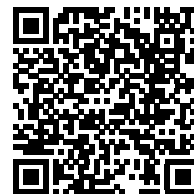
a) Quantity	b) Accuracy
c) Relevancy	d) Consistency

Scan the QR codes or click on the link for the e-books



<https://www.youtube.com/watch?v=BApH54Oyleo>

The Management of Stock Levels



https://rasci-lms.web.app/course-learn_StoreOperations-Management.html

Store Operations Management

4. Manage sales and service delivery to increase store profitability



Unit 4.1 - Operation and Maintenance of Store Equipment

Unit 4.2 - Enhancing Sales and Customer Service

Unit 4.3 - Monitoring Store Profitability against Targets



Key Learning Outcomes

By the end of this module, the participants will be able to:

1. Operate all store equipment to check if they are working
2. Inspect the maintenance of store upkeep
3. Identify repeat customers
4. Generate footfall by developing relationships with new and existing customers
5. Devise ways of boosting sales at the store
6. Implement best practices in customer service at the store
7. Estimate overall store profitability
8. Compare achieved and target profits

UNIT 4.1: Operation and Maintenance of Store Equipment

Unit Objectives

By the end of this unit, the participants will be able to:

1. Evaluate the effectiveness of store upkeep policies
2. Instruct the store staff to implement the reviewed upkeep and maintenance policies
3. Identify the store equipment in urgent need of repair
4. Organise the regular inspection of all store equipment for faults and defects

4.1.1 Introduction

The entire pressure of running a store falls on the shoulders of a Retail Store Manager. As a Retail Store Manager, one is responsible for the smooth running of the store, along with creating a positive environment within the store. In this unit, you will be able to learn how a retail manager runs store equipment smoothly in order to facilitate the maintenance of the store. He/she will also be able to implement methods to enhance the sales of the store and increase customer services. In addition to this, a manager will also be able to monitor the targets and profits of the store.

This module deals in tasks that lead to an increase in store profitability by improving service operations.

This module covers the following:

- monitoring and ensuring the smooth operation of equipment and appropriate maintenance of the store
- improving customer service
- achieving individual and team targets

4.1.2 Implementation of Policies Related to Store Maintenance

As a Retail Store Manager, the upkeep and maintenance of the store is your primary goal. For any store to function properly, it is obligatory to adhere to the store policies.

What is a policy?

A course or principle of action adopted or proposed by an organization or individual. In any retail store, there are a bunch of common policies that help the retail store manager run the store smoothly.

For example:

Following are the examples of some of the store policies that you can implement –

- **Payment** – Payment handling procedures and policies are essential to any retail operation, especially if the target is to provide the kind of smooth, hassle-free, pleasant services that makes customers keep coming back.

For determining what payment policies will be applicable in your store, ask your supervisor the following questions:

- Does the store accept all forms of currency? Otherwise, which forms of currency will be accepted by the store?
- Does the store accept online transactions? Which portals are accepted in that store?
- Which cards are accepted?



Fig. 4.1.1: Different modes of payment

Decide on how would you like your retail store and your staff to handle these common scenarios and note each policy in a procedures manual.

- **Operational hours** – In order to determine what policies on hours of operation will be applicable in your store, ask your supervisor the following questions:

- What are the regular hours of operation?
- What hours will the store be open during the holiday season?
- What holidays will the store be closed?

Setting up these expectations and maintaining them will help avoiding disappointment on behalf of the manager, the employees and the customers.

- **Customer Service** – Employees are the face of your business. It is essential to create considerate customer care policies and put them on display so everyone understands how is the store expected to be represented.

For determining what customer care policies will be applicable in your store, ask your supervisor the following questions:

- What is the customer care vision?
- How will returns and exchanges be handled?
- What special services will be offered to the customers?
- What are the criteria of a customer loyalty program?
- What will be the response to the customer complaints and other interactions?

- **Housekeeping** – Whatever type of store you may have, cleanliness is one major thing that keeps your business up and running. Every customer who walks out of the store dissatisfied, can be majorly because of improper house keeping, dirty lavatories, foul smells, open trash, etc.

For determining what housekeeping policies will be applicable in your store, ask your supervisor the following questions:

- Who will be responsible for the housekeeping of the store?
- Will the in-store staff clean or will you hire an outside cleaning service?
- How often is the cleaning required?

- **Safety and security:** Security of the store is a major issue. A store has large amount of cash, stock and various other things which need to be protected. As a store manager, it is your prime duty to cooperate with the local police authorities for security purposes.

Also, it is advisable not to keep large amount of cash in the store cash registers to avoid huge losses in case of a robbery.


For determining what housekeeping policies will be applicable in your store, ask your supervisor the following questions:



- How will you handle loss of product due to damage or theft?
- What are the shoplifting or internal store theft policy and procedures?
- What steps should be taken in case of a loadshedding?
- How do you plan to reduce external network threats?
- What security monitoring tools do you plan to use?
- What contingency plans do you have in place in case of emergencies?
- Review the current policies and procedures periodically and make amends to them catering to the needs of the store.

4.1.3 Checking Equipment Periodically

Every store needs maintenance of their props and equipment from time to time. Without proper maintenance, the conditions of the store will deteriorate and eventually lose customers.

As a Retail Store Manager, it is his/her duty to supervise inspections and checks and help out in case of maintenance.

Equipment	What to check	Example
Shelves	Check whether all the shelves attached to the walls or stand-alone shelves have all the screws tightly attached	

<p>Lights</p>	<p>Check whether all the lights are in working condition and not fused</p>	
<p>Utilities</p>	<p>If you have a restroom in your store, never forget to check the plumbing of the pipelines, clogging of drains and commodes</p>	
<p>Mirror</p>	<p>Replace the cracked mirrors in trial rooms, store interiors, restrooms</p>	
<p>Trial rooms</p>	<p>Check for damages in the door locks, hooks, etc.</p>	
<p>Surveillance</p>	<p>Check the smooth running of the security system of the store. This includes – CCTV cameras, door metal detectors, hand held metal scanners</p>	
<p>Cash registers</p>	<p>Check all the equipment used for cash handling like – cash registers, bar code scanners, POS machines</p>	


<p>Smoke detectors</p>	<p>In case of a fire in the store, a smoke detector is what causes the fire alarm.</p>	
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Table 4.1.1: Areas in a store to check for maintenance

NOTE: A retail store manager does not perform maintenance tasks hands-on. The task of a retail store manager is to supervise all the actions being performed by the designated staff.

Practical

1. Consider a situation where a customer has been caught shoplifting at your store. You have evidence of the theft in the CCTV footage. How would you proceed in such a situation?

Exercise

A. Answer the following questions by choosing the correct option:

1. As a retail store manager, how should you conduct your duties?
 - a) Boss on everyone
 - b) Neglect other's performance and do it alone
 - c) Supervise over the tasks of your colleagues
 - d) All of these
2. Which of the following is not a store policy?
 - a) Payment
 - b) Customer Service
 - c) Security
 - d) All of the above
3. Which of the following is not a security device?
 - a) Cash register
 - b) CCTV camera
 - c) Metal detector
 - d) Hand metal scanner

UNIT 4.2: Enhancing Sales and Customer Service

Unit Objectives

By the end of this unit, the participants will be able to:

1. Perform training sessions to help the team identify key repeat customers
2. Develop customer retention strategies to build brand loyalty
3. Implement strategies to generate additional footfalls
4. Instruct the store staff to collect customer feedback through various channels
5. Modify sales and customer service strategies based on customer feedback
6. Demonstrate the steps of handling and resolving customer complaints

4.2.1 Identification of Key Repeat Customers

Being able to engage with customers in a retail environment is considered a talent. Engaging with customers in retail stores is all about building loyalty.

A retail store manager wants to personalize the shopping experience for customers as much as he/she can and make them feel welcome, but he/she should also give customers a chance to get to know him/her and the store employees. Similarly, a retail store manager should understand customers, their behaviour, and thoughts, etc. before selling a product.

Who is a customer?

A customer is an individual that buys the goods and services from a business. Attracting customers is the primary goal of the retail industry. Businesses often compete through advertisements or lower prices to attract customer base.

As a Retail Store Manager, you need to identify your customers. Each customer has different buying behaviour. You need to understand such behaviour and present the merchandise, thus satisfying the buying needs. Only after identifying their needs will you be able to satisfy your customers.

Who is a repeat customer?

When any particular customer returns, to purchase a good or service from a specific retail store, that customer is called a repeat customer.

Factors that help a store retain customers are:

- Earning customer satisfaction via quality services and flawless support
- Earning good feedback
- Facilitating promotional activities

Methods of Customer Retention:

1. Let customers know what is being done for them
2. Write old customers personal and handwritten notes frequently
3. Keep it personal
4. Remember special occasions like birthdays and anniversaries
5. Treat follow-up calls as business development calls
6. For maintaining a healthy relation with your existing customers, you need to innovate new ideas to make them feel special.

4.2.2 Development of Customer Retention Strategies

One cannot underestimate the power of a loyal customer base. According to sources, 12 – 15% of consumers are loyal to a single retailer, but they represent 55 – 70% of sales. Retaining customers is a key aspect of your business.

For example

Considering the fact that loyal customers will always come back for the products and services, they are a company's best business asset. If the retail store manager is unable to retain customers, the store will be losing a lot of money.

Some of the strategies that one can apply to retain customers are:

- **Customer Engagement Initiatives**

Suppose customer went to a store to buy something, and there you are chosen as the winner of an contest, resulting in a price reduction. The mere thought of it puts a smile on customer's face. This is the way where customers are engaged in various activities inside a store to get rid of the boredom.

For example:

Popular fast food joints have now started a concept of "Kitchen tour" which allows customers to take a tour of the kitchen and see how the food is being made and also participate in the cooking process.

Processes of engaging customers:

- Develop emotional connections
- Build a community or forum
- Hold a contest
- Use technology to your advantage
- Share exclusive content or offers
- Create a product tour
- Host an event

- **Mechanism For Collecting Feedback From Customers**

When one thinks about collecting customer feedback, it is easy to get overwhelmed by the sheer volume of possibilities. With so many customers and so many ways to connect with their feedback, it is hard to know where to begin.

Feedback is a powerful tool that can give your leadership team insights that chart a path forward for every part of a company. This is especially significant when it comes to customer satisfaction.



Fig. 4.2.1: A sample customer feedback form

What is customer feedback?

Customer feedback is the information, insights, and inputs shared by the customers about their experiences (good or bad) with the products or services. This feedback monitors improvements of the customer experience and can empower positive change in any business, especially when it is negative.

Importance of Customer Feedback

Customer feedback is essential because it serves as a guiding resource for the growth of the company.

Methods of collecting feedback from customers:

Before beginning to collect feedback from customers, one needs to pinpoint why do he/she needs their input. Identifying anticipated outcomes and outlining the method for getting there, sets the groundwork for a worthwhile investment of time and saves the customers' time as well. Without a clear goal, the feedback may not help anyone.

Ask yourself and the staff, the following questions before getting started.

- Which part of the customer experience would you like to improve?
- What is your plan for the data you collect?
- Which customer feedback method works best for your goals?

Processes of collecting and implementing customer feedback:

- **Process 1: Ask**
 - Install feedback portal and feedback widget on your store's website
 - Use surveys and live chat
- **Process 2: Collect**
 - Collect all sorts of feedback
 - Organise the collected feedback in a common repository with the help of specialised software
- **Process 3: Analyse and plan**
 - Build product roadmaps based on your customers' most valuable inputs
- **Process 4: Implement**
 - Work on the feedback collected

- **Process 5: Notify**

- Inform your customers face-to-face, or over phone and email, that their feedback have been worked upon

Customer Feedback Channel:

- Customer feedback surveys
 - Only ask questions that might help you meet your goals
 - Write thoughtful and open-ended questions
 - Create consistent rating scales
 - Avoid leading or loaded questions
- Social media
- On-site activity (via analytics)
- Instant feedback from your website
- Online polls

CUSTOMER FEEDBACK FORM

Name: _____
Contact No.: _____
Email Id: _____
Birthday: _____ Anniversary: _____

How satisfied are you with the following features of our company?

Please rate the following:

1 – Very bad 2 – Bad 3 – Okay 4 – Good 5 – Very good

Quality and quantity of products range _____
Staff support and knowledge _____
Customer happiness and satisfaction _____
Products Pricing and offers _____
Efficiency and effectiveness of customer service _____

Suggestions:

Would you like to be notified of our store offers and discount via SMS? (Y/N) _____

Signature of Customer: _____ Date: _____

Fig. 3.2.2: A sample customer feedback form

- **Post-Sales Services To Build Brand Loyalty And Customer Satisfaction**

What is post-sales service?

A company's post-sales service is the help and information that it provides customers with after they have bought a particular product. Generally post-sales service is carried out for electronic products and similar categories.

Importance of Post-sales Service

After-sales service plays an important role in customer satisfaction and customer retention. It generates loyal customers and increases brand value. Customers start trusting the brand and get connected with the organization for a longer duration.

For example

If a customer buys an air conditioner from a store the retail manager ensures that the customer gets proper support while installing and using the product.

Building Brand Loyalty

Developing your company brand is the key to driving customers to your business. The more a consumer resonates with your brand, the more likely they are to buy from you again. Creating this loyal following of customers can ensure continued success and help drive sales of your company's products and services forward.

Following are some of the methods that one can use:

- Don't let the customers down
- Be authentic and consistent
- Live and breathe customer service
- Keep the eye on quality
- Be responsive
- Follow up with customers regularly
- Personalize marketing
- Align with like-minded businesses
- Listen to the customers

Independent variables (brand equity)		Mediating variable	Dependent variable
Parameter	How it contributes to building brand equity		
Quality	High-quality products and services help a store create an edge over its competitors	Customer satisfaction	Brand loyalty and arrested customer attrition
Staff behaviour	Formal yet polite and cordial behaviour always wins over the customers at a store		

Independent variables (brand equity)		Mediating variable	Dependent variable
Parameter	How it contributes to building brand equity		
Trust	Trust gradually develops between a store and its customers but once developed, helps the store earn new customers via the word-of-mouth		
Lifestyle congruence	A retail store must have something for every target sector of customers – it must sell products or services that suit the needs of various categories of customers		

Table 4.2.1: Factors leading to customer satisfaction and brand loyalty

- **System for addressing of escalations for preventing recurrence**

What does customer escalation mean?

A customer escalation is a situation where a customer is not satisfied with an employee’s interaction and wants someone at a higher level/authority within the company to resolve the grievance. Escalations should be handled seriously and effectively because an agitated customer may cost you your business to lose.

Since a Retail Store Manager is a higher-level authority, he/she will be responsible for addressing the customer’s issue in hand.

For example

Consider the following scenario. A customer is not happy with the products and services of PQR Company. The retail store manager is summoned by the customer via the sales executive to resolve the issue.

Before jumping to any conclusion, he/ she must be aware of the possible causes of this escalation.

Causes of customer escalation

- o A survey revealed that the top reasons customers escalate issues are:
- o The sales executive’s lack of knowledge
- o Customer being told no without any apparent reason or explanation
- o Sales executive lacking confidence
- o Sales executive having a negative or disagreeable attitude
- o Customer not receiving an apology
- o Sales executive not communicating clearly
- o Sales executive not adapting to the pace of the customer

Processes of handling customer complaint

- Keep quiet and let the customer vent out his/her anger
- Don't second guess
- Apologise first and then ask what they want
- Tell them what you can do
- Ask if they are satisfied
- Share the details with the crew about how you have handled the situation

There are only a handful of buyers who enjoy threatening, swearing and throwing a tantrum to get their way. Most purchasers don't want to complain or create a scene.

Practical

1. Consider a scenario where you are the Retail Store Manager of an outlet that sells electronic goods. List the types of repeat customers that your store would have. Devise a strategy to retain them.
2. Design an innovative customer feedback form for a fictitious retail store. Show the form to your trainer, in the next class, for verification and inputs.

Exercise

1. What should you do to retain the loyalty of your existing customers?
 - a) Let customers know what you are doing for them
 - b) Remember special occasions like birthdays and anniversaries
 - c) Consider follow-up calls as business development calls
 - d) All of the above

2. How should you not engage with your customers?
 - a) Develop emotional connections
 - b) Make your customers feel that they are not valued
 - c) Share exclusive content or offers
 - d) None of these

3. How will you build your brand loyalty?

a) Let your customers down	b) Be authentic and consistent
c) Keep your eye on quality	d) Follow up with your customers regularly

UNIT 4.3: Monitoring Store Profitability against Targets

Unit Objectives

By the end of this unit, the participants will be able to:

1. Calculate sales targets for the store
2. Devise strategies for achieving targets
3. Develop ways of motivating the team to achieve targets
4. Utilise resources optimally at the store to achieve sales targets

4.3.1 Introduction

It is very crucial that a retail store manager sets a sales target. Without target or proper planning, the staff will not know which way to go and it will affect the business. For a sustained growth and revenue generation, the retail store manager must understand the importance of preparing sales targets.

4.3.2 Development of Strategies for Achieving the Targets

The store heads put heads together in formulating policies and strategies just to stay in the leading position of the market. The purpose of any retail store is to bring in customers, and it can only be accomplished through marketing. Since today's retail world is competitive, getting profits is what counts.

Hard work, if carried in a SMART way, achieves success quicker.

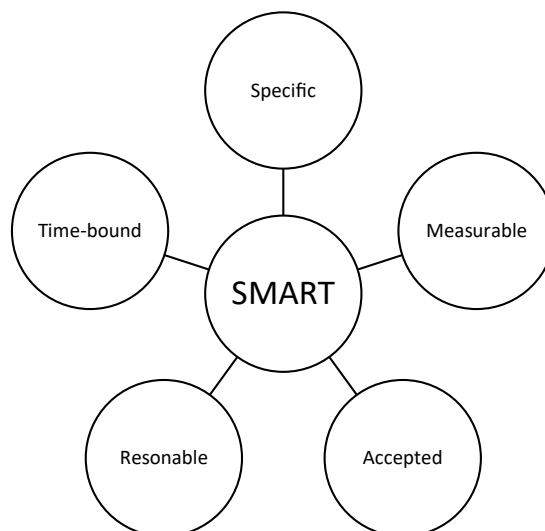


Fig. 4.3.1: Elements of SMART

For example:

Suppose the sales of the meat section in your store are going down due to the rumour of sale of stale meat in the market. What strategies should be made to prevent losses and balance the profit margin?

The following are a few processes that you can follow to improve your retail sales.

Strategies of improving retail sales

Know yourself
Plan ahead
Know the industry
Understand your customer
Maintain well balanced financial records
Use thorough management practices
Develop a distinctive image
Control the inventory
Buy and price for profit
Follow the organisational SOP

Fig. 4.3.2: How to improve retail sales

4.3.3 Determination of Resources to Achieve Targets

The primary resources that every business requires are:

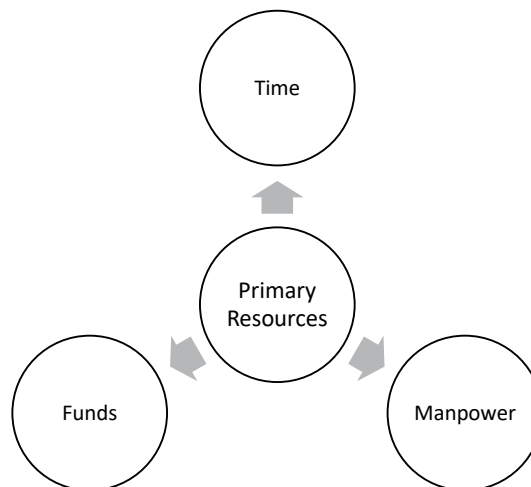


Fig. 4.3.3: Primary resources required by a business

For example:

Consider the following situation. You the Retail Store Manager of a retail store. Your store has been in business for a long time. Recently, another retail store has opened down the lane of your store with better promotional offers. 50 of your existing customers have left your services and have shifted to the other store thus leading your store in losses. Your target is to cover up your losses within 1 month. How do you handle the situation?

Processes of determining the resources:

- **Process 1:** Prepare the budget required for the execution of the plan
- **Process 2:** Prepare the time frame required for completion of the task
- **Process 3:** Calculate the manpower required for the execution of the task
- **Process 4:** Prepare the inventory of the merchandise
- **Process 5:** Prepare a GANTT chart describing the plan of execution

So now, according to the primary resources, you will need

- **Time** – An approximate time required to complete the task
- **Manpower** – No. of men required to deploy for individual tasks
- **Funds** – Calculation of budget for visual merchandising, new inventory, promotional activities, etc.

Sl. No.	Project Milestones	Week 1						
		Day1	Day2	Day3	Day4	Day5	Day6	Day7
1	Initial meeting with the company management	■						
2	Discuss possible techniques and strategies	■						
3	Estimate the budget		■					
4	Calculate the time frame		■					
5	Estimate the manpower		■					
6	Selection of team members		■					
7	Preparation of budget for visual merchandising			■				
8	Preparation of budget for new inventory				■			
9	Preparation of budget for promotional activities					■		
10	Getting budget approved by management						■	
11	Allocating targets to team members						■	
12	Briefing the team on their job roles						■	

Sl. No.	Project Milestones	Week 2						
		Day 8	Day 9	Day 10	Day 11	Day 12	Day 13	Day 14
13	Discuss promotional strategies with the team							
14	Set the weekly targets							
15	Supervise the individual tasks of the team							
16	Monitor daily call reports							
17	Review weekly sales report							
18	Personally review individual team member for grievances							

Sl. No.	Project Milestones	Week 3						
		Day 15	Day 16	Day 17	Day 18	Day 19	Day 20	Day 21
19	Discuss promotional strategies with the team							
20	Set the weekly targets							
21	Supervise the individual tasks of the team							
22	Monitor daily call reports							
23	Review weekly sales report							
24	Personally review individual team member for grievances							

Sl. No.	Project Milestones	Week 4						
		Day 22	Day 23	Day 24	Day 25	Day 26	Day 27	Day 28
25	Discuss promotional strategies with the team							
26	Set the weekly targets							
27	Supervise the individual tasks of the team							
28	Monitor daily call reports							
29	Review weekly sales report							
30	Personally review individual team member for grievances							
31	Addition of new customer information to the database							

Sl. No.	Project Milestones	Week 5						
		Day 29	Day 30					
32	Tallying progress with set targets							
33	Preparation of consolidated report							
34	Meeting with the management with a progress report							

Table 4.3.1: Plan for achieving team targets

On the basis of the plan of action, here is an example of the calculation of man-hours.

Sl. No.	Task	No. of resources fulfilling the role	No. of working hours per day	No. of days required per task	No. of man-hours per task
1.	Cold calling customers who have left	4	10	21	210
2.	Acquisition of new customers	3		21	210
3.	Setting up of merchandise	6		3	30
4.	Putting up props	3		3	30
5.	Setting up the window display	2		3	30
Total no. of man-hours					510

Table 4.3.2: Calculation of man-hours

Assumptions made:

- No. of days working in a week = 6. 1 day is a weekly holiday.
- No. of working hours per day = 10
- No. of manpower required per task is arbitrary. It may vary from store to store.
- Visual merchandising, the setting of props, window display – all are done on the 1st day of every week

Details of task completed on the basis of the GNATT chart:

Suppose the resources available in the store are 18 people. They are divided into 3 batches put on rotational shifts.

Time Slots	Cold Calling	Word-of-mouth publicity/ distribution of flyers	In-house promotional activities
11 AM – 2 PM	BATCH 1	BATCH 2	BATCH 3
2 PM – 2.30 PM	Lunch Break		
2.30 PM – 5.30 PM	BATCH 3	BATCH 1	BATCH 2
5.30 PM – 6 PM	Tea Break		
6 PM – 9 PM	BATCH 2	BATCH 3	BATCH 1

Table 4.3.3: Example of resource allocation at the store

Another strategy that can be applied to make up for the lost customers in a short span of time is “Institutional Sales”.

For example:

- Suppose you are the store manager of a gift shop. You contact a customer, from your customer database, who works in the corporate sector. Your aim is to get the contract for the supply of holiday-themed office items. You ask for an appointment so that you can visit the customer and share your store’s credentials. Then you try to convince him/her to give you the contract.
- Suppose you are the manager of a Food and Beverage retail service. You contact a customer, from your customer database, who works in the corporate sector. Your aim is to get the catering contract for the office parties or conferences. You ask for an appointment so that you can visit the customer and share your store’s credentials. Then you try to convince him/her to give you the contract.
- Suppose you are the manager of a garment retail store. You contact a customer, from your customer database, who works in the educational institutions. You ask for an appointment so that you can visit the customer and share your store’s credentials. Then you try to convince him/her to give you the contract.

Practical

1. Prepare a GNATT chart to plan for ordering, delivering, and installing new inventory products.
2. You are required to carry out promotional activities at your store with the below resources:

Budget - Rs. 50,000 only

Manpower - 3 sales executives and 1 visual merchandiser

Deadline - 1 month

Prepare a GNATT chart for the same.

Exercise

A. Answer the following questions by choosing the correct option:

1. Hard work, if carried in a _____ way, achieves success quicker.
a) Brilliant b) Clever c) Smart d) Smooth
2. What are the main reasons why most businesses fail?
a) Lack of Industry Knowledge b) Lack of Vision
c) Poor Market Strategy d) All of these
3. Which of the following is not a primary resource that every business requires?
a) Time b) Product c) Manpower d) Funds

B. It is the festive season and your store must be geared up for the same. Prepare a report on the customer engagement initiatives you would like to implement at the store.

Summary

- The primary goal of a Retail Store Manager is the upkeep and maintenance of the store by adhering to the store policies.
- Without proper maintenance, the conditions of the store will deteriorate and eventually lose customers.
- As a Retail Store Manager should understand your customers, their behaviour and thoughts before you get into selling a product.
- When a particular customer returns, again and again, to purchase a good or service from a specific retail store, that customer is called a repeat customer.
- Feedback is a powerful tool that can give your leadership team insights that chart a path forward for every part of a company.
- A company's post-sales service is all the help and information that it provides to customers after they have bought a particular product.
- Developing your company brand is the key to driving customers to your business.
- A customer escalation is a situation where a customer is not pleased with an employee's interaction and wants someone at a higher level/authority within the company to resolve the grievance.
- The primary resources that every business requires are - Time, Manpower, Funds

Practical

1. The customers of your store have complained regarding the maintenance of the restrooms of your store. What necessary steps would you take to resolve the issue?
2. Devise a new strategy that would encourage existing customers to hold back onto the store.
3. Design an anti-shoplifting policy for a fictitious retail store. Show the policy to your trainer, in the next class, for verification and inputs.

Exercise

A. Answer the following questions by choosing the correct option:

1. If you have a restroom at your store, what should be maintained regularly?
 - a) Plumbing of pipelines
 - b) Clogging of drains
 - c) Commodes
 - d) All of these
2. Who is a customer?
 - a) A customer is an individual or business that purchases the goods or services produced by a business.
 - b) A customer is an individual or business that sells the products and services consumed by a business.
 - c) Both a and b
 - d) None of these
3. Which of the following is a customer feedback channel?
 - a) Online polls
 - b) Social media
 - c) Both a and b
 - d) None of these
4. How can you improve your retail sales within a short span of time?
 - a) Educational sales
 - b) Institutional sales
 - c) Customer sales
 - d) None of these

B. Read the question carefully and answer the same.

A foreigner arrives at your store and wishes to purchase with the help of a credit card. Prepare a report on how would you oversee the transaction. Had the customer offered to pay you cash in a foreign currency, would you have accepted the same? Justify your answer.

5. Execute Visual Merchandising displays as per standards and guidelines



Unit 5.1 - Display of Merchandise

Unit 5.2 - Application of Store Policies and Procedures

Unit 5.3 - Relationship with Vendors



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Inspect the display of store merchandise to to ensure maximum profits
2. Examine the store policies for visual merchandising
3. Communicate effectively with vendors to achieve successful negotiation

UNIT 5.1: Display of Merchandise

Unit Objectives

By the end of this unit, the participants will be able to:

1. List various retail processes at the store (stock rotation, product display, etc.)
2. Perform checks to ensure the holistic quality of all retail processes at the store
3. Implement a discussion on the importance of planograms with the store staff
4. Summarise the steps of creating a planogram
5. Inspect the store for effective implementation of the planogram
6. Arrange the display of products as per the updated planogram
7. Provide adequate information during store audits

5.1.1 Introduction

A store will only be filled with customers till the time it is visually appealing from the exteriors along with the interiors. In the retail industry, the first impression is the last impression. It is crucial to know how to display products to maximise profits. Visual merchandising is the key to attract customers. You will find further in the chapter about different store policies and processes with respect to visual merchandising and how to comply with them.

This module deals in tasks that ensure that visual merchandising standards are adhered to and implemented in a manner that enhances its visual impact and improves store profitability.

This unit/task covers the following:

- display of merchandise to maximize store profitability and optimize costs
- application of visual merchandising policies and procedures
- liaison with vendors to ensure compliance with visual merchandising norms

5.1.2 Conformance on Retail Processes

All the processes involved in the retail store have to run through the Retail Store Manager. For that, you need to confirm the quality of the products and the processes.

What is quality conformance?

Quality conformance is the ability of a process, product, or service, to meet its design specifications. Design specifications are an interpretation of what the customer needs.

There are eight critical dimensions or categories of quality that can serve as a framework for strategic analysis:



Fig. 5.1.1: Quality parameters at retail stores

Some of these are always mutually reinforcing whereas some are not.

Some of the retail industry processes that a Retail Store Manager has to check to make the store look visually appealing are:

- **Stock rotation**

Stock rotation is the method of organizing inventory to lessen the stock loss caused by expiration or uselessness. Basic stock rotation entails moving products with approaching sell-by dates to the front of the shelf and keeping products with later expiration dates at the back.

The task of stock rotation can fall on anyone from inventory managers and hired stock associates to store managers and sales associates, depending on the size of the store. Stock loss, if happens too often, it could be because of poor stock rotation or improper ordering.

Methods of stock rotation:

- **FIFO** – First in, first out (FIFO) is the preferred method of stock control for most retailers, especially in the food and beverage sector. When new inventory comes in, The older stock gets pushed forward first and the newer stock or stock with a later expiry date are kept at the back
- **FEFO** – First expired, first-out (FEFO) takes into account that what retailers receive from the warehouse may not inevitably be the freshest stock. Instead of putting the newest incoming stock in the back by default, the expiry dates are checked. The oldest product goes in front and the freshest product goes in back. This technique takes a longer time to execute but is profitable for products with short-term shelf lives. In case of accidental mixing, FEFO also helps to find it.

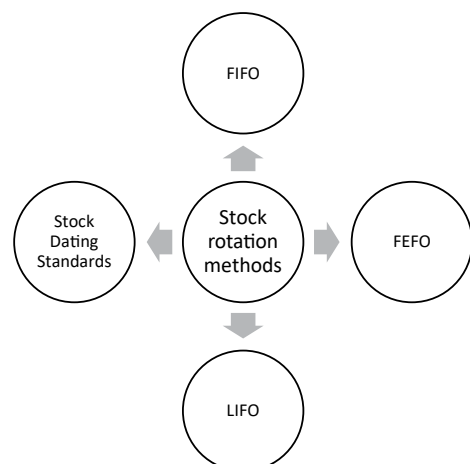


Fig. 5.1.2: Various stock-rotation methods

- **LIFO** – Last in, first-out (LIFO) is not used as commonly in stores but is still worth noting. LIFO is more often used with non-perishable, fast-moving, heavier, or homogeneous goods in warehouses when rotating items is not practical, time-efficient, or essential.

The benefits of LIFO are mostly linked with accounting because retailers end up comparing the most recent cost against their revenue. If the costs are rising, this process makes for more accurate forecasting than using older pricing, and better forecasting = better reporting = fewer taxes.

- **Stock Dating Standards** – Stock dating is an imperative factor in stock rotation. There is no extensively accepted industry standard for labelling among perishable foods, which leads to a lot of waste, mislabelling and lack of consumer education.

For example:

On reaching home, a customer finds out that the shampoo bottle that she has bought has already crossed its expiry period. On complaining at the store, the problem was escalated to the store manager. The problem was found that the old stock got mixed up with the new stock during the restocking of the shelves and was overlooked due to negligence.

- **Adjacency principles**

This is all about placing the right product at the right time with the right quality at the right price. Good category management and use of adjacencies help a customer understand where to locate merchandise, and continues the impression of taking control. So, related categories should be placed together, such as belts next to jeans, and your bestseller should be displayed in a prime location.

For example:

A good example of successful adjacencies is the small products that are placed near the cash registers of a store. You might not even need a bar a chocolate, but you pick it up anyway.

- **Product display norms**

Customers, today, are becoming more selective in their approach of choosing which store to visit. With an intense competition in every segment giving rise to an increased number of brands and consumers tending to visit stores which gives them a positive impression that their needs would be satisfied. Hence, it has become extremely significant for brands to display or present their products in the possible smartest of ways.

For example

A customer is attracted to company ZYX because of its unique style of presentation whereas another store in the locality gets fewer footfalls for being disorderly and unorganised.

Every brand sets different types of product display guidelines in order to increase footfalls, and create a difference in the customer's mind and position their products well. Here are some product display guidelines which can be followed frequently:

- Arranging the products neatly and keeping the aisles and store clutter-free
- Placing the products in a manner that they are accessible to the consumer
- Arranging all categories of products in distinctive sections

- Showcasing focused/new products upfront
- Placing price and feature specification cards with every demo product, making them serve as silent salesmen
- Alignment of back wall branding should go along with the product on display
- The motive should not be to keep all the products in the display but to display relevant products
- Window display should be simple, relevant, and done in such a way that it reflects the mix of the product range available in the store.

Brands are approaching up with their own methodology for product placement to engage customers' attention in order to influence their purchasing decision.

For example:

- In the electronics category, products are switched on and placed for consumers to use and test them in order to fast-pace their buying decision.
- In home and living stores, retailers setup the whole area like a bed-room, where they place different products like, bed linen, furniture curtain, side lamp wall décor, flowers, and vase, which tempts customers to imagine their living space and purchase more objects than they had originally planned for.
- In the food and beverages service segment, restaurants position themselves through a glass pane by showcasing their components which go into their food like placing authentic ingredients like bread, flour, cheese, etc. on display. This creates a positive impression on consumers' mind and hence increases their acceptance for that particular restaurant, might induce repeat purchase as well.
- Power walls, is another example, which can be used to great effect for exhibiting accessories. It leaves the rest of the store for central products and makes the segmentation of the store easy for the customer to comprehend.
- When using gondolas, try to keep as much space as possible between each one. Consider using the top shelves of the gondola for the display of vital accessories, which work with the products below. It is an excellent opportunity for cross-selling, which works for both the customer and you as well.
- Likewise, for different retail segments, stores which are creating a distinctive image in consumers' mind by displaying their product in an attractive and efficient manner are gaining a competitive edge by attracting better footfalls.

5.1.3 Planogramming and Its Execution

What is a planogram?

A planogram "is a diagram that specifies the placement of retail products on shelves in order to maximize sales". They are used as a tool for visual merchandising. The efficiency of the planogram can be measured by the sales volume generated from the specific area being diagrammed.

Planograms are mostly used in retail businesses. A planogram defines the quantity and location of products to be positioned on display.

For example:

Given limited shelf space, a vendor may wish to provide a wide range of products, or may limit the variety but increase the facings of each product to avoid stock-outs.

Often manufacturers send planograms to stores ahead of arrival of new product consignments. This is useful in case a vendor wants to have the same look and feel retail displays in multiple store locations.



Fig. 4.1.3: Planogram design

Implementation of Planogramming

- **Visual:** Visual product placement is supported by three different models –
 - **Horizontal Product Placement:** It increases the awareness of a certain article. It is a known fact that a product's relation to customer eye levels directly correlates to its sales. This also depends on the customer's distance from the unit.
 - **Vertical Product Placement:** It puts products on more than one shelf level to achieve 15 centimetres – 30 centimetres of placement space.
 - **Block Product Placement:** Similar products are positioned in blocks.

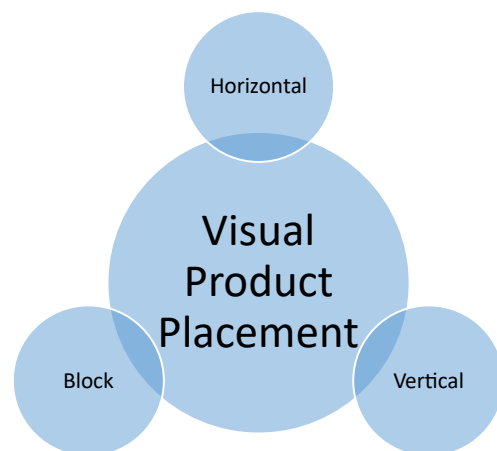


Fig. 5.1.4: Models of planogramming

- **Commercial**

Commercial placement is determined by both margin placement and market share placement. Market share research companies collect sales data for various products and calculate the market share of products across various market sectors. Margin placement is calculated by the profit margin on a specific item. A higher margin places a product closer to the front of the store, where it is most likely to attract attention.

- **Derivative objectives**

Why do we need a planogram? What is derived from it?

A planogram is used to:

- Communicate how to set the products
- Ensure that sufficient inventory levels are on the shelf or display
- Use space effectively
- Facilitate communication of the retailer's brand identity
- Assist in the process of mapping of a store

5.1.4 Necessary Audits and Checks

What is a Store Audit?

A store audit, essentially assesses the health of the retail store location using hard data. Retailers, staff, or a third-party scan through the store to collect information on what is working and what is not.

Some retailers may use profits as their primary success metric, but when you perform regular store audits, you have plenty of additional data to get a more comprehensive picture of your store's health.

While performing a store audit, you will gather insights like:

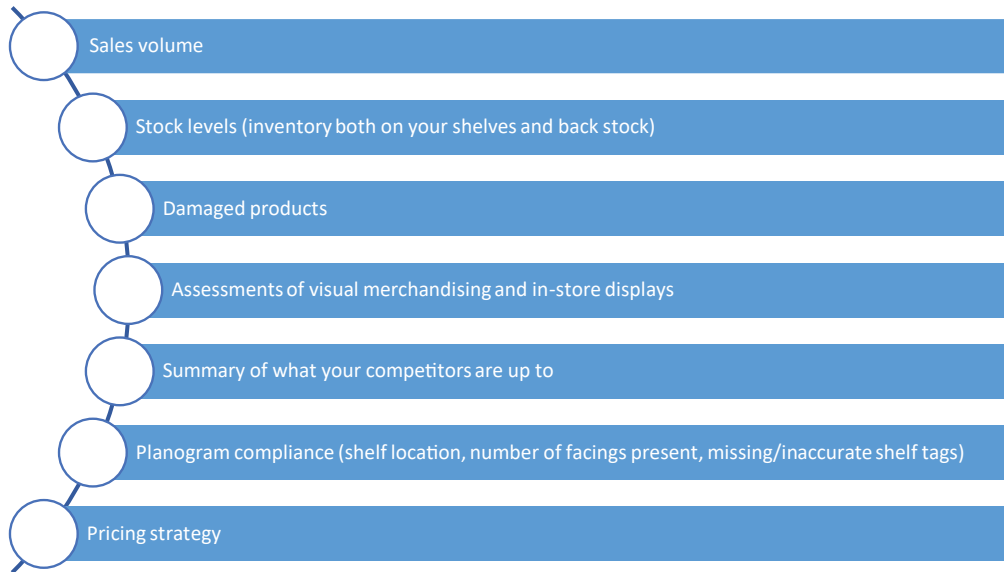


Fig. 5.1.5: Insights gathered at store audits

Some of the common types of store audits include:

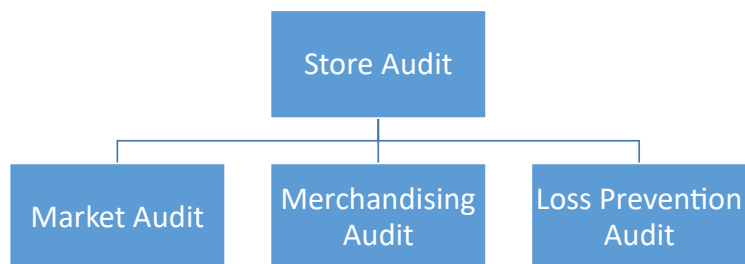


Fig. 5.1.6: Types of store audits

You may do a quick spot check once a month or a more detailed audit once a quarter.

Why are store audits important?

Store audits are an updated way to track your operations, but as your sales channels grow and become more complex, it is important to stay on top of your retail business.

Practical

1. A new batch of merchandise has arrived. What factors would you keep in mind while categorising and supervising the stocking process?
2. Design a planogram for a retail store that sells items for mothers and babies. Show the work to your trainer, in the next class, for verification and inputs.

Exercise

A. Answer the following questions by choosing the correct option:

1. There are _____ categories that can serve as a framework for strategic analysis.
 - a) Five
 - b) Six
 - c) Seven
 - d) Eight
2. Methods of stock rotation does not include
 - a) FIFO
 - b) FILO
 - c) FEFO
 - d) LIFO
3. A planogram is a diagram or model that indicates the _____ in order to maximize sales.
 - a) Placement of retail products on shelves
 - b) Position of stock in the warehouse
 - c) Price of merchandise
 - d) None of the above

B. With the help of a table, compare FIFO, LIFO, and FEFO methods.

UNIT 5.2: Application of Store Policies and Procedures

Unit Objectives

By the end of this unit, the participants will be able to:

1. Explain, to the team, the importance of better store layout
2. Perform training on store layout
3. Implement a discussion on merchandise display guidelines at the store
4. Prepare plans for promotional events in line with guidelines

5.2.1 Training on Store Layout

Opening a retail store is not an easy task and requires careful planning and thorough knowledge. It is very important that the staff members know everything related to store layout and a retail store manager must ensure that they receive proper training on it.

Importance of a better store layout

- Better layouts help in the flow of customers. When things are scattered here and there, the store becomes congested and customers bump into each other.
- If the store is disorganised, there are more shoplifting and blind spots
- An effective layout gives more opportunity to display products to customers
- It creates convenience to the customer hence more footfalls

For example

A local retail store has decided to make an easy layout for the store. It has made things look better and more customers have visited the store which in turn has resulted in better revenue generation.

Location: Ensure that your store is in a key location and is easily accessible to the customers.

Floor Plan: The retail store manager along with his team must plan out everything well, starting from the location of the shelves or racks to display the stock, the position of the figurines or the cash registers, etc.

- **Straight Floor Plan:** A straight floor plan makes optimal use of the walls, and uses the space in the most sensible method. The straight floor plan makes spaces within the retail store for the customers to shop and move freely. It is one of the regularly implemented store designs.

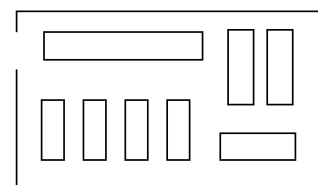


Fig. 5.2.1: Straight Floor Plan

- **Diagonal Floor Plan:** In the diagonal floor plan, the shelves or racks are kept diagonally to each other for the store manager to keep a watch on the customers. The diagonal floor plan works well in stores where customers have the liberty to walk in and pick up merchandise on their own.

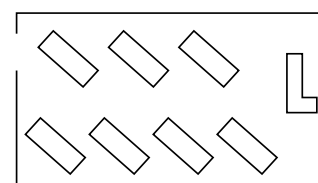


Fig.5.2.2: Diagonal Floor Plan

- **Angular Floor Plan:** In this plan, the fixtures and walls are given a curved look to add to the style of the store. An angular floor plan gives a more sophisticated look to the store. Such layouts are often seen in high-end stores.

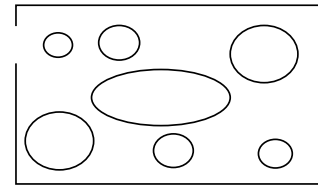


Fig. 5.2.3: Angular Floor Plan

- **Geometric Floor Plan:** The fixtures and racks are given a geometric shape in this floor plan. The geometric floor plan gives a unique and trendy look to the store.

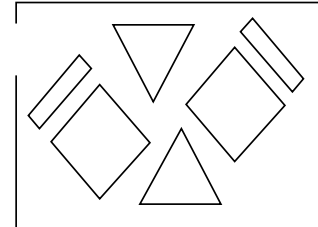


Fig. 5.2.4: Geometric Floor Plan

- **Mixed Floor Plan:** A mixed floor plan takes into consideration diagonal, angular and straight layout to give rise to the most functional store layout.

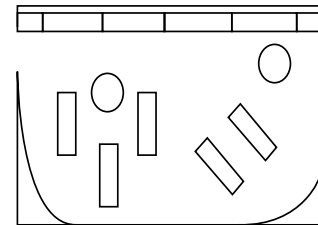


Fig. 5.2.5: Mixed Floor Plan

Guidelines for Store Design and Layout

- **Signage:** The signs displaying the name and logo of the product must be installed at a place where it is visible to all. Do not add too much information. Only add the USPs.
- **Ambience:** The store must offer a positive ambience to the customers so that they leave the store with a smile. Never play loud music at the store.
- **Mannequins and dummies:** Make sure the mannequins display the latest trends and are according to the target market. The clothes should look fit on the dummies and not too baggy. The position of the mannequins must be changed from time to time to avoid monotony.
- **Trial rooms:** The trial rooms mirrors must be kept clean. Unnecessary boxes or hangers must not be dumped in the dressing room.
- **Colour:** The retailer must choose the right colour for the walls to set the mood of the customers. Prefer light and subtle shades.
- **Furniture and fixtures:** The fixtures or furniture should not act as an object of an obstacle. Do not unnecessarily add too many types of furniture at your store.
- **Arrangement of merchandise:** The merchandise should be well-arranged and organised on the shelves assigned for them. The shelves must carry necessary labels/stickers for the customers to easily discover the products they need.
- **Lighting:** The store should be adequately lit so that the products are easily visible to the customers. Replace burned-out lights immediately.

Cleanliness and security:

- The floor tiles, carpet, ceilings, and the racks should be kept clean and stain-free
- There should be no foul odour at the store as it irritates the customers
- The entry and the exit of the store must be free and not overstocked
- Plan the store in a way that minimises theft or shoplifting
- Merchandise should never be exhibited at the exit or entrance of the store
- Expensive merchandise like jewellery, watches, mobile handsets, precious stones, etc. must be kept in locked glass cabinets
- Install cameras, CCTVs, and other surveillance equipment to keep an eye on the customers
- Instruct the sales representatives to assist customers who come for shopping
- Request the customers to deposit their bags at the baggage counter

5.2.2 Training on the Display of Merchandise (Brand and Category-wise)

Every brand and merchandise category has a few specific guidelines for the display of their products. The following examples are from the ladies' section of an apparel store and the various brands sold there.

Ethnic section for ladies

- Walls should have maximum frontal hanging garments
- 90% of the merchandise should be hung in the section



Fig. 5.2.6: Walls should have maximum frontal hanging garments in ladies' ethnic section

- The entire core line of bottom wear should be showcased on tables or one gondola in the section with appropriate signage



Fig. 5.2.7: Bottom wear showcased appropriately

- Stores with more space can keep the bottom wear stacked on the wall
- Dupattas should be hung on a slat wall in the section



Fig. 5.2.8: Stacked up dupattas

- Dupattas may be kept on a half-hanging and half-stacked gondola



Fig. 5.2.9: Half-hanging dupattas

Section for ladies formal wear

- Ensure maximum hanging on the wall
- Ensure that the display in each section is organised
- Core entry-level prices should be highlighted on the tables in the section
- Ensure cross-merchandising - the section should be accessorised with shoes, bags, and belts
- Ensure that communication-related to signage provides a lot of information about the merchandise

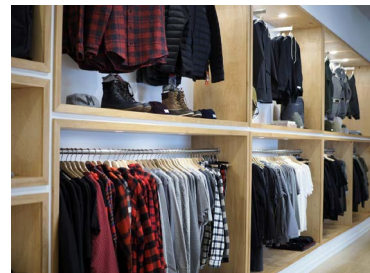


Fig. 5.2.10: Showcasing ladies formal wear

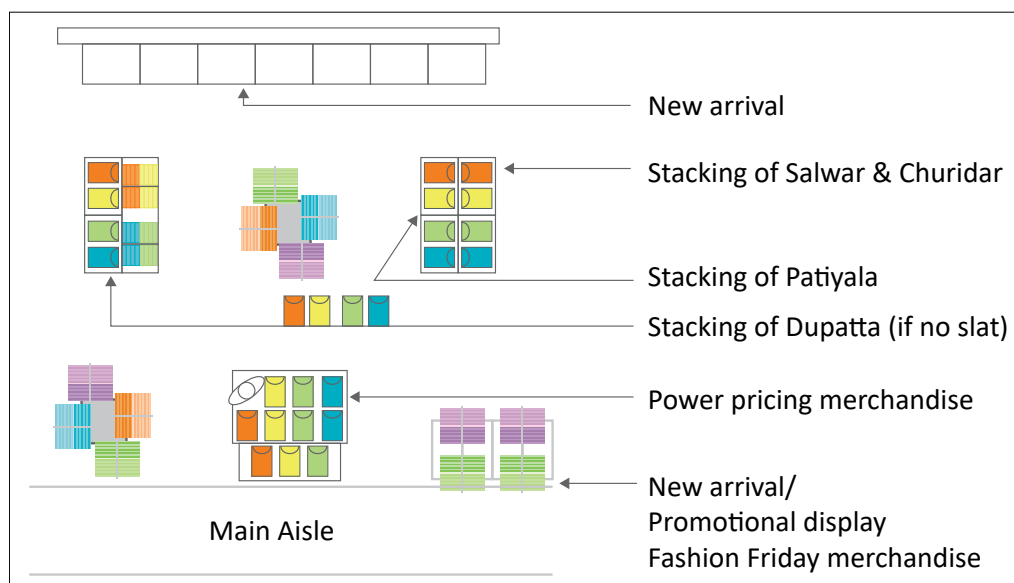


Fig. 5.2.11: Arrangement of apparel at a retail store

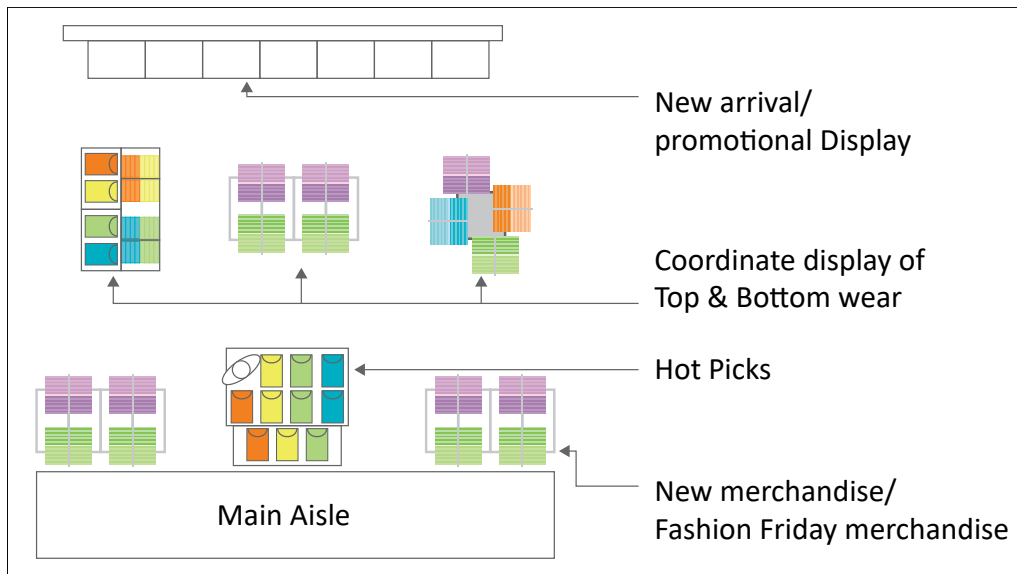


Fig. 5.2.12: Arrangement of merchandise at retail stores

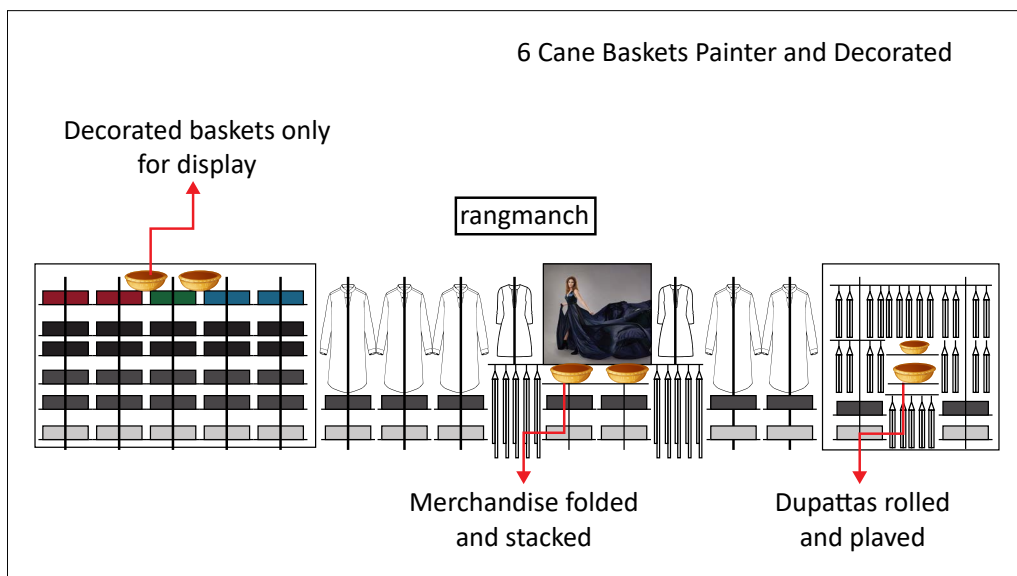


Fig. 5.2.13: Arrangement of merchandise at a retail store



Fig. 5.2.14: Props at a retail store

For example

A retail store manager has decided to impart training on visual merchandising. Customers are now really appreciative of the better organisation of the store merchandise and visit the store more often.

5.2.3 Training on Executing Promotional Events

Promotional merchandising refers to the ways the merchandise are stocked and displayed on the racks. It plays an important role in influencing the buying behaviour of the customers.

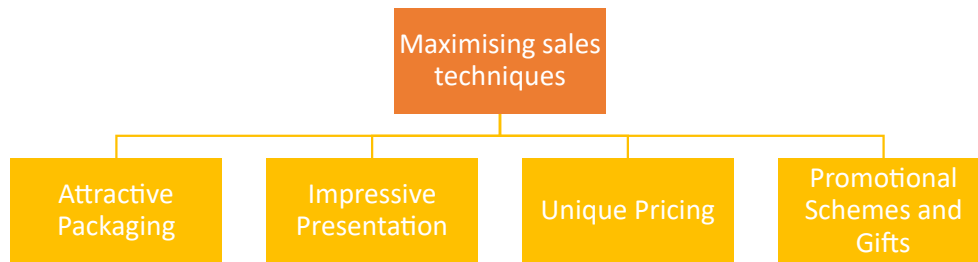


Fig. 5.2.14: Techniques for maximising sales

Merchandising Tips

- The merchandiser must sell products according to the season and latest trends
- The merchandise should be as per the sex, age, and the taste of the target base
- Youngsters prefer funky clothes (colourful t-shirts, faded denim) as compared to professionals who would go for subtle colours.

Invariant Right Principle: The merchandiser ideally works on the “invariant right” principle. Since most of us are right-handed, it is a common tendency that customers entering into the retail store would first go to the right side of the store. The merchandise to be displayed on the right side of the store, must be unique and expensive collections, to entice the customers.

- The setup of the store should be such that once a customer enters the store, he has to tread through each and every aisle.
- The shelves must be provided with the latest trends. The stock should be well organized on the racks according to their category, pattern, and size.

For example

A retail store manager has trained the staff members of CVB to stack products as per sex, age, taste, or particular event which have raised its revenue by 30%.

Practical

1. The stock from the winter is left in the store. You need to clear them out for the entry of the spring collection. What promotional activities do you plan for stock clearance?
2. Prepare the blueprint of the layout of a single-storeyed department store depicting an appropriate floor plan, as well as the positions of safety signage, entry, exit, visual displays, and trial rooms.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not a floor plan?

a) Straight floor plan	b) Round floor plan
c) Diagonal floor plan	d) Geometric floor plan
2. For promotional merchandising, a merchandiser maximizes his sales by

a) Attractive packaging	b) Impressive presentation of the product
c) Promotional schemes and gifts	d) All of the above
3. The invariant right principle is based on the assumption that most of us are

a) Right-handed	b) Left-handed
c) Ambidextrous	d) None of these

B. With the help of a table, compare the display props for ladies ethnic and formal wear.

UNIT 5.3: Relationship with Vendors

Unit Objectives

By the end of this unit, the participants will be able to:

1. Discuss the importance of effective vendor management with the team
2. Devise appropriate ways of negotiating with the vendors
3. Check if the concerned staff is negotiating with vendors as directed

5.3.1 Retail Vendor Management

Introduction

A vendor is a business or person that provides goods or services and makes it available to another company. A significant part of handling your suppliers revolves around maintaining the retailer-supplier relationship. It is crucial that this relationship remains healthy and strong at all times.

Importance of Vendor Management

- The organisation is benefited by better selection of vendors
- Better selection of vendors may also lead to cost efficiency
- It is helpful in learning contract management
- It is crucial for better vendor relationship

Negotiation with Vendors

Negotiating the right deal with your sellers does not necessarily mean getting what you want at the cheapest after-sales service. You may also want to negotiate other factors such as payment terms, delivery times, or the quality of the product.

However, in any retail business, this negotiation with vendors is strictly with the head office, and the store manager does not hands on participate in it the negotiation. But, it is essential to know the process of negotiation.

This section helps to negotiate a deal, including setting objectives, understanding the vendor's position and using the right tactics.

- **Setting objectives when negotiating with suppliers**

There is a range of vital considerations you need to bear in mind when setting objectives for purchase negotiations. These might include:

Before you start negotiating with your seller, draw up a list of the factors that are most important to you..

For example, if you are ordering supplies in bulk you might want to find a supplier that will offer you a heavy discount.

The key is to establish your preferred outcome. But remain realistic. If you are not prepared to compromise, the negotiations would not get far.



Fig. 5.3.1: Key factors for vendor negotiations

- **Understand suppliers**

Conduct a background research and understand the need of your supplier. Your bargaining or negotiation stays in the upper hand till the needs of the supplier are in demand.

If the supplier is likely to have the upper hand, it may be because:

- he has enough business already
- The store only has a few sources to select from

But, if the supplier has a number of competitors, or is a new entrant to a particular market – the store is in a much stronger position.

Example- Manager of a local retail store understands the suppliers and using different tactics is able to be in an advantageous position that ultimately help in better business.

- **Developing a negotiating strategy**

It is essential to plan the strategy in a written format before beginning negotiations. This helps to set clear goals and work out where one needs to draw the line and walk away.

Define what the priorities are, such as – high specification goods, low price, or a particular delivery plan.

Write down what your negotiating strengths are and how you might use them to get the discount margins you need. Think of ways to defend the weaker parts of your argument and negating the supplier's strengths.

- **Negotiating team**

Once your strategy is set, it is also important to get a negotiating team. Make sure that the team has all the necessary negotiating skills.

You will need to ensure you match the seniority of the supplier's representatives. For example, you should not send a junior manager to bargain with their director.

Ensure that each member of the team is familiar with the set negotiating strategy.

- **Conduct negotiations**

Before starting to negotiate, state the aspects of the deal that you are happy with and the points you want to discuss over. Ask your supplier to do the same. Make sure both sides are contented with what is being negotiated.

- **Negotiating on price**

Never accept the first offer. Make a lower counter-offer. The other party is likely to approach with a revised figure..

If the price includes features you do not need, try to lower it by asking to remove those features from the deal. Use your negotiating power to get a good deal. For example, if you are buying in bulk, you could ask for bulk discounts.

- **Running checks on your supplier**

Before signing a contract with any supplier, it is essential to carry out background check of your suppliers and validating the contract. You should ensure that they have the cash flow to deliver what you want when you need it.

The supplier will probably also run background checks on you to ensure you have the means to pay for the purchased goods or services.

- **Drawing up a contract for your purchase**

After all negotiations are finalised, it is best to draw up a written contract as verbal contracts are non producible in courts for legal proceedings.

Both the parties should agree on what the contract should include. Typically, it includes:

- details of payment terms, price, and delivery schedule
- a clause stating the supplier's right to proprietorship of the goods until they are fully paid off
- a clause limiting the seller's contractual liability

Practical

1. The vendor supplying the stock at your store has good-quality stock but has poor credit records in the market. Would you continue doing business with the vendor? Justify your answer.
2. With the help of real-life examples, prepare an analytical report on the right techniques of negotiating with customers and vendors, keeping in mind that your goal, as the Retail Store Manager, is to maximise the store's profitability.

Exercise

A. Answer the following questions by choosing the correct option:

1. Key considerations for setting objectives for purchase negotiations includes
 - a) Price
 - b) Delivery
 - c) Quality
 - d) All of these

2. If the supplier runs a near monopoly it is likely to have the upper hand because -
 - a) It has enough business already
 - b) You only have a few other sources to select from
 - c) Both a and b
 - d) None of these

3. Contract with your vendor does not include details of -
 - a) Price
 - b) Planogram
 - c) Payment terms
 - d) Delivery schedule

B. List a few product display guidelines that you would need to oversee as a Retail Store Manager.

Summary

- Quality conformance is the ability of a service, product, or process to meet its design specifications.
- Stock rotation is the method of organizing inventory to lessen the stock loss caused by expiration.
- Adjacency is all about the right product in the right place at the right time with the right quality at the right price.
- All brands have different types of product display guidelines in order to increase footfalls that create a difference in the customer's mind and position their brand/products well.
- Opening a retail store requires meticulous planning and detailed knowledge.
- Every brand and merchandise category has a specific guideline for the display of their products.
- Promotional merchandising refers to the ways the products are displayed and stocked on the shelves play an important role in influencing the buying behaviour of the individuals.

Practical

1. On the basis of the adjacency principle, list a category of products that can be sold with chocolates.
2. The head office representative is coming to execute an audit in your store. What are the key elements that you should take care of while the audit is being conducted?
3. The floor plan of your store is blocking the lighting. In what possible ways can you arrange the store for a better product display?
4. With the help of MS PowerPoint, prepare a presentation describing the product display norms recommended for:
 - a. Electronic items
 - b. Home and living items
 - c. Restaurants

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is cannot serve as a framework for strategic analysis?

a) Performance	b) Conformance
c) Merchandise	d) Durability

2. The USDA has non-binding guidelines that suggest the use of _____ language.

a) Best if Used By	b) Best before
c) Use by	d) None of the above

3. In _____ category, products are switched on and placed for consumers to use & test them in order to fast-pace the buying decision.

a) Home & Living	b) Apparel
c) Electronics	d) Food service

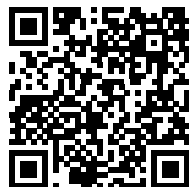
4. Which of the following is a theory of visual product placement?

a) Horizontal placement	b) Vertical placement
c) Block placement	d) All of the above

B. Prepare an analytical report on the impact of stock rotation for:

1. FMCG (Fast Moving Consumer Goods) items
2. Electronic items
3. Perishable goods with very less shelf lives
4. Garments
5. Pharmaceuticals

Scan the QR codes or click on the link for the e-books



<https://www.youtube.com/watch?v=sF6AMj3H0jg>

Manage Sales and Service Delivery to Increase Store Profitability



6. Ensure Overall Safety, Security, and Hygiene of the Store



Unit 6.1 - Health, Hygiene and Safety Compliance

Unit 6.2 - Store Security to Minimize Theft and Losses

Unit 6.3 - Security Procedures for Monetary Transactions



Key Learning Outcomes

By the end of this module, the participants will be able to:

1. Create awareness of health, hygiene and safety
2. Identify the health, hygiene and safety requirements at the store
3. Summarise staff training needs related to health, hygiene, and safety
4. Perform checks to ensure the implementation of store security procedures
5. Instruct the staff to handle monetary transactions safely

UNIT 6.1: Health, Hygiene and Safety Compliance

Unit Objectives

By the end of this unit, the participants will be able to:

1. Prepare plans for imparting health and safety training
2. Implement the plan to train staff on health and safety
3. Create awareness of health, hygiene and safety

6.1.1 Introduction

Health, Hygiene and Safety is such an issue which neither be neglected nor be avoided. If the customers find a store not clean enough, they might not purchase anything and never back. This chapter helps in understanding the need for health and safety for employees as well as for the store. It is essential in learning about various aspects of safety by conducting drills. Furthermore, this gives an opportunity for a retail store manager to secure the store in case of emergencies like theft and other financial embezzlements.

Importance of maintaining health and safety

- Health and safety are two crucial aspects of a workplace
- Prevention is better than cure and maintaining everything eventually give fruition by not having anything bad in the workplace
- If customers are worried about their health and safety, they will not visit the store
- Not maintaining health and hygiene gives a bad impression of the store

For example

There are two stores in a given locality. Store A follows all the health and safety precautions whereas, store B does not give much importance to it. When a fire breaks out in store B, it does not have proper equipment to extinguish it and suffered a lot of losses. Store A does not face any such situation.

This module deals in the implementation of safety, security and hygiene aspects in the store.

This module covers the following:

- safety hazards and team awareness of the same
- safety of people and resources in the store
- equipping team to handle emergency incidents and situations

6.1.2 Training and Awareness of Health and Safety

- **Store Policies on Health and Safety**

The Occupational Safety and Health Administration (OSHA) issues guidelines to keep workers safe on the job. Some of these guidelines are as follows:

Steps to be taken to avoid hazards:

1. Follow company policies regarding health and safety standards
2. Be aware of the building and floor evacuation plan
3. Be aware of all the fire exits
4. Put up the evacuation plans on display for each floor clearly marking the exit points for common use
5. Keep fire extinguishers and sand in handy for putting out fire and report to the concerned person in case of expired products or a refill.
6. Keep emergency oxygen mask and cylinder and first aid kit
7. Have basic first aid knowledge

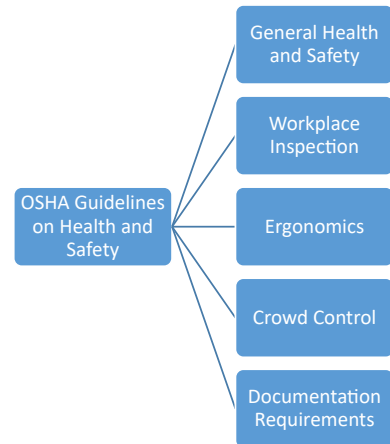


Fig. 6.1.1: OSHA guidelines

For reporting any emergency incident that occurred in your store, the following form can be used as a sample.

INCIDENT REPORT FORM	
EMPLOYEE DETAILS	
Name: _____	
Department: _____ Contact Number: _____	
DESCRIPTION OF INCIDENT	
Location: _____	
Date: _____	Incident Details (How the incident happened, factors leading to the event, and what took place. Be as specific as possible)
Time: _____	
Police Notified:	
Yes <input type="checkbox"/>	No <input type="checkbox"/>
Incident Causes:	Follow Up Recommendations:
<small>Incident reports are necessary for documenting details of the occurrence while they are most present in the minds of the witnesses and incident reporter. The information that is included in the report can be useful for decision-making on future incidents, identify behavioural patterns and identifying larger issues. To maintain a safe and healthy work environment, a thorough investigation should be undertaken following an incident in order to initiate corrective actions.</small>	
REPORTED BY: Name: _____ Position: _____ Department: _____	

Fig. 6.1.2: Sample of the incident reporting form

- **Identified hazards and risk control procedures**

As a Retail Store Manager, it is of utmost importance to ensure that the retail store is safe for both the customers to shop and the staff to work. There are various ways in which a workplace can become unsafe, including inattention to detail or inconsistent floor checks, which may lead to illness or injury. While the Occupational Safety and Health Administration (OSHA) has safety recommendations for workplaces, your retail store is only as safe as you keep it. There are a variety of factors to keep in mind when evaluating the safety of your store.

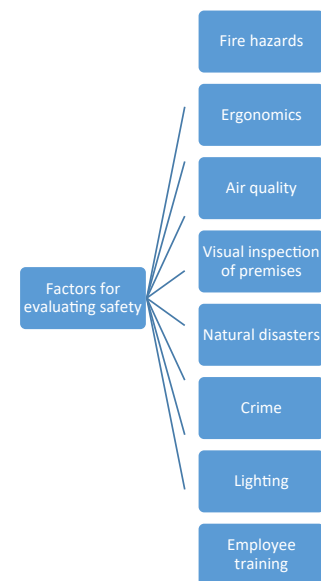


Fig. 6.1.3: Safety factors

- **Personal Grooming Standards**

The personal safety of staff should be of vital concern to the Retail Store Managers. Teaching employees about awareness and implementing a few workplace rules can protect staff. When it comes to personal safety, managers must be aware of both safe work environment policies and crime statistics recommended by the Occupational Safety and Health Administration (OSHA).

Employee Awareness – Employees do not always worry about personal safety. So it is up to store managers to train employees about their personal safety both inside and outside of the workplace.

Store Security – Simple additions to a store can prevent crime.

- Stationing a security guard at the door can warn would-be robbers
- Security cameras add extra safety to workers
- Deposit money to banks frequently to prevent large amounts of cash from piling up in the store cash registers.
- Keep the cash box locked and secure employee's valuables in a locked

Post Signs – Signs can have an impression on how safe the store atmosphere is. Stores can post signs that not much cash is kept on hand, that silent alarms and surveillance cameras are used. As far as preventing injury, advising employees to be aware of their surroundings and signs on how to lift heavy items, can be posted around the break room to remind workers of their safety training.

Preventing Injury – As a Retail Store Manager, it is one of your responsibilities to create guidelines in order to keep employees safe from potential hazards while inside the workplace. The OSHA has a list of guidelines for retailers to follow that will help prevent injury to employees.

For example,

- Staff members should not have to stretch over their heads and bring down boxes
- Always provide a safe way for the employee to reach shelves taller than he is
- Train employees to lift heavy objects with their knees and not with their backs
- Request them to ask for help if something is too heavy to lift alone

Maintain a good relationship with the local police – Encourage local police officers to stop by the retail establishment. If a would-be robber is planning to rob the store and sees the police, he is not as likely to come near the store. Offer discounts to police and fire-fighters, or hand out free coupons. Once a Retail Store Manager gets to know the police, it is apt to ask if officers will drive by or stop in to check on safety while they are patrolling.

- **Store Policies – Access to team members and resolving issues**

A team that works together stays together. A Retail Store Manager is responsible for informing and creating awareness amongst the staff members about the store policies on health and safety measures and also resolving any discrepancies arising because of them. Ensure that the below guidelines are complied with at your store:

- Vending premises/carts must be kept clean and sterile
- Fruits and vegetables must be washed with the help of potable water
- Sliced fruits and vegetables must be covered and kept under a low temperature
- Chopping board knives should be washed with the help of clean water before and after use
- Use proper cleaning agents to mitigate pest infestation
- All dustbins at the store should be covered
- All staff members should practise basic personal hygiene
- Caps and hair nets must be worn at all times in the food section

Processes of communicating with staff:

- Every employee should be given a handbook or manual containing all the store policies
- A copy of the safety guidelines should be put up at every corner where the staff members assemble.
- Periodic training should be provided to staff members on safety so that they are ready to handle any possible emergency
- In case of any discrepancy or dissatisfaction amongst the staff members, address them directly and find out the root cause of the problem
- Try to resolve all the issues within your jurisdiction
- Maintain a log of all the complaints raised and solved. This will help in resolving similar issues in the future

6.1.3 Organising Training on Health and Safety

What are the key tasks of OH&S training?

The key tasks that the store manager should carry out in ensuring the employees accept collective responsibility while implementing their health and safety legal responsibilities are:

- Reviewing and endorsing the safety statement
- Receiving regular reports on performance, progress, and implementation of safety and health plans
- Ensuring sufficient resources are available to achieve and implement these health and safety plans
- Being aware of all matters in relation to health and safety especially major incidents and changes in legislation
- Ensuring health and safety audits are undertaken to monitor all aspects of health and safety policy implementation

6.1.4 Establishing Resource Requirements for Safe Lifting

What is manual handling?

28% of injuries to workers are caused by manual handling.

Manual handling encompasses a wide range of activities including lifting, pushing and pulling, restraining, holding, carrying and throwing. It includes repetitive tasks such as typing, packing, cleaning, assembling, and sorting, using operating machinery, hand-tools, and equipment, and restraining and handling animals.

Manual Handling – Identifying Workplace Hazards

Some factors in the workspace may increase the risk of an injury happening. These risks can be identified in the following ways:

- Walk through the workplace and look for potential hazards
- Walk through the workplace and look for potential hazards
- Check through injury records to help pinpoint recurring problems
- Regularly monitor and update risk identification

Manual Handling – Assessing the Risks

The next step is to evaluate which factors are contributing to the risk of injury.

Factors increasing the risk of an injury are:

- Type of work
- Layout of workspace
- Weight of an object
- Location of an object
- Duration and frequency
- Condition of an object
- Awkward loads
- Handling a live person or animal

Reducing Manual Handling Risks

- Changing the task – ask ‘Does this task need to be carried out? If so, does it have to be done this way?’
- Changing the object – for example, repack a heavy load into smaller parcels
- Changing the workspace – for example, use ergonomic furniture and make sure workbenches are at optimum heights to limit bending or stretching
- Changing the environmental conditions – including heat, cold and vibration
- Using mechanical aids – such as wheelbarrows, conveyor belts, cranes or forklifts
- Changing the nature of the work – for example, offer frequent breaks or the chance to do different tasks
- Offering proper training – inexperienced workers are more likely to be injured

Protecting Your Back from injuries of Manual Handling

The back is particularly helpless to manual handling injuries.

- Lift and carry heavy loads correctly by keeping the load close to the body and lifting with the thigh muscles.
- Never attempt to lift or carry loads if you think they are too heavy.
- Pushing a load (using your body weight to assist) will be less stressful on your body than pulling a load.
- Use mechanical aids or get help to lift or carry a heavy load whenever possible.
- Organise the work area to reduce the amount of bending, twisting and stretching required.
- Take frequent breaks.
- Cool down after heavy work with gentle, sustained stretches.
- Improve your fitness – exercise regularly to strengthen muscles and ligaments, and reduce excess body fat.
- Warm up cold muscles with gentle stretches before engaging in any manual work.

6.1.5 Establishing Resource Requirements for Handling Store Emergencies

What are the elements of an emergency plan?

- All possible emergencies, consequences, required actions, written procedures, and the resources available
- Detailed lists of emergency response personnel including their cell phone numbers, alternate contact details, and their duties and responsibilities
- Floor plans
- Large scale maps showing evacuation routes and service conduits (such as gas and water lines)
- The plan should provide staff members with separate written instructions about their particular emergency response duties

Procedures

Any situation that may arise in causing life risk is called an emergency situation. This should be treated lightly or in a panic stricken mode. There is a proper decorum of emergency handling that is followed in every store.

The following components must be known and cleared before handling an emergency situation.

- Nature of emergency
- Degree of emergency
- Size of organization
- Capabilities of the organization in an emergency situation
- The immediacy of outside aid
- The physical layout of the premises

Common elements to be measured in all emergencies include pre-emergency preparation for handling casualties, alerting and evacuating staff, and for containing the hazards.

- Identify evacuation routes, alternate means of escape make these known to all staff; keep the routes unobstructed
- Specify safe locations for staff to gather for headcounts to ensure that everyone has left the danger zone. Assign individuals to assist employees with disabilities
- Carry out treatment of the injured and search for the missing simultaneously with efforts to contain the emergency
- Provide alternative sources of medical aid when normal facilities may be in the danger zone
- Ensure the safety of all staff (and/or the general public) first, then deal with the fire or other situation

6.1.6 Recording Details of Safety-Related Incidents

While documenting every incident that occurs in the store can be complicated and time-consuming, recording these incidents can be your most effective solution for EHS (Emergency Handling Situation) improvement.

Take a look at these three benefits of using safety software to record your safety-related incidents and hazards:

- It holds your team accountable
- You can easily identify problem areas and repeat occurrences
- It ensures you adhere to OSHA regulations and corporate policy

6.1.7 Creating Awareness on POSH (Prevention of Sexual Harassment)

A workplace must always be safe for employees, customers and vendors. As the store manager, it is your duty to prevent sexual assault and create a safe work environment.

- Define Sexual Harassment
- Know Your Role
- Write a Clear Anti-Harassment Policy
- Conduct Frequent Training Sessions
- Ensure Leadership Complies with the Zero-Tolerance Policy
- Monitor Employees
- Clarify the Reporting Procedure
- Define Consequences
- Create a Safe Work Culture

Sexual harassment comprises of any unwanted sexual advances such as offering a work benefit in exchange for sexual favours, inappropriate touching, unwelcome or intimidating behaviour, offensive jokes, and inappropriate decoration.

It is the responsibility of the Retail Store Manager to prevent sexual harassment and create a safe work environment for all employees.

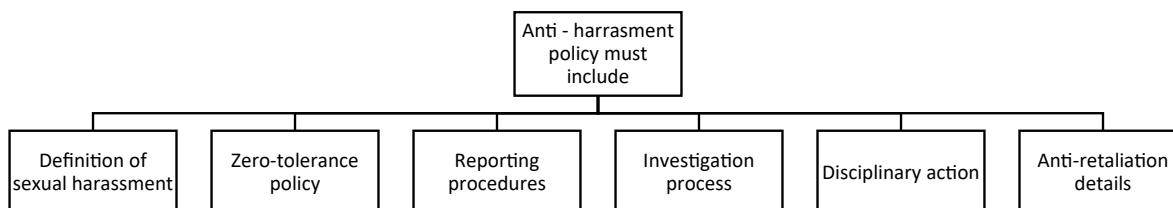


Fig. 6.1.4: Elements of anti-harassment policy

6.1.8 Organising Mock Fire Drills

Mock drills are man-made simulations of emergency situations to help people understand the gravity of the emergency and also prepare the staff of the store on the handling procedure of the same. These mock drills can be conducted by the store manager by following the store SOP guidelines or an external agency may be conducted to help train the staff members.

Importance of Fire Drills

- Remind employees or familiarise new employees with the sound of the alarm, the location of emergency routes and the assembly point, and any additional fire safety procedures.
- Identify any areas where the alarm is not clear or if emergency communication systems are insufficient
- Ensure that all emergency routes are free from obstructions and are effective in practice.
- Test arrangements for people with disabilities.
- Assess the speed and efficiency of evacuation procedures.
- Ensure compliance with the statutory requirement to carry out fire safety drills.

Fire Drill Procedure

Before starting a fire drill, ensure to:

- Co-operate and co-ordinate with any other occupants of the building.
- Check the condition of fire exit routes.
- Consider the weather
- Consider any equipment that automatically shuts down during an alarm.
- Notify the fire brigade

How to Conduct a Fire Drill

- Decide whether you will pre-announce the drill or if everyone will be notified beforehand. It is generally recommended that you do not pre-announce drills. It eliminates a sense of urgency and may result in staff exiting through normal entrances rather than escape routes. However, to prevent panic, you may want to announce to members of the public on your premises that the alarm is only a drill.
- Ask a random member of staff to set off the alarm. This tests how quickly they are able to identify the nearest alarm call points.
- Lead staff on different routes. Instruct fire wardens to take certain staff on certain routes. This ensures they are all tested and that staff is familiar with routes they may not normally use.

- Ensure fire wardens practice carrying out their duties, e.g. closing windows and fire doors, checking isolated areas, assisting people, etc.
- Carry out a roll call at the assembly point. If anyone is unaccounted for, find out why. It could be they did not hear the alarm, they stopped to collect belongings when they should not have, or they took a slower route..
- Get feedback from fire wardens and employees (and members of the public if they were present). Ask if anyone came across issues with the evacuation procedure, e.g. blocked pathways, doors not automatically releasing, areas of the building where the alarm was too quiet, etc.

Fire Evacuation Drill Checklist

- How long does it take everyone to evacuate the building? Can you improve this time? Which routes were the quickest? Can you improve the slower ones at all?
- Can you hear the alarm from every location? This includes meeting rooms, toilets, storage rooms, and any other isolated areas. Fire wardens should go to these areas during the drill to check.
- Recent alterations or changes to the route or work activities. For example, have machinery or vehicles been introduced into work processes? How swiftly can staff safely stop what they are doing and reach an escape route? Is any maintenance in the building temporarily blocking a route?
- Are routes for people with disabilities effective? Are people with reduced mobility able to exit the building as swiftly as possible? Would receiving assistance from someone aid their exit? (People with disabilities or other aspects that may affect their safety should have a Personal Emergency Evacuation Plan).

For example

For better training opportunity in store X, staff members are well-equipped to face fire and safety hazards. Whereas, store Y does not have any proper training on it, hence, suffer the consequences when fire breaks out.

Practical

1. Plan a drill for training the store staff on handling a fire emergency at the store.
2. Design the template for an incident reporting form. The template should not be copied from the unit.

Exercise

A. Answer the following questions by choosing the correct option:

1. OSHA stands for
 - a) Occupational Safety and Health Administration
 - b) Occupational Services and Health Assistance
 - c) Occupation Safety and Health Administration
 - d) None of these

2. Common ergonomic risks does not include jobs that require
 - a) Frequent or heavy lifting
 - b) Stabbing in the back
 - c) Prolonged awkward postures
 - d) Situations in which the room temperature is very cold for a long time.

3. Training sessions and written policies on employee awareness should include information like
 - a) Never giving out the personal information of other employees
 - b) Remain alert to anyone in the store, but to cooperate with robbers to avoid injury
 - c) Never walk to their car alone, especially at night or when other people aren't around
 - d) All of the above

B. With the help of online research, prepare a case report on the instances of fire outbreak and harassment at the workplace, over the last decade, in the retail sector.

UNIT 6.2: Store Security to Minimize Theft and Losses

Unit Objectives

By the end of this unit, the participants will be able to:

1. Prepare a list of the store security policies
2. Implement training sessions on handling emergencies
3. Apply security measures for emergencies
4. Communicate effectively with officials to carry out audits and checks
5. Devise ways of safe storage and maintenance of equipment
6. Assess risks at the store

6.2.1 Management of Store Security Policies

Managing a retail store requires the same amount of attention to detail regardless of the size of the store. If you plan to manage a store, you should write and include an operations manual as part of your plan. Maintaining the store security is a major component among them.

Some of the important operational things to care about in a retail store are:

- Inventory control
- Customer Service
- Employee Retention
- Cash Handling

6.2.2 Training Team to Handle Emergencies

Planning

An emergency in the workplace is any condition that threatens the lives of staff members, customers, or anyone in general. The emergency can disrupt or shut down business, cause environmental or physical damage, and can be either natural or artificial. Planning for all probable emergencies will help both you and your employees be prepared for unexpected situations.

The size of the store and workforce will determine the training requirements. However, everyone in the store must be trained on all of the functions and elements of the emergency action plan (EAP) and all types of emergencies that could potentially occur at work. The EAP must include information for the employees, including:

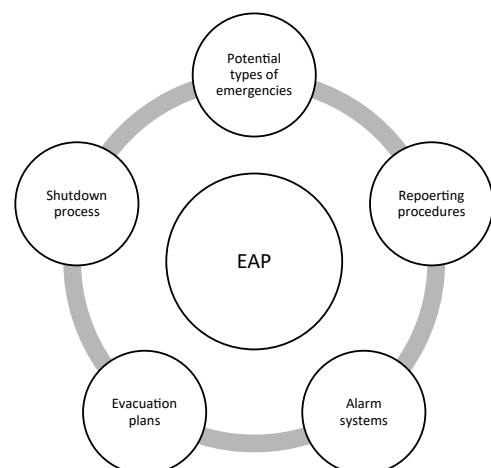


Fig. 6.2.1: Elements of the EAP

Training

General training of employees for handling emergencies must include the following:

- Individual roles and responsibilities
- Notification, warning, and communications procedures
- Threats, hazards, and protective actions
- Means for locating family members in an emergency
- Emergency response procedures
- Evacuation, shelter, and accountability procedures
- Location and use of common emergency equipment
- Emergency shutdown procedures
- Employees must know how and when to sound an alarm in the event of an emergency
- Recognize when an alarm is activated
- Notify emergency personnel
- Know what to do for each alarm when sounded
- Know how to use and handle a fire extinguisher in case of a fire emergency

Emergency exits must be well-known to employees and clearly laid out in floor plans of your building displayed especially near elevator and escalators and also throughout the facility.

Teamwork

A team of staff members must be formed to assist the emergency coordinator. This team must be specially trained for handling potential emergencies and effectively carry out specific tasks, including:

- Requirements of the OSHA bloodborne pathogens standard
- Use of various types of fire extinguishers
- First aid, including cardiopulmonary resuscitation (CPR) and self-contained breathing apparatus (SCBA)
- Chemical spill control procedures
- Shutdown procedures
- Search and emergency rescue procedures
- Hazardous materials emergency response

Employees expected to manage medical aid must be trained and given adequate supplies to handle first aid when necessary. The staff members should be trained in first-aid procedures, including:

- Protection against bloodborne pathogens
- Respiratory protection, including use of an escape-only respirator
- Methods for preventing unauthorized access to the site

When to conduct training?

Train employees on the EAP when you:

- Develop your initial plan
- Hire new employees
- Introduce new equipment, materials, or processes into the workplace that affect evacuation routes
- Change the layout or design of the facility
- Revise or update your emergency procedures

All employees must be well updated on the EAP procedures and policies.

6.2.3 Implementation of Security Measures in Case of Emergency

Managing a business means you learn to expect the unexpected. However, when events like floods, hurricanes, earthquakes, robbery, forgery, computer piracy occur, the resulting damage to your business can be catastrophic.

What steps can you take to lessen these sorts of risks to the business? Additionally, to obtaining the proper types and amounts of insurance for the business and the assets, you should consider:

1. **Implementing security measures** – The proper security measures can protect the business from burglary, theft, embezzlement and other crimes.
2. **Disaster planning** – Developing a disaster contingency plan allows you to manage the impact of natural forces such as hurricanes and earthquakes, on the business.

Using Security Measures for Protecting the Store

Crimes can knowingly add to the cost of running a store. One will never be completely free from the effects of crimes against the business, but there are decisions that you can make about your store that can lessen the likelihood and impact of crime on the business. Primarily, these decisions concern store location and building security.

- **Site selection**

Where you decide to locate the store can have a great effect on the security needs of the business. If you locate in a high-crime area, you will likely need to invest in more store security features than if you locate in a low-crime area.

Some Retail Store Managers have found they can make a good living by accepting the risks of operating in a particular neighbourhood where there's little or no competition.

- **Building security features**

The type of security features you need will depend on the kind of business you operate, and on how severe you think the crime threat is.

Common building security features include:

- Steel security doors, particularly in parts of the building that are away from public view
- Folding metal security gates that cover storefront areas

- Security alarm systems like motion sensors, breaking glass detectors, window and door alarms. All of these must be connected to security monitoring services or the local police department
- External lighting on all points of access into the building, the dock facility, and parking lots
- Limited access to a fenced parking lot and company vehicle storage areas
- Security cameras, connected to a video recording system or monitored by an on-site security guard, and trained personnel on each point of building access and on areas where theft may most likely occur, such as the sales floor and the loading docks
- One-way mirror security "blinds"
- Lockable cash offices, equipped with secure safes
- Bullet-proof security glass (needed in high-threat areas, and where large quantities of cash or extremely valuable products are kept)

- **Choosing Effective Security Measures**

Depending on the severity of security threats the store faces, you may find it advisable to enhance your workplace security features by appointing security guards. You can either employ them directly or contract with private security service companies.

Locks and key control system may seem like an understandable way to increase security, but you would be surprised to know that many store managers don't take full advantage of this type of security measure. The use of deadbolt locks, where appropriate, and the use of double cylinder deadlocks, requiring that a key be used to open the door from either side, can go a long way in discouraging burglary of tempting theft targets.

- Be sure all doors and windows have locks and that those locks are sturdy and, above all, used.
- Get into the habit of checking all the doors and windows before you lock up and leave for the night.
- Don't assume that because a door was locked yesterday, and because you didn't see anyone use the door, it is still locked. Better be safe rather than sorry.
- After proper locks are fitted, key control is also essential to making sure that the property remains protected.

To make sure that the keys do not fall into the wrong hands:

- Issue as many few keys as possible
- Establish specific rules regarding the using of keys by those to whom they are issued
- Take a periodic inventory of keys
- Get keys that say "do not duplicate"
- Control who can make duplicate keys

Remember that locks aren't meant just for doors. There are locks for window, desk, file cabinet, and even computer hard drive. Make sure you have a master key for each of them.

- **Written Security Policy**

You may write up your security rules and give them to your employees as apart of the security policy of the store.

Consider including the following topics as your security policies:

- Guards and security
- Your security program/committee

- Areas of limited access
- Restrictions on visitors
- Statements regarding the removal of company property

- **Recognising and Preventing Theft by Employees**

Embezzlement or employee theft is an equal problem for stores of all sizes. The best way to stop employee theft is to recognize the warning signs that it is taking place and executing an internal system of controls.

Embezzlement has been defined as "the fraudulent appropriation of property by a person to whom it has been entrusted." It is just a fancy way of describing that your employees are stealing from you. Embezzlement doesn't occur only to bigger money-making businesses but to every day small retail stores as well.

- **Signs Signalling Employee Theft**

The following are some warning signs that employee theft may be taking place in your retail store:

- Increase in overall sales returns might represent concealment of accounts receivable payments
- Unusual bad-debt write-offs could be covering up a fraudulent scheme
- Bounced business checks could indicate that funds are being siphoned out of the bank account
- Inventory shortages could indicate fictitious purchases, unrecorded sales, or employee pilferage
- Profit declines and increase in expenses could be a sign that cash is being siphoned off illegitimately
- Slow collections can be a device to mask embezzlement

- **Establishing Internal Controls**

If you are suspicious that there is a problem with employee theft, there are basic actions that you can take in implementing an internal system of controls, including the following:

- Screen applicants before they are hired
- Periodically examine bank accounts to see if there is anything unusual
- Take precautions in preparing payroll, i.e., have more than one person prepare it, have several different people prepare it, or oversee it yourself
- Have two people sign off on checks

- **Creating an environment that discourages dishonesty**

While there is no fool proof system of internal control or accounting that will absolutely stop employee dishonesty losses. An atmosphere can be created where employee stealing is not encouraged.

The first step is to assess every area where potential fraudulence problems could arise, including:

- Inventory control
- Data processing
- Purchasing
- Receiving
- Book keeping
- Cash disbursements

The next step would require setting the mechanisms in place to remove the lures that could make an otherwise honest employee dishonest.

In setting up an internal audit system, it is a common procedure for most stores to divide monetary responsibilities and functions so that no one staff controls all features of a transaction. To expand on the idea of demanding two signatures on a check, insurers and consultants recommend the following:

- Do not give the person, who has the authority to write off bad debts, the authority to make a credit sale or loan
 - Require checks to be countersigned by two responsible officials
 - Limit the endorsement of checks, by anyone other than the owner, to deposits for credit only
 - Delegate the responsibility for receiving checks and cash to someone other than the person who records incoming funds
 - Mail statements to outside accounts directly at least monthly
 - Examine payroll records periodically to prevent padding
 - Make sure that employees responsible for ordering goods and supplies are not the same ones responsible for receiving them or paying for them
 - If someone else does payroll, make sure you have access to payroll data on the computer and that no one changes the passwords or access requirements for that data
- **Taking inventory checks and conducting outside audits**
Dividing financial responsibilities and functions in more than one employee is not enough. Take an inventory check of your stock and have an outsider accountant audit the cash and accounts of your store annually.

6.2.4 Cooperation during Audits and Checks

What do you specifically gain by doing a store audit? If you have to cooperate while carrying out store audits, what do you benefit from it? Aside from teaching your staff more about the day-to-day of the company's business, the following are potential store audit outcomes:

- Identifying and solving discrepancies in-store presentation, and brand compliance
- Finding store-level problems, such as operational and maintenance issues
- Ensuring that previous actions and tasks have been completed
- Creating and implementing new in-store procedures
- Providing a framework to evaluate finances and team performance
- Building better relationships with your most important asset, i.e., your store associates and other staff members
- Fostering positive competition between your stores
- Identifying training needs

How do you carry out an audit in the retail store?

Once the idea is clear in your mind why store audits are important, now let us understand what the steps necessary for conducting a store audit are:

- Get the store audit scheduled
- Determine the goal of the audit

- Take notes and pictures for documentation of audit results
- Assign tasks to staff

After each audit, you will want to apply any changes or fixes as soon as possible and check the status during the next store audit. Timely store audits are also a great way to track the store's business over a period of time. So, be sure to look at the improvement after each quarter or year.

6.2.5 Safe Storage and Maintenance of Equipment

The quality of storage areas and equipment reflects a shop's level of organisation. It is easy to neglect 'out of sight, out of mind' storage spaces, but cutting corners only pushes the problem a little way down the road before the store ends up losing stock and staff waste time searching for items.

Retailers should consider these three areas to get their stores working smoothly. They are:

1. Implement maintenance procedures

Storage areas are just as important as the shop floor. They hold your most valuable assets. Effective maintenance minimises two key issues:

- Stock loss
- Injury to customers and staff

Many retailers store their stock on the shop floor, waiting to be shelved to make refill easier during the day, though it can be a risk to customers and staff particularly if poorly stored. Policies and procedures can impact maintenance procedures for both storage areas and equipment for retailers with a mix of shop layouts and goods for sale.

Stores should develop policies and schedules to manage their storage areas and equipment and maintain these standards to ensure their stock, staff, and customers are kept safe. These policies could specify:

- Access to and accountability for storage areas
- Receiving area security
- Safeguard of keys
- Documentation of storage area
- Use of storage area equipment
- Handling of storage-related waste

2. Maintain quality of stock storage areas

Little day-to-day changes accumulate over time but go easily unnoticed, particularly in areas that are not customer-facing. Relaxing standards around storage can cause expensive and painful consequences if stock is damaged or staff members are injured.

The head office often notices a slip in standards that is not immediately apparent to staff. So it is worth conducting an audit while imagining yourself to be in the position of a head office employee.

Ask yourself a few of the following questions to get an objective view:

- Are there any storage areas in view on the shop floor that could impact the shopping experience?
- Who is responsible for these areas?
- Where is the stock kept in the back of the house?
- Is the storage method suitable for the stock and adequate for the volume being stored?

- Is there stock on the floor and are the walkways and the doorways clear?
- Is the stock stored in a way that minimises the workplace health and safety risks?
- Is the signage clear and accurate to identify the specific stock locations?
- Is there a specified area for the damaged stock that is being returned to the head office/suppliers?
- Is a FIFO (First-In-First-Out) system in use?

Visit a competitor as a customer to get a feel for what to do, or what not to do in your own store. Look out for dangers and risks and pay attention to your own reaction as a customer. It is often surprising to realise the impact of operations-friendly storage methods that are not customer-friendly, and it is important to find a happy medium to avoid losing shoppers.

3. Ensure the effectiveness and safety of equipment

Shops use plenty of equipment to lift, transport, store, and protect products before they are put up for sale. While some equipment, such as shelving, is consistent across the shop floor and back-of-house, there is plenty of variety in other equipment needs.

Larger businesses might use warehousing arrangements and use forklifts, trucks and heavy-duty shelving, while others might use temperature-controlled or secure storage facilities. Stores should develop an approach that is suitable to their needs and check if their equipment is fit for purpose and safe in order to avoid damaged goods or injury to staff and customers.

It is vital to establish training, licensing and legislative requirements for the equipment used to move stock such as forklifts and reach trucks. The burden is on the retailers to ensure that the workplace health and safety obligations are met according to their specific guidelines.

Get these areas of your store in check, and you can be confident that your stock and your time would not be wasted. Not only will you create an environment that is safe for customers and staff, but also benefit from having developed a customer-friendly experience.

6.2.6 Risk Assessment Procedures

How do you identify risks?

The Health and Safety Executive (HSE) advises managers to follow five steps while carrying out a workplace risk assessment:

- Identify hazards, i.e. anything that may cause harm
- Decide who may be harmed, and how
- Assess the risks and take action
- Make a record of the findings
- Review the risk assessment

Managers also have special duties towards the health and safety of

- Young workers
- Disabled employees
- Night workers
- Shift workers,
- Pregnant or breastfeeding women

Practical

1. Identify the risks in your store and formulate plans to mitigate them.
2. Devise a plan, in the form of a report, to strengthen the security and control in retail stores.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following should be cared about in a retail store?
 - a) Inventory control
 - b) Employee retention
 - c) Cash handling
 - d) All of these
2. Which of the following fraudulent behaviour is not covered in a bond?
 - a) Larceny
 - b) Epidemic
 - c) Embezzlement
 - d) Forgery
3. Effective maintenance of stock minimises
 - a) Stock loss
 - b) Injury to customers
 - c) Both a and b
 - d) None of these

UNIT 6.3: Security Procedures for Monetary Transactions

Unit Objectives

By the end of this unit, the participants will be able to:

1. Report financial transactions to the concerned authorities
2. Perform regular inspections to check if financial processes are being implemented as per norms
3. Perform training on monetary transactions

6.3.1 Implementation of Management of Financial Processes

When people are busy with the day-to-day tasks of managing a business, handling cash can seem like a daunting task. The cash management process involves a number of moving parts, each of which is important to the overall success. It is critical for the retailers to protect their businesses by running tight cash management.

Importance of financial process management

- Implementing cash management practices will improve the bottom line
- It increases the security of the business.
- Consulting with a cash management solution provider will help making the best decisions to suit the individual needs of business.

Here are some procedures for handling cash:

- Organisation is the key to effective cash handling
- Keep an eye on your cash
- Keep improving
- Enforce policies and Procedures
- Keep less cash on site
- Engage your staff
- Ask for help
- Have enough staff
- Invest in technology

6.3.2 Training Staff on Monetary Transactions

The new staff members have a lot to learn in their first few days on their job. One of the most crucial tasks for them is counting cash. Even many experienced people may need to learn how to count cash. They may have learned different procedures in their previous jobs. And of course, some new employees start from scratch. Conducting the same training to all new employees will help ensure that everyone follows the same procedures of counting cash.

The following are some tips that can help you and the employees with the cash counting training.

- Explain why they need to know cash-counting

- Start at the beginning
- Make change and count back
- Balance the drawer
- Teach employees the use of cash-handling devices

Before beginning to teach the employee how to count the cash, a retail manager should explain why it is significant for them to know how to do it. With the advancement of modern technology, some employees may think they will never use this kind of training.

Counting cash is still an essential skill, even when the store has cash counters and registers to do the tallying for you. First, employees will still be able to count cash if there is a power failure. Machines can even do make mistakes. Having the knowledge how to count cash gives the employee an upper hand to double-check the machine's work. This is important for cash handling.

For example:

If a customer hands over Rs.500 to pay for purchase worth Rs.475, the cashier will count out a balance of Rs. 25 in coins and notes.

Practical

1. You are the Retail Store Manager of a gold store. A customer wants to buy large quantities of gold bars and wishes to pay in hard cash. He does not have an identification proof. How do you tackle the situation?
2. You are required to send a large amount of cash to the bank, from the store, via a cash delivery van. You observe that the security guards in the van are unarmed. Furthermore, one of them is not carrying appropriate authorisation letters. Would you allow the cash transit? Prepare an analytical report justifying your answer.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of these is not a cash handling procedure?

a) Invest in technology	b) Maintain a schedule
c) Keep loads of cash in store	d) Keep an eye on cash
2. When you have enough staff on the sales floor, cash management can be a _____ effort.

a) team	b) team	c) Both a and b	d) None of these
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3. It is important to engage the employees in proper _____ and loss prevention.

a) cash handling	b) cash management
c) cash production	d) cash policy

Summary

- The Occupational Safety and Health Administration (OSHA) issues industry-specific guidelines to keep workers safe on the job.
- As a Retail Store Manager, you know it's important to ensure that your retail space is safe for both customers to shop and employees to work.
- Teaching employees about awareness and implementing a few workplace rules can protect staff.
- A Retail Store Manager is responsible for informing and creating awareness amongst the staff members about the store policies on health and safety measures and also resolving any discrepancies arising because of them.
- If you plan to manage a store, you should write and include an operation manual as part of your plan.
- Managing a business means you learn to expect the unexpected events like floods, hurricanes, earthquakes, robbery, forgery, computer piracy, the resulting damage of which can be catastrophic to your business.
- Make sure you schedule enough time to finish the audit without disrupting the customer experience.
- The quality of storage areas and equipment reflects a shop's level of organisation.
- Managers have a duty to assess the health and safety risks faced by their employees.
- Managers with five or more staff are required to record in writing the main findings of the risk assessment.
- Implementing cash management practices will improve your bottom line and increase the security of your business.

Practical

1. Internal audit of your store is about to take place. The cashier in your store has not maintained the ledgers or cash books. How would you rectify the situation?
2. The cash moving van that carries cash from your store to the bank has broken down and cannot make the delivery. You are stuck with a huge amount of cash in your store. The location of the store is prone to robbery. What should you do in such a situation?
3. While closing the cash counter, the retail cashier working at your store detects that he/she has erroneously:
 - a. Taken Rs. 20000 less from customers
 - b. Taken Rs. 20000 more from customers
 - c. Accepted a few fake notes from customers
 - d. Accepted a few scribbled notes from customers
 Describe your plan of action to resolve each of the above situations.

Notes



Lined area for taking notes, enclosed in a thin orange border.

Exercise

A. Answer the following questions by choosing the correct option:

1. Managers have special duties towards the health and safety of
 - a) Disabled employees
 - b) Night shift workers
 - c) Pregnant or breastfeeding women
 - d) All of these
2. Store policies for managing storage areas does not specify
 - a) Access to and accountability for storage areas
 - b) Mishandling of storage related waste
 - c) Safeguard of keys
 - d) Documentation of storage areas
3. How do you not carry out audit on your own retail store?
 - a) Get Your Store Audit Scheduled
 - b) Determine Your Goals
 - c) Lose track of task
 - d) Delegate Fixes to Staff
4. What are the steps of not recognizing and preventing employee theft?
 - a) Creating an environment that encourages dishonesty
 - b) Taking inventory and outside audits
 - c) Bonding employees
 - d) Identifying signs signalling employee theft

B. List the initiatives you would adopt in your store to ensure foolproof cash-handling policies.

Scan the QR codes or click on the link for the e-books



<https://www.youtube.com/watch?v=rLEC4NIduLY>

Execute Visual Merchandising Displays as Per Standards and Guidelines

7. Implement promotions and special events at the store



Unit 7.1 - Implementation of In-Store Promotion

Unit 7.2 - Reporting Promotion and Effectiveness of Data

Unit 7.3 - Staff Requirements and Manpower Availability



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Practise assisting the staff in carrying out promotional activities
2. Assess the effectiveness of promotional activities at the store
3. Modify promotional strategies as per need
4. Estimate manpower availability at the store

UNIT 7.1: Implementation of In-Store Promotion

Unit Objectives

By the end of this unit, the participants will be able to:

1. Develop strategies for in-store promotions
2. Evaluate team competence for in-store promotions
3. Report promotion-related data to the concerned authorities

7.1.1 Introduction

A promotional event is a big step for gaining publicity for any form of business. It is highly effective as customers are attracted by these promotional activities and think that they are gaining something extra. It creates good vibes about the store. In this unit, you will learn about the various strategies of promotion and their effectiveness.

This module deals with tasks that ensure the smooth and effective implementation of promotions and special events as suggested by the organization.

This module covers the following:

- planning and implementing in-store promotions
- recording, assessing, and reporting the effectiveness of promotion-related data
- determining staff requirements and ensuring sufficient manpower availability

Importance of In-store Promotions

- It provides appropriate information to the customers
- In-store promotions increase brand awareness
- The store gets better customer traffic
- It provides opportunity for sales and profit

7.1.2 Developing Strategies for Promotions

In-store promotions are marketing or sales promotion techniques that are done inside the store building. In-store promotions are highly effective marketing tactics designed to bring customers to your store and build product awareness.

Different methods can be used for in-store promotions, but every distribution method will usually fall into one of the below categories:

- Print and online advertising
- Point-of-sale (POS) advertising

Print and Online Advertising

The use of print and online advertising is one of the most effective ways to drive traffic to your business location. Is your post-box stuffed with pamphlets from your local fast food service joints giving out discounted meals only for “in-store orders” for a limited time?

These are typical examples of in-store promotion materials used by both retail industries to drive customers into the store by promoting a certain product or service.

Point-of-Sale (POS) Advertising

Several methods of advertising are used to target existing customers once they are already in your store. Suppose you run a paid online advertisement for your flower shop, promoting 25% off on flower arrangements. That advertisement will only reach people who are surfing the internet, perhaps only for nearby shops.

With POS advertising, the promotions are now being advertised in the store, where customers or clients pay you for your business. In the above example, any customer who walks into your flower shop on their way home from work may see your in-store signage, or POS advertising, about the promotion and purchase a larger quantity of flowers than he/she originally intended to get. This is an active way to use POS advertising to boost impulse purchase behaviour.



Fig. 7.1.1: An example of POS advertising

Impulse Buying

Research shows that majority of the purchases made by any consumer are impulse or unplanned purchases. Almost 61% of consumers purchase one to three additional impulse items due to in-store promotions. This shows that if you try to reach a particular shopper at the perfect moment with the perfect message, for example, using in-store signage to play with their desire of pampering themselves, it can end with that item being added to their basket.

Retailers use this method as a mantra. The end sections of grocery store aisles are strategically designed to grab the customers' attention with seasonal or specialty items. Buy-one-get-one-free sales on the merchandise are especially useful at creating impulsive purchasing behaviour.

Fitness centres, yoga studios, spas, and massage studios often bundle their services into discounted packages to take advantage of impulse buyers after they have completed their first session. The good vibes customers sense after these experiences encourage them to make bulk purchases.

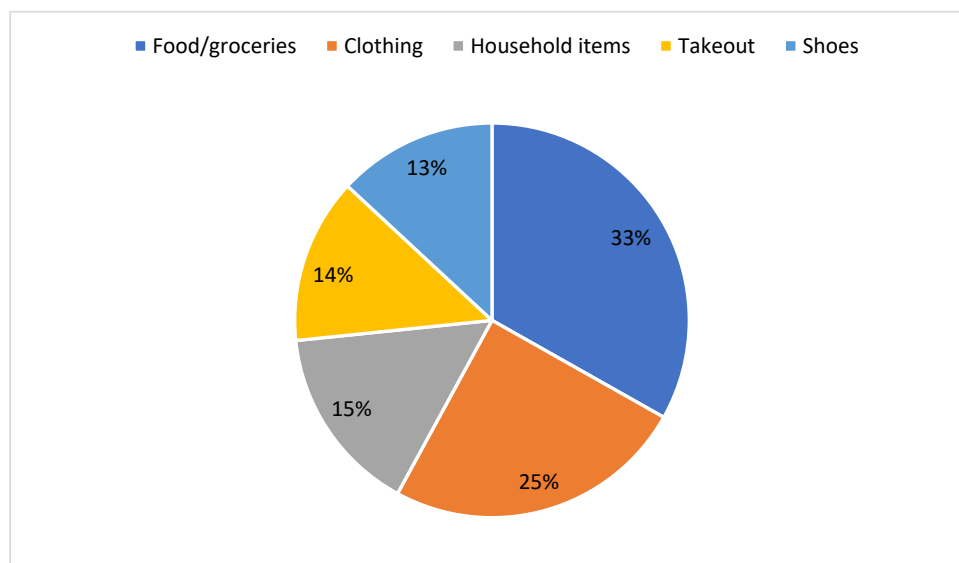


Fig. 7.1.2: The common segments chosen by customers for impulse buying

So how can you use in-store promotions to boost your service-based business?

Case Study: Massage Envy

Let us study an in-store promotion strategy that “Massage Envy”, the leading massage therapy franchise in India, uses. The promotion – “get Rs. 1000 off your monthly massage subscription only when you subscribe to a monthly service package within three days of receiving your first massage from us.” They do not offer this discount on their website but the discount is available at in-stores only.

What makes this strategy effective?

- **The right frame of mind**

After receiving an introductory massage (offered at Rs. 1000) discount from the regular price, the receptionist tells the customer about their monthly subscription programs while the customer is in a state of peaceful comfort and relaxation. They time their message perfectly to reach the customer when he/she is in a positive and accepting frame of mind, rather than overwhelming the customer with product information upon his/her arrival.

- **Creating urgency**

The offer to receive Rs. 1000 off on your monthly massage subscription is for a limited period. You are only eligible to receive this discounted monthly rate for three days following the date of your introductory massage.

- **Customer loyalty programs**

Customer retention is a significant part of building a successful service-based business. Loyalty programs and rewards cards make customers keep coming back, thus bringing in new business through the word of mouth.

Which type of advertising is Massage Envy using here? They are using informational POS advertising to target their impulse buying existing customers and converting them into key repeat customers.

Examples of In-Store Promotions

Here are some ideas that you can use for an effective in-store promotion for your business:

- Offer a temporary discount on popular services
- Give away extra or slightly imperfect stock as part of the promotion plan
- Offer a discounted rate on a monthly subscription plan
- Endorse a cheaper price on services when they are clubbed together
- Create free samples for the customer
- Email receipts to customers and offer them a chance to refer a friend
- Enable the chance to win a giveaway item if the customer completes the survey
- Partner with a nearby company whose target market is similar to yours. Exchange each other's complementary services or products at a discounted price. Both of you can advertise the in-store promotion to expand your reach even further.

7.1.3 Building Team Competence for In-Store Promotions

Retail can be a rough industry to work in, particularly during the holidays and end of season sale sessions, when the store is full of promotional offers. It is easy for employees to become demotivated and for standards to start slipping. As countless customers move around the shop, leaving ruined store displays as they walk around, it can be hard to find the enthusiasm to fix the shop for the tenth time in an hour.

Despite the chaotic store floors and the never-ending queues, it is important to keep spirits high to ensure that the shop gets the most that it can.

Here are a few tips to help you keep your retail staff motivated.

- Remember that every person is different
- Nurture a recognition-rich culture
- Give employees responsibility
- Create a positive atmosphere
- Encourage development

Having a positive environment in the store encourages staff members to work efficiently and in turn increase the sales margin.

7.1.4 Data Collection and Preservation

Often retailers feel restrained to ask for personal data from customers. The reality of today's world is that it is driven by data and utilizing it correctly in a retail setting can provide a more valuable, relevant and enjoyable experience for the customer.

This data help in making strategic marketing decisions that can become highly personalized.

Think about and asking questions like:

- What do they like and dislike? – favourite brands, colours, or categories?
- What channels do they prefer to use? – online, in-store, or social?
- What is their budget or typical spending level?
- What generation do they belong to?
- Are they married? Do they have children?
- What is their shopping style?
- How did they hear about your store?

These questions will yield data that will help you categorise your customers into relevant groups. Initially, you will build a strategy to gather relevant “first-party” data at the interaction point, starting with the name, email address, and possibly mailing address and phone number. It is critical to stick to it. Ultimately, inconsistent data waste both you and your customer's time.

- **Make it easy:** Simplify the input process as much as possible
- **Build trust:** Readily explain how will you utilise the collected data
- **Make it relevant:** Show how providing data provides a better customer experience
- **Build data at each interaction point:** Make it a natural process throughout the sale and not just limited to the cash desk
- **Do not overwhelm:** Think of it as a long term strategy

With more vigorous marketing or loyalty programs in place, you can begin to collect the next layer of data, like anniversary dates, birthday month, and favourite brand or colour for example. Additionally, with surveys, emails and other technology-driven programs, you can convince customers to voluntarily disclose more personal data, especially if you share something with them.

For example:

Certain big brand apparel stores offers up to 30% discount on the customer's birthday and anniversary month. This discount can also be clubbed with the membership points against the registered mobile number of the customer.

Practical

1. The retail store you manage is giving a 75% discount at the end of season sale. How would you plan your in-store promotions to have a better sales margin?
2. Have you ever observed impulse buying at a retail store? List the items that the impulse buyer had purchased.

Exercise

A. Answer the following questions by choosing the correct option:

1. In-store promotions can advertised via
 - a) Point of Sale Advertising
 - b) Point of Purchase Advertising
 - c) Purchase of Point Advertising
 - d) Purchase of Purchase Advertising
2. How should you not motivate your staff?
 - a) Give employees responsibility
 - b) Generalise everyone
 - c) Create a positive atmosphere
 - d) Encourage development
3. How can you collect customer data?
 - a) Simplify the input and process as much as possible
 - b) Readily explain how you will utilize any data collected
 - c) Show how providing data provides a better customer experience
 - d) All of these

B. Your store, located in a semi-urban area, has been renovated and a few new categories have been added to the merchandise. You wish to tap new target sectors of customers in the location. For this, you require holding aggressive promotional activities. List the types of promotional activities that you would hold at the store.

UNIT 7.2: Reporting Promotion and Effectiveness of Data

Unit Objectives

By the end of this unit, the participants will be able to:

1. Demonstrate processes related to data collection and transmission
2. Analyse the collected data
3. Interpret the results of data analysis
4. Report the results of data analysis to the concerned authorities

7.2.1 Importance of Collection and Transmission of Data

- Data collection is important because it helps to understand the situation
- It is used to understand what customer wants and does not want
- Data analysis is very crucial to understand customer behaviour and what needs to be changed
- It is also very crucial to understand the sales marketing outcomes with revenue generation

How should data be collected?

A good research involves the use of both types of data – qualitative and quantitative. Both approaches, however distinct, can overlap and rely on each other to produce meaningful data analysis and results.

Qualitative data:

Typically, data are “qualitative” if they are in the form of words, but may also include any information that is not numerical, such as videos, photographs and sound recordings.

Qualitative methods are aimed at describing a specific context, event, people or relationship in a broad contextual way, by trying to understand the underlying reasons for behaviour, thoughts and feelings.

Some qualitative research methods include:

- Observation
- One-on-one interview
- Focus groups
- Intensive case studies

Quantitative data:

Data are “quantitative” if in the arrangement of numbers. A quantitative research approach can be used to count events or the number of people who represent a particular background.

Common quantitative tools include

- Surveys
- Questionnaires
- Statistical data

What sources of data must be used to collect information?

Qualitative and quantitative data are usually gathered from more than one source. Wherever possible, two or more of the following sources should be used together to strengthen reliability and consistency in results.

- Pre-existing or official data
- Survey data
- Focus groups
- Interviews
- Observed data

7.2.2 Conducting Data Analysis

Regardless of the fact of whether quantitative and/or qualitative methods of data collection are used, the analysis can be complex, depending on the methods used and the amount of data collected.

The retail store manager will have to determine whether the store has the internal capacity and expertise to analyse and interpret the collected data by itself, or whether it will need the help of an external consultant.

For example:

A store with around 50 staff members wants to find out if it has enough women working in management positions, and if there are barriers to advancement and equal opportunity. The store counts the number of female employees it has (say, 25), and determines how many of these employees are working in supervisory and management positions (say, 2). A few motivated female employees identify some issues of concern, like gender discrimination, glass ceiling approach, etc., and that may have broader suggestions for the store as a whole.

After deciding to conduct an internal and external assessment, and gather qualitative data using focus groups and interviews with current and past employees, senior leadership decides that barriers exist for women in the store's recruitment, promotion, hiring, and human resources policies, practices and processes. Efforts are made to work with female employees, human resources and other staff to address these barriers. The organization makes a commitment to foster a more unbiased, inclusive work environment for all employees.

Practical



1. You see a decrease in the footfalls of customers in your store. What sort of data collection method would you use to find out the reason?
2. Compare qualitative and quantitative data with the help of a table.

Exercise



A. Answer the following questions by choosing the correct option:

1. A qualitative research method does not include:
 - a) Observation
 - b) Intensive care unit
 - c) One-on-one interviews
 - d) Focus groups
2. Common quantitative tools include
 - a) Surveys
 - b) Questionnaires
 - c) Statistical data
 - d) All of these
3. What sources of data should not be used to collect information?
 - a) Pre-existing or official data
 - b) Focus groups and interviews
 - c) Assumptions
 - d) Survey data

B. Can all information be considered data? Write a brief note to justify your answer.

UNIT 7.3: Staff Requirements and Manpower Availability

Unit Objectives

By the end of this unit, the participants will be able to:

1. Implement a discussion on the need of sales promotion with the team
2. Categorise sales promotion into appropriate groups
3. Identify the role of the 5Ps (product, price, promotion, place, and people) of marketing in sales promotion
4. Develop a feasible plan for promotional activities at the store
5. Provide the staff with instructions to carry out appropriate promotional activities as planned

7.3.1 Promotion and its Requirements

Sales promotions are one of the most effective methods of augmenting sales and building customer rapport satisfaction. Sales promotions have been applied for decades to achieve great success, and no matter what the industry or the size of your store is, there are sales promotion tips and techniques that can benefit everyone.

What is a Sales Promotion?

A sales promotion is an undertaking by an organization designed to increase sales or encourage the use or trial of a product or service. Sales promotions take many different forms, but they all focus on persuading a target audience to make a purchase or become a client of a business.

Sales promotions are just one type of marketing strategy but are often confused with advertising. In fact, the two are different, as each appeals to a different nature of the consumer. Advertising is emotional in nature and invites consumers to purchase products or services through visceral images, sounds, or alluring experiences. Sales promotions, in contrast, appeal to a customer's logic and rational mind. Sales promotions —“buy one, get one free,”— are immediately quantifiable in a customer's mind.

Importance of Sales Promotion

- It is used to highlight the utility of a product
- It creates a difference among competitors
- Sales promotions aid in attracting attention of customers
- It increases interest among customers for newer products
- It sets the purpose of promotion by which sales are stabilised and customers are reassured about the price and quality of products

The following are some of the examples of sales promotions:

- Big discounts
- Special prizes
- Free gifts and giveaways
- Buy one, get one free
- Reward points

- Flash sales
- Holiday promotions
- Seasonal promotions
- First order discount

Whatever type of marketing strategy one chooses to boost his sales, one should take the time to make a choice.

7.3.2 Implementation of Promotion

'Promotion' falls under one of the 5Ps of marketing – Product, Price, Promotion, Place and People. These are the key marketing elements used by the managers and owners to satisfy their customers in the target market, and help differentiate their business from their competitors.

Product	Price	Promotion	Place	People
Functionality	Selling price	Sponsorships	Distribution channels	Service provided
Appearance	Discounts	Advertising	Logistics	Attitude
Warranty	Payment arrangements	Public relations activities	Service levels	Customer service
Quality	Price matching services	Message	Location	Appearance
Packaging	Credit terms	Media	Market coverage	Employee portrayal

Fig. 7.3.1: The 5Ps of Marketing

- **Product** – The products and services offered by a store.
- **Price** – It is the pricing strategy for products and services and how it will affect customers.
- **Promotion** – These are the activities that make the store more known to consumers.
- **Place** – This is where the product/service of the store is seen, made, sold, or distributed.
- **People** – People are the staff, sales associates, and those who work for the store and by all – the target customers.

Example of the 5 Ps of Marketing:

Consider the following situation where a grocery store selling fresh food is situated in a semi-urban locality. The people or the potential customers of the store belong to the middle-class economy. As a promotional strategy, flyers are distributed in the local newspapers that the vendors of the store are the local people who grow the fresh vegetables in their farms. Therefore the cost of transportation and other costs incurred for importing the products for sale are cut down thereby decreasing the selling price of the products thus making it affordable for the local people to buy them.

From the above example,

Product: Locally grown fresh food

Price: Affordable price as per middle-class budget

Place: Semi-urban locality

People: Customers belonging to the middle-class economy

Promotion: Flyer distribution in local newspapers which involves local people as vendors

- **Identification of required resources**

The following example will help you understand the given topic in a better way.

The Government of India has decided to distribute pesticides and fertilizers to the farmers at a subsidised rate. So here the products are the pesticides and the fertilizers. The target audience comprises the farmers.

In order to promote the scheme, the Govt. of India promoted the product via TV and radio advertisements, road shows, campaigns in the presence of Gram Panchayats, Agriculture Extension services, free sampling, etc. All the TV ads shot where located in the villages thereby addressing the farmers directly.

Similarly, as a Retail Store Manager, if you have to organise a promotional event for a product, you have to

- identify the target audience
- choose a scheme of promotion within your budget

Practical

1. With the help of real-life examples, prepare a report on the 5Ps of marketing. Show the report to your trainer in the next class for feedback and verification.
2. Fill up the missing cells in the below table:

Product	Price	Promotion	Place	People
Functionality	?	Sponsorships	Distribution channels	Service provided
Appearance	Discounts	Advertising	?	Attitude
?	Payment arrangements	?	Service levels	?
Quality	?	Message	?	Appearance
Packaging	Credit terms	Media	Market coverage	Employee portrayal

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following does not fall under the 5Ps of marketing?
a) Price b) Purchase c) Product d) Promotion

2. Which of the following is not an example of Sales Promotion?
a) Buy one, get one free b) Free gifts
c) Corporate Social Responsibility d) Reward Points

3. Product decisions include
a) Function b) Packaging c) Appearance d) All of these

B. Provide three real-life examples for each of the 5Ps of marketing.

Summary

- In-store promotions can be advertised via – i. Print and online advertising, and ii. Point of sale advertising.
- Research shows that the majority of purchases made by a consumer are impulse or unplanned purchases. Retailers use this method of impulse purchase like a mantra.
- Building the confidence of the team to recognise their own potential is the key to motivate them thereby increasing sales.
- Collecting data at the point of sale and actively searching for answers to key questions helps you know your customers as individuals.
- A good research effort involves the use of both types of data – qualitative and quantitative.
- Two or more sources should be used together while the collection of data to strengthen reliability and consistency in results.
- A sales promotion is an undertaking by an organization designed to increase sales or encourage the use or trial of a product or service.
- Sales promotion is different from advertising.
- Advertising is emotional in nature and invites consumers to purchase products or services through visceral images, sounds, or alluring experiences.
- The 5Ps of marketing – Product, Price, Promotion, Place and People.

Practical

1. Prepare a GANTT chart for the promotion of a newly launched product.
2. You, the Retail Store Manager, wish to collect feedback from a few selected long-term customers of the store. Which of the following techniques of data collection would you choose and why?
 - a. Survey
 - b. Interview
 - c. Focus group discussion
 - d. A combination of focus group discussion and survey
 - e. A combination of focus group discussion and interview
 - f. Prepare a report to justify your answer.

Notes



Lined writing area for notes.

Exercise

A. Answer the following questions by choosing the correct option:

1. In-store promotions can be advertised via -

a) Print and online advertising	b) Point of Sale advertising
c) Both a and b	d) None of these

2. Effective marketing strategy include

a) The Right Frame of Mind	b) Creating Urgency
c) Customer Loyalty Programs	d) All of these

3. How should you not motivate your staff?

a) Publicly criticise your staff for their mistakes	b) Nurture a recognition-rich culture
c) Encourage development	d) Give employees responsibility

4. What kind of questions should not be used for collecting data from your customers?

a) Build trust	b) Make customers feel uncomfortable
c) Make it relevant	d) None of the above

B. Discuss the most appropriate sales promotion technique for:

1. Launching a new car
2. Launching a new variant of low-carbohydrate biscuits
3. Launching a new book
4. Launching a new range of watches for senior citizens

Scan the QR codes or click on the link for the e-books



<https://www.youtube.com/watch?v=AeStNFCS-qo>

Health hygiene and safety compliance in retail store



8. Lead and manage the team for developing store capability



Unit 8.1 - Staffing Needs of the Store

Unit 8.2 - Creation of Positive Work Environment

Unit 8.3 - Training and Development of Staff Performance



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Identify the training needs of the staff at the store
2. Create a positive work environment at the store
3. Practise imparting quality training to drive staff performance

UNIT 8.1: Staffing Needs of the Store

Unit Objectives

By the end of this unit, the participants will be able to:

1. Compare current and projected workload at the store
2. Estimate staff recruitment needs at the store
3. Compare the estimated manpower demand with the forecasted store performance
4. Utilise the cost-effective channels of sourcing manpower
5. Interview shortlisted candidates to recruit quality manpower
6. Assess if human resource policies are being implemented at the store to facilitate staff recruitment
7. Estimate future manpower requirements based on projected store plans

8.1.1 Introduction

Consider a scenario where you are the Retail Store Manager. However, it can be very difficult being a manager who is not respected, incompetent at managing staff, or even actively disliked. How do you get your staff to be the best thing that ever happened to you? Addressing the needs of the staff is the first step in managing the staff and getting the work done at a faster rate.

This module deals in tasks that ensure that all the departments in the store are manned with adequate and well-trained manpower with requisite skills.

Importance of staffing

- A store needs manpower like any other organisation
- Only a retail store manager is not able to do everything
- Retail like any other business needs team effort to be successful
- Staff members are responsible for attending customers as well providing after sales service

For example

There are two stores in the locality- S and B. As Diwali festive offer, both of them provided many deals and discounts to customers. Both the stores see a big surge in customer footfalls however store B lags behind store S because of lack of staff members. But store S gives proper service to customers.

This module covers the following:

- planning the staffing needs of the store
- creating a positive work environment for the store
- training and coaching to develop store staff and to improve team performance

8.1.2 Analysis of Type of Work to Be Done

The Retail Store Manager should always be aware of the skill sets his employees should possess. If a certain employee has the artistic sense and is keen on doing visual merchandising, but you being unaware of his talent, put him in charge of accounting, he will be terrible in his job thereby de-creasing the productivity of the store as well.

How to analyse what type of work is to be done?

Since you are the manager, it falls within your responsibility to be updated about every need of the store – what is the current scenario and what changes are needed to be made?

- Check whether the employees are not having any complaints or grievances. If yes, sort them out by resolving the issue with the concerned parties involved.
- Regularly go through the customer feedback and try to find out the key problem areas that your store is facing
- Review and tally your current sales margin with the past trends to figure out the pattern of growth or decline of your company
- Consult with the company officials and prepare budgets for all the necessary implementation of tasks
- Train your staff on necessary mock drills on safety and other skill-based training sessions at regular intervals. Hire experts when required.
- Abide by the company policies at all times

8.1.3 Staff Recruitment Needs

It is essential to shuffle the duties of the staff from time to time so that they do not feel monotonous in their work. But it is also vital to look out for employees who do not possess the zeal or the energy to do the work.

- Review the performance of the staff at regular intervals, be it weekly or monthly
- On the basis of this review, let go of the employees who do not show improvement in their performance in spite of repeated warnings
- Hire new employees, having appropriate skills, in place of the staff laid off
- Hire new employees if you feel that a certain department in the store lacks manpower

8.1.4 Manpower Sourcing

Before hiring new employees, there are a few questions that need to be addressed first, like:

- What is your current employee strength?
- What is the basic qualification required for the hiring process?
- How many departments do you have in your store?
- In which department new hiring is most required?
- Do you have cross-departmental manpower planning?

If you have answers to all these questions, then you can start planning on how to acquire a new employee in case you need any.

What is manpower sourcing?

Manpower sourcing is the method of searching for, identifying and communicating to potential applicants for roles you are either employing for or will be employing for in the future.

Hurdles faced while candidate resourcing

- Not knowing what the actual job entails
- A low number of candidates
- Low quality of candidates
- Difficulty getting in touch with candidate leads
- Serious competition from rival companies
- Not knowing which job boards or social media platforms will generate leads for the recruitment pipeline
- Managing the recruitment pipeline
- Lack of time
- Long time to hire

So how do you handle these struggles? How to reduce sourcing time? And how do you improve manpower sourcing in general?

8.1.5 Recruitment of New Staff

The selection procedure should be based on a structured and systematic approach, which is proactive, detailed and target-oriented.

Processes of recruiting a new staff:

- Develop an understanding of the needs of the company
- Create a list of positions to be filled
- Identify suitable candidates
- Evaluate the backgrounds of the candidates and shortlist the required amount
- Conduct interviews of the shortlisted candidates
- Conduct a technical round of interview where the candidates have a better understanding of the job role they have applied for
- Check the references of the successful candidates
- Offer a proper negotiation on the salary of the job role
- Follow up on the selected candidates before their joining

8.1.6 Human Resource Policies to Support Recruitment of Staff

Every organisation has HR policies that are to be followed while carrying out any procedure.

Here is a sample set of HR policies that have to be followed while recruitment of new manpower.

- The candidates will be sourced from databases developed
- The candidates will preferably come with a reference or walk-in
- For salesforce level candidates – the minimum qualification must be 12th pass
- For executive levels – candidates having minimum experience in similar work backgrounds in reputed industries or corporate or commercial establishments will be given preference
- Two rounds of an interview should be conducted – departmental and HR

8.1.7 Identification of Future Manpower Requirements

Manpower planning which is also called human resource planning consists of putting the right kind of people, right number of people at the right time, right place, doing the right things for which they are suitable for the accomplishment of goals of the store.

The procedure is as follows:

1. Analyse the current manpower inventory
2. Forecast future manpower
3. Develop employment programs
4. Design training programs

Practical

1. A large number of employees have been laid off due to dissatisfactory performance, thereby creating pressure on the remaining workforce. What, as a manager, would you do to restore the former work balance?
2. The human resources department has asked for your inputs regarding innovative ways of motivating the staff members at the store. List a few ways that you would like to suggest.

Exercise

A. Answer the following questions by choosing the correct option:

1. Human Resource Planning has to be a systematic approach and is carried out in a set procedure. Which of the following is not a part of the procedure?
 - a) Analysing the current manpower inventory
 - b) Design visual merchandising
 - c) Making future manpower forecasts
 - d) Developing employment programmes

2. Manpower forecasting techniques include:
 - a) Trend analysis
 - b) Work load analysis
 - c) Work force analysis
 - d) All of these

3. Recruiters sourcing candidates can encounter hurdles such as:
 - a) A low number of candidates
 - b) Low quality of candidates
 - c) Both a and b
 - d) None of these

B. You, the Retail Store Manager, have been entrusted, by the senior management, with the task of achieving 200% revenue target for the quarter. You are required to hire new manpower for the sales team. Describe the steps of fulfilling the staffing needs of the store.

UNIT 8.2: Creation of Positive Work Environment

Unit Objectives

By the end of this unit, the participants will be able to:

1. Implement effective and open communication at the store
2. Provide the store staff with guidance regarding roles and responsibilities
3. Develop performance expectations
4. Demonstrate accountability and authority
5. Practise eliminating bias and ensuring equal opportunity to all staff member
6. Solve intra-team conflict
7. Implement self-grooming and hygiene practices for self and team

8.2.1 Effective and Open Communication

A workplace, however comfortable it might be, must follow some norms which help in better communication. There are a number of communication basics which should be followed within a workplace, such as:

- Address people by their names, as people feel important once their name is brought into the conversation
- Try and maintain an open conversation channel with each and every employee that you work with
- Analyse the relationship dynamics that you are maintaining with your colleagues. In case there exists any dispute, try sorting them out in time
- Ensure that you maintain a fine line and don't open up too much in front of your colleagues
- Avoid sharing personal life details in the workplace, as it may have a negative impact
- Try and respect other people's personal space

Importance of communication

- Better communication helps the store manager to tell staff members what is expected of them
- Being good at communication helps understanding customer needs
- It helps in resolving customer issues
- It is a plus point while dealing with vendors or other clients

For example

A store BHO has lost many customers as well as employees because of communication gap. The store does not learn from its mistakes and the losses are getting high day by day.

Some of the ways to communicate effectively with colleagues at the workplace are as follows:

- **Listen actively:** Active listening is an important part of non-verbal communication. It helps in building trust between the two people in a conversation. It makes the other person feel important and accepted within their workplace. Additionally, active listening is a good way to analyse the other person in the conversation.
- **Speak with clarity:** While making important conversations, an individual should speak with clarity, as it reduces the chances of any form of misunderstanding. The openness in the conversation helps address the important points.
- **Practise constructive criticism:** Constructive feedback reinforces positive work culture as well as helps improve the efficiency of the employees. If a fellow colleague has done great work, they should be encouraged by offering praise. Similarly, if anyone has done badly, they should be offered constructive feedback, leaving aside personal rivalries. One should ensure not to become mean or bossy while pointing out mistakes.
- **Trust and respect each other:** You should trust and respect everyone within your workplace. Clear and concise communication helps in building understanding and trust between two people.
- **Maintain space while making personal conversations:** While making personal conversations ensure that you maintain a boundary, as crossing the line can make the other person uncomfortable within a conversation.
- **Make relevant conversations:** The communication made should address the requirements/concern of the other person. Don't engage in long, worthless conversations, as it kills the productive time of the organisation and gives a negative impression of the speaker.
- **Keep spoken and written communications short:** Avoid giving complicated and incomprehensible information. Keep the conversations short and direct as it facilitates better understanding.

8.2.2 Defining Roles and Responsibilities

The manager of a store is responsible for stating the roles and responsibilities of the employees within the store. In some cases, the manager forms teams or committees to do it. Some basic tools that can be considered while defining various roles and responsibilities are:

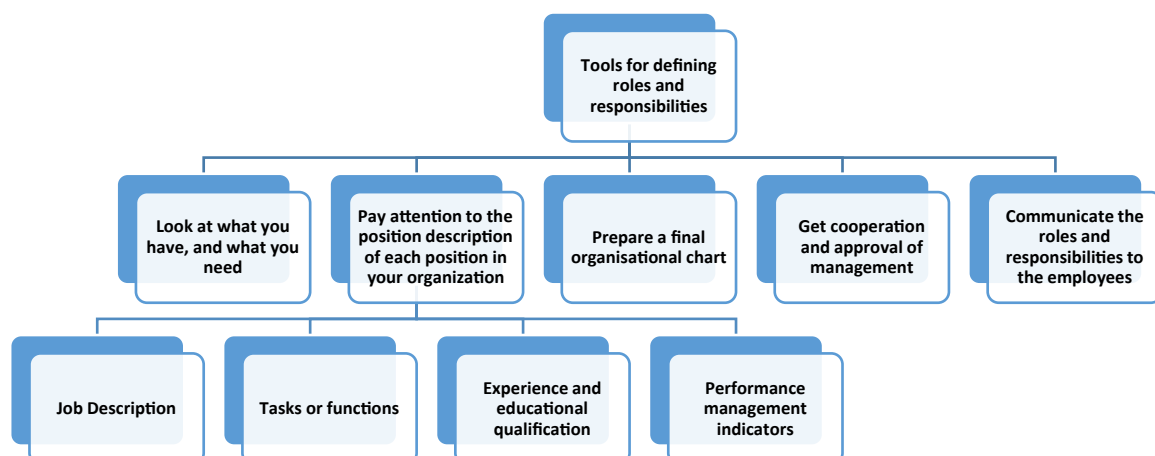


Fig. 8.2.1: Tools for defining various roles and responsibilities

8.2.3 Setting Performance Standards

In order to accomplish a task, it is essential to know what is expected to be done in the first place.

The whole process is a three-step plan that should be worked out together between managers and staff members.

Step 1: Set the overall goal

Step 2: Determine key result areas (KRAs)

Step 3: Identify performance standards

How to determine the affecting factors?

1. Standards should match job as it is now. They can be altered and changed over time
2. Set a number of standards for each KRA
3. Focus on results and not just activities
4. Set quantitative and qualitative standards

8.2.4 Delegating Accountability and Authority

Here are a few tips for effective delegation and, more importantly, effective supervision:

- Delegate early
- Select the right person
- Communicate the rationale and benefit
- Delegate the entire task to one person
- Set clear goals and expectations
- Delegate responsibility and authority
- Provide support, guidance and instructions
- Take personal interest in the progress of delegated tasks
- If you are not satisfied with the progress, do not take back the task immediately
- Evaluate and recognise performance

Effective delegation allows subordinates to learn, grow and be more accomplished. It allows managers to be more productive by focusing on what they are paid to do thus getting the work done through others.

8.2.5 Ensuring Equal Opportunity

Workplace bias is a concept that is generally prevalent all over the world. It is often seen that if a male worker and a female worker are doing the same work, the male worker generally gets paid more. Similarly, very few women have actually accomplished in securing the top most positions in companies. This is due to gender biasing.

The following are some tips for promoting equality and combating workplace discrimination.

- Identify and prevent unconscious bias
- Put equality policies in place
- Do not use offensive language

- Use objective criteria
- Be proactive
- Get advice if needed
- Watch out for indirect discrimination

Finally, workplace equality is not just about implementing procedures to stop workplace discrimination. That is the easy bit. You also have to actively promote equality and inclusion, ensuring people are free to focus on what matters most i.e., making the company the best it can be. Adhere to the organisational SOP for effective implementation of the standards of policies.

8.2.7 Fostering Effective Team Collaboration

Team collaboration is the foundation of any successfully running store. Collective workplaces see increased levels of trust, a more involved workforce, and improved performance.

Here are some strategies to give you a head-start toward managing your support team for collaboration:

- Communicate company expectations
- Set team goals
- Foster a creative atmosphere
- Build cohesion
- Know one another
- Leverage team member strengths

8.2.8 Resolving Intra-team Conflict

It is expected that there will be some amount of conflict on a team when a variety of workers are putting their heads together. Some amount of conflicts can be healthy, as long as it is discussed over and a conclusion is reached. Opposing viewpoints or clashing personalities can actually bring new thoughts and discussions on aspects of a project that had not been imagined before.

The type of struggle you have to worry about more is unspoken bitterness that can erupt in an outburst, or even more deadly, in quiet mutiny or deviation from agreed-upon roles, tasks and goals.

The goal of a Retail Store Manager should be to get the team to a common ground where they can openly discuss conflicting views without hurting anyone's feelings.

How to create harmony in the team?

- Be aware of the conflicts around
- Set the ground rules
- Learn about destructive conflicts
- Stop conflict when it happens
- Get the whole story
- Meet for conflict resolution
- Discuss both sides of a perspective
- Make compromise a goal
- Avoid falling into groupthink
- Do not try to change a team member

8.2.9 Self-grooming and Hygiene Practices

Every workspace needs to maintain hygiene for both employees and customers. This applies to all, not just workspaces involved in handling food and beverages

Why is hygiene important in a workspace?

Imagine a situation where a customer walks into the store in an emergency to relieve himself/herself. On visiting the restrooms, the customer returns back with a grumpy face, The store manager asks the customer the reason for the dissatisfaction. The customer complains of a foul stink in the restroom making it an intolerant circumstance for him/her to use the restroom. The customer promises never to return to the store again.

From the above scenario, many things are clear. If hygiene and cleanliness is not maintained, the store will eventually lose customers. Moreover, an unhygienic workspace spreads a lot of germs thereby turning the workforce sick.

How to maintain hygiene in the workplace?

- Implement a hygiene policy
- Provide a clean bathroom
- Provide clean wipes, towels, sanitisers, tissues
- Maintain regular cleaning

Basic Hygiene at the Workplace

- Personal Hygiene
- Work spcae cleanliness
- Spotless restroom facilities
- Clean kitchen

For example

Store N in a locality sees a 45% jump in sales because the retail store manager has ensured that the staff members maintain basic hygiene. This small change has made a big difference because of the impression it leaves on customers as a hygienic store.

Practical

1. The employees of your store have divided into three groups, each having different opinions on a certain issue. How would you maintain the peace and the workflow of the store?
2. With the help of a family member, relative, or friend, enact a scenario where you, the Retail Store Manager, will be discussing:
 - a. Performance review
 - b. Importance of personal hygiene and grooming

Exercise

A. Answer the following questions by choosing the correct option:

1. Ways to communicate effectively with colleagues at the workplace does not include:
 - a) Speaking with clarity
 - b) Practising Constructive Criticism
 - c) Disrespecting each other
 - d) Making relevant conversations

2. Setting performance standards includes:
 - a) Setting an overall goal
 - b) Determining KRAs
 - c) Identifying performance standards
 - d) All of these

3. Effective delegation of task should not include:
 - a) Delegating the task at the last moment
 - b) Selecting the right person
 - c) Delegating the entire task to one person
 - d) Setting clear goals and expectations

UNIT 8.3: Training and Development of Staff Performance

Unit Objectives

By the end of this unit, the participants will be able to:

1. Implement a discussion, with the team, on individual roles as per organisational policies
2. Identify training needs to improve performance
3. Provide team members with adequate support to help them improve performance
4. Provide staff with coaching and mentoring
5. Demonstrate the steps of conducting performance appraisals
6. Compare different career paths with team members

8.3.1 Communicating the Objectives of Individual Roles

It is the job of a Retail Store Manager to communicate the role and responsibilities of every employee and train them accordingly.

Importance of Training and development

- Training is necessary to understand the job role of an employee
- It prepares the staff member to face any situation
- It provides the staff member equal opportunity to understand the process and do his/her best job
- It is important for personal as well as professional growth
- It is a ladder for future career progression

For example

A retail store employee has been performing poorly for quite a long time. At last the retail store manager decides for a all staff training on various things like communication and soft skills for better customer handling. The store sees a jump in sales for the next quarter.

The following are sample guidelines for training a new employee.

- Every employee joining the company will go through the following training and familiarization stages before actually reporting at the relevant work station – know your company, know your job, know your customer, know your market
- Training – in store and on the job
- This training helps the employees in their growth and development
- Every employee will be under constant evaluation for performance and productivity
- The evaluation of these training sessions will be as per the company's existing policies

8.3.2 Supporting Team for Enhancing Performance

If your team members are not as fruitful as usual, lack initiative or motivation, are dissatisfied and at odds with each other, it is time for a performance check. Just as with individuals, teams also need regular attention and maintenance. By implementing some team-building efforts and activities, you can help the team come together to work as a organised unit toward a common goal, with shared trust, expectations, respect for the contributions of each individual and pride in their accomplishments.

To be able to enhance the performance of your team, you can adopt the following methods:

- Conduct diversity training
- Find ways to resolve conflict
- Facilitate team communication
- Set clear objectives and expectations
- Set ground rules
- Create a method for reaching consensus
- Celebrate accomplishments and contributions

However, be aware of conflict-avoidance behaviour in yourself and the team while trying to reach consensus. It is better to disagree on an issue and find a compromise than to give in to an idea the entire team does not support.

8.3.3 Mentoring Staff for Building Skill

The ability for leaders to mentor their subordinates is critical for a positive work environment. Mentoring is much more about than just telling someone what to do. It requires working with colleagues to make decisions, resolve issues and develop skills.

You can adopt the following methods:

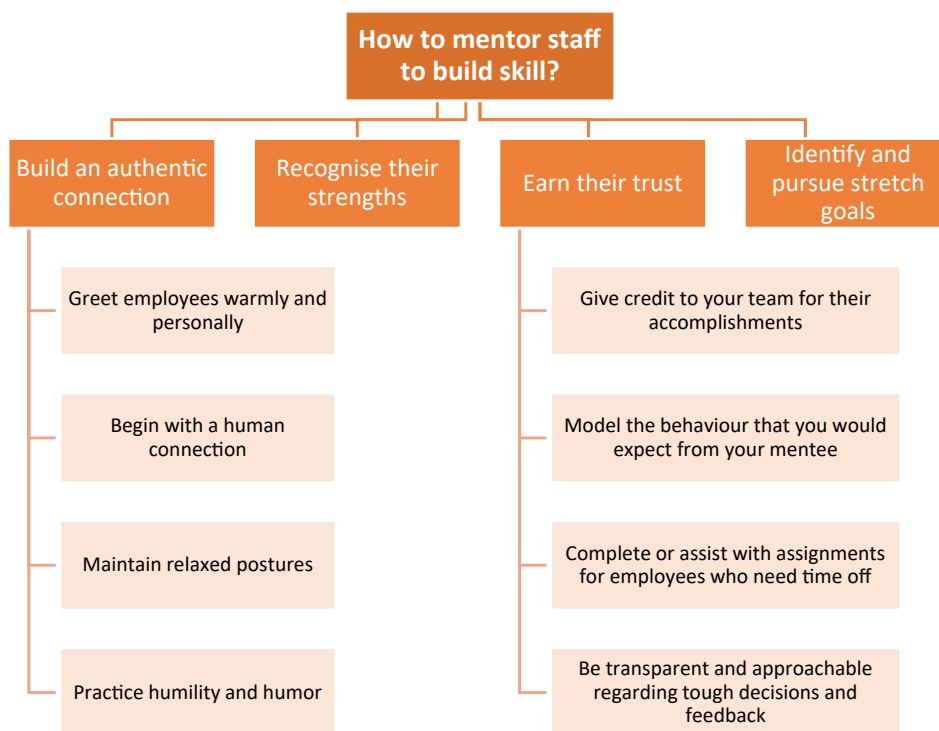


Fig. 8.3.1: Methods of mentoring staff for skill development

8.3.4 Conducting Performance Appraisals

The employee performance appraisal method is critical for every store to boost employee productivity and improve their outcomes. But although performance management is super important, it is rarely put to good use. Many companies do not put in their best effort to pick the best perfect performance appraisal method.

What are performance appraisals?

Performance appraisals are an annual procedure that involves assessing employee's performance and productivity against the pre-determined set of objectives for that year. It also helps in evaluating an employee's skills, strength and shortcomings like the quality of work, dependability, judgement, attitude, cooperation and initiative. The result of this performance appraisal process determines the employees' wage raise and promotion.

The objective of performance appraisal varies from company to company. The appraisal method varies depending on the company size.

What is the need for a performance appraisal?

With the right performance appraisal process, managers can augment employee performance within the store. A good employee performance review process can make the whole experience rewarding and effective.

What kind of appraisal method is beneficial for your set of employees is totally dependent on your organizational policy. You can determine that applying each method on a trial and error basis until you choose which suits you the best.

8.3.5 Discussing Career Goals

Every employee wishes to excel in their job with the prospect of promotion and better pay. As a manager, it is your job role to motivate your employees to work hard and achieve their targets.

The following example will help you understand the concept better.

For example:

Suppose a new trainee sales executive has joined the store. During the induction of the trainee, your job is to describe him the company matrix and also his scope of development in his career path.

As a trainee, his career path can be:

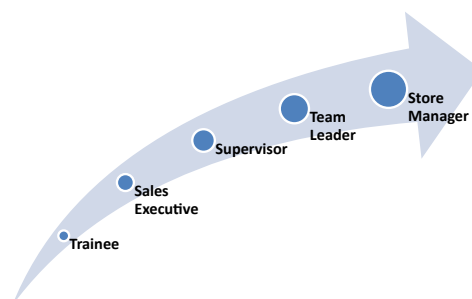


Fig. 7.3.2: The career path of a trainee sales executive

With more power comes more responsibility. With a promotion comes a handsome raise in salary. This should be the motto used to motivate the new trainee.

8.3.6 Training Needs to Improve Performance

For any person at a managerial level, it is important to know the model of Training Need Analysis to identify and the key training aspects for individual staff.

Just for the sake of training, training should not be conducted. Only if training is required, it should be conducted. Sometimes, the root source might be inadequate equipment, understaffing, hiring problems, something other than lack of training. By completing a training needs analysis, you as the manager, can recognise the performance gap and figure out if training is the accurate solution.

How to conduct Training Need Analysis?

Step 1: Determine the desired outcome

Step 2: Determine the current outcome

Step 3: Determine the cause of the performance gap and offer solutions

Once you have identified the root cause of the performance problem, you can identify a practical solution. You should only recommend a training solution when you recognise that a lack of knowledge and skills is triggering the performance gap. The aim of a training needs analysis is always to identify the underlying performance problem, and then outline how training will address the problem. If you start with the underlying problem, you will be well on your way to designing training that is targeted and effective.

Practical

1. The sales of your store are decreasing gradually. You find that the reason is due to non-cooperation amongst the team members. How do you resolve the issue?
2. A few members in your team lack a few essential skills. Chalk out a plan to conduct a training need analysis and identify their training needs.

Exercise

A. Answer the following questions by choosing the correct option:

1. How to conduct a Training Need Analysis?
 - a) Determine the Desired Outcome
 - b) Determine the Current Outcome
 - c) Determine the Cause of the Performance Gap, and Offer Solutions
 - d) All of the above

2. Modern performance appraisal method does not
 - a) Provide real-time feedback
 - b) Review past performance
 - c) Enhance employee performance
 - d) Spot training and development needs

3. To establish an authentic connection with your employees, you should never
 - a) Greet employees warmly and personally
 - b) Begin with a human connection
 - c) Maintain uptight posture
 - d) Practice humility and humour

Summary

- The Retail Store Manager should always be aware of the skill sets his employees should possess.
- It is necessary to shuffle the duties of the staff from time to time so that they do not feel monotonous in their work.
- Manpower sourcing is the process of searching for, identifying and contacting potential candidates for roles you are either recruiting for or will be recruiting for in the future.
- The selection process of new manpower should be based on a structured and systematic approach, which is proactive, detailed and target-oriented.
- Every organisation has HR policies that are to be followed while carrying out any procedure.
- Human Resource Planning has to be a systematic approach and is carried out in a set procedure.
- A workplace, however comfortable it might be, must follow some norms which help in better communication.
- The manager of a store is responsible for allocating the roles and responsibilities within the store
- To be able to do your job well everyone needs to know clearly what is expected of you.
- Getting good, honest employee feedback is a must-have for any smart organisation
- Workplace discrimination remains a major concern for businesses.
- Team collaboration is the foundation of any successful business. Collaborative workplaces see increased levels of trust, a more engaged workforce, and improved performance.
- It is unavoidable that there will be some amount of conflict on a team when a variety of workers are putting their heads together.
- All workplace environments need to be hygienic and safe for both employees and visitors.
- As a Retail Store Manager, it is your job to communicate the role and responsibilities of every employee and train them accordingly.
- If your team members are not as productive as usual, lack initiative or motivation, are dissatisfied and at odds with each other, it is time for a performance check.
- The employee performance appraisal process is vital for organizations to boost employee productivity and improve their outcomes.
- Every employee wishes to excel in their job with the prospect of promotion and better pay.
- For any person at a managerial level, it is important to know the model of Training Need Analysis to identify and the key training aspects for individual staff.

Practical

- 1. Plan a set of questions that you would ask during the interview session of a sales executive of the make-up department.
- 2. An employee in your store is going through a rough patch in his personal life which is affecting his performance in his professional life. What do you do to take control of the situation?
- 3. The female workers in your store have raised a complaint that they do not feel safe at late hours while returning home. What steps do you take to assure their safety?
- 4. An employee is not happy with his/her appraisal and has raised a review. What steps do you take to resolve the issue?

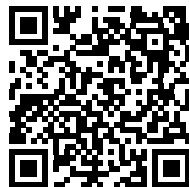
Notes

Exercise

A. Answer the following questions by choosing the correct option:

1. Manpower status is not analysed on:
 - a) Type of organization
 - b) Number of departments
 - c) Mood of employees
 - d) Employees in these work units
2. Which of the following is not a strategy for fostering effective team collaboration?
 - a) Communicating company expectations
 - b) Spreading a negative atmosphere
 - c) Setting team goals
 - d) Building cohesion
3. There are many ways you can find out how employees are performing a task, including:
 - a) Observing learners on the job
 - b) Interviewing supervisors and team leaders
 - c) Analysing performance reports
 - d) All of these
4. BARS stands for
 - a) Behaviourally Anchored Rating Scale
 - b) Behaviour Accurate Routing Scale
 - c) Build Another Right Side
 - d) None of these

Scan the QR codes or click on the link for the e-books



<https://www.youtube.com/watch?v=AjxVqbyUDo8>
Implement Promotions and Special Events at the Store

9. Conduct price benchmarking and market study of competition



Unit 9.1 - Developing Product and Pricing Policies

Unit 9.2 - Training Team Members on Market Study



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Develop appropriate product and pricing policies
2. Provide the team with appropriate guidelines to conduct market study

UNIT 9.1: Developing Product and Pricing Policies

Unit Objectives

By the end of this unit, the participants will be able to:

1. Provide the store with information on pricing strategies
2. Perform regular inspections to ensure that data collection policies are being followed by the staff

9.1.1 Introduction

Retail industry is all about pleasing the customer – deciphering the “need” and supplying the “demand”. This module deals with tasks that are associated with collecting and analysing market information for creating appropriate product and pricing policies.

Importance of product pricing

- A set pricing is needed to sell a product
- Price must be as per the quality of product provided. So pricing, in a way, helps to understand what a customer can expect in a certain price
- Pricing of the product help determining the demand which in turn helps in supply
- Lowering price in respect to cost determines whether a company goes ahead of its competitor

This module covers the following:

- Collection and analysis of market information to aid in creating appropriate product and pricing

9.1.2 Factors Influencing Product Pricing

Retail prices of a product are on the basis of both internal and external factors.

Internal Factors

Internal factors influencing retail prices include the following –

- Manufacturing cost
- Pre-determined objectives
- Image of the firm
- Product status
- Promotional activity

External Factors

External prices influencing retail prices include the following –

- Competition
- Purchasing power of customers
- Government policies
- Market conditions
- Levels of channels involved

9.1.3 Types of Pricing Strategies

Based on multiple factors, the following pricing strategies are adopted to increase revenue.

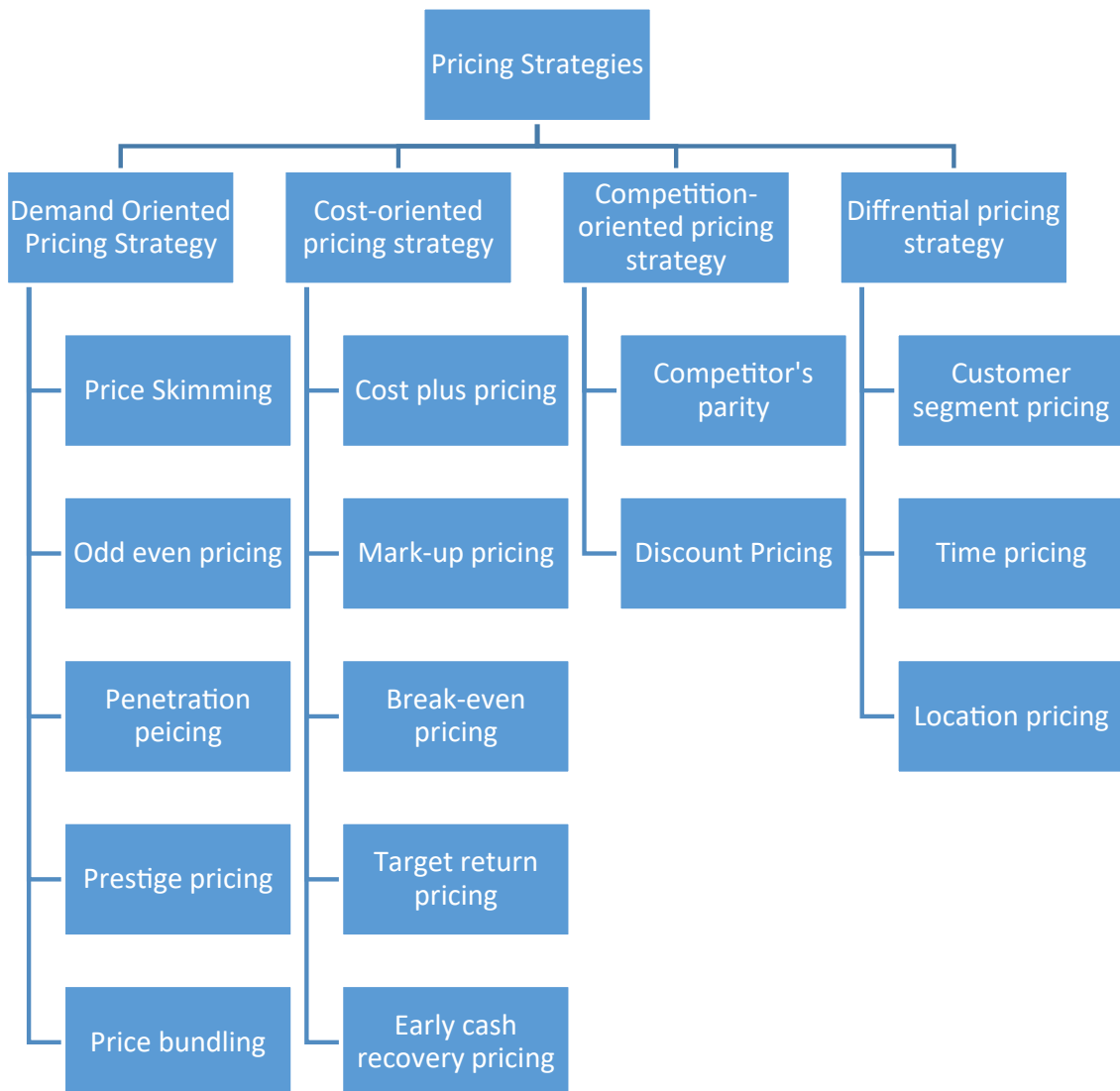


Fig. 9.1.1: Common pricing strategies

9.1.4 Collection of Market Data

Now that you know how the prices of a product are set, how will you gather information about the market? Here are a few methods that can be used to collect information on the strategies of the market.

- **Intelligent Pricing**

Intelligent pricing consists of tracking, monitoring and analysing pricing data to understand the market and make educated pricing changes at speed and scale. Because product pricing changes often, retailers need to constantly monitor their relative price position and incorporate changes within a dynamic strategy. However, this does not mean lowering the price just because a competitor does.

There are three main steps when it comes to Intelligence pricing which can help retailers set themselves up for long-term growth.

- Use automation
- Create an Effective Pricing Strategy
- Take Action

- **Competitive Pricing**

Competitive pricing is the process of picking strategic price points to best take advantage of a product or service based market relative to the competition. This pricing process is used more often by stores selling similar products since services can vary from store to store, while the characteristics of a product remain similar. This type of pricing strategy is normally used once a price for a product or service has reached a level of steadiness, which occurs when a product has been on the market for a longer period and there are many substitutes for the product.

- **Online Survey**

An online survey can disclose customers' true views, as well as allowing them to share ideas with you in a safe and comfortable atmosphere. The following steps will guide you on how to set an online survey.

- Decide your research goals
- Create a list of questions
- Invite participants
- Gather and analyse responses
- Prepare the report

- **Data Theft Prevention**

Retailers are an alluring target for cyber-attacks as they have large chunks of personal and credit card data. Online retailers are attaching big data to drive custom-made buyer experiences to increase sales. They are witnessing an explosion in the quantity of personal data they need to protect from all threat types. Retailers are also facing heightened industrial espionage targeting their trade secrets such as, merchandising plans, store layout maps, pricing information, vendor contracts, consumer analytics, etc.

To prevent a security breach, you can adopt the following measures.

- Ensure that all of your wi-fi and internet connections are secured.
- Implement a failed login attempt lockout system and use a security answer protocol on your network.
- Figure out and secure what information in your system is the most important.
- Monitor who has access to certain information.
- Never let your guard down.

For example

A new retail store FOG comes in a locality and starts capturing the market for its better pricing. Its competitor COP tries to find the reasons how they are able to provide such low price. Later, the store manager of COP finds out that they have reduced cost of their products by 15% using new technology and reducing manpower. So they learn and implement those changes and get a good growth in sales.

Practical

1. The customer database of your store has been hacked and stolen by a rival company. What legal steps should you take in such a situation?
2. With the help of the internet and real-life examples, prepare a report on the impact of apt pricing strategies on the revenue of a retail store.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not a pricing strategy?
 - a) Demand-Oriented Pricing Strategy
 - b) Cost-Oriented Pricing Strategy
 - c) Competition-Oriented Pricing Strategy
 - d) None of these

2. In case of a security, what should you not do?
 - a) Ensure that all of your Wi-Fi and internet connections are secured
 - b) Give everyone easy access to all data
 - c) Implement a failed login attempt lockout system and use security answer protocol on your net-work
 - d) Monitor who has access to certain information

3. Setting up the best online survey is easy when you use the following steps to guide you in the pro-cess.
 - a. Invite the participants
 - b. Prepare a report
 - c. Gather your responses
 - d. Decide on your research goals
 - e. Analyse the results
 - f. Create a list of questions

What is the correct order of conducting an online survey?

- | | |
|--------------------------|--------------------------|
| a) iv, vi, i, iii, v, ii | b) i, ii, iii, iv, v, vi |
| c) vi, v, iv, iii, ii, i | d) ii, v, i, vi, iv, iii |

B. Calculate the desired % ROI investment when:

Target return price = Rs. 12 per unit

Total investment = Rs. 12000

Total cost = Rs. 5000

Total expected sales = 2,000 units

(Hint: Target return price = Total costs + Desired % ROI investment/Total sales in units)

UNIT 9.2: Training Team Members on Market Study

Unit Objectives

By the end of this unit, the participants will be able to:

1. Select team members for the collection of market information
2. Identify critical activities related to market study
3. Perform training on the merchandising /category teams with inputs on best prices
4. Report analysed data to the head office

9.2.1 Identification of Team Members

Introduction

Market study is an important tool to determine what customers are looking for or what satisfies them. In the advent of technology and modern scientific revolutions, things are flooding and choices are vast. So market research gives a direction to sellers.

There are many benefits of market study.

Importance of Market Study

- It serves the purpose of validating products
- Market study gives insights to understand what people love/hate about a product
- It helps to determine the proper pricing of products
- Market research plays a crucial role in brand management in the face of cut-throat competition
- It provides enough data and information to maintain customer satisfaction

Picking the right specialists to build an effective team is more challenging than it looks. It is a big responsibility and risk because the people you choose are the biggest factor to determine if your task will turn out to be successful.

Here are a few tips that you can follow as a guideline while choosing the team members.

- Look for excellent communicators
- Seek members that are well-organised and self-disciplined
- Be an exceptional manager
- Hire the best fit for the role
- Look for resourceful and influential individuals
- Do your research well at all time
- Seek proactive members
- Listen to the candidate's words
- Prioritise skills and knowledge over certifications
- Find people willing to commit to the role

9.2.2 Training Team Members in Critical Activities Involving Market Study

When you train an employee on something, think of your time as an investment because in the future this investment will bear fruits.

Here are a few tips you can apply to set your new team up to function effectively with little oversight from you (after they are trained).

- Set the tone for “psychological safety”
- Set expectations about what results they are expected to deliver
- Use assessments to improve communication
- Schedule time to train them
- Have one-on-one meetings every week or two
- Decide how you will react when they mess up
- Encourage independence once they are ready

9.2.3 Providing input to the merchandising teams on best prices

In retail, merchandising is the link between marketing and sales on the front end and supply chain at the back end. Merchandising tells retailers the all-important four Ws:

1. What to sell
2. When to sell
3. Where to sell
4. Whom to sell

Although the four W’s concept is widely known and established, most retailers still struggle to implement and execute it successfully.

As a Retail Store Manager, it is one of your primary duties to be constantly aware of the market price of the merchandise and formulate pricing strategies of these products, thereby communicating the correct price to the merchandising team to put up in the display.

Today’s customers are well informed. They gather full information before the purchase of any product. If the price put up on display is incorrect or exorbitant, you may lose valuable customers just for lack of proper information.

9.2.4 Communication to the Head Office

The head office of any organisation is where all the employees report to. As a Retail Store Manager, you are the reporting head of your store. All the activities happening in your store must be reported to the head office.

In the previous units, you have learnt how to collect and analyse market data. Now this information has to be communicated to the head office so that necessary steps can be taken to formulate policies based on the collected data.

You can either email the information to your superiors, following the company matrix or communicate personally to the executives involved keeping in lieu of the company policies.

All the process that that are submitted to a Retail Store Manager by the all the departments of the store must be duly signed, kept an additional back up copy, and then transferred to the head office for verification and further analysis.

For example

A retail store LOP has been suffering huge losses for 6-7 months and the reasons were unknown. The retail store manager decides to study the market, mostly how their competitors are able to gain profit, even in the midst of adversity. Later on, he records some of the observations and implements them in their store. Gradually, they recover most of the losses and start earning profit.

Practical

1. A few employees have joined your store. How would you conduct their training and make them feel at ease?
2. Explain, with the help of real-life examples, the importance of the four Ws for any market study.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following does not fall under training the new team members?
 - a) Setting expectations about what results they are expected to deliver
 - b) Using assessments to improve communication
 - c) Wasting everyone's time while training
 - d) Have one-on-one meetings every week or two

2. Which of the following falls under the four W's of merchandising?
 - a) What to sell
 - b) When to sell
 - c) Where to sell
 - d) All of these

3. While picking a new team member, what should you not do?
 - a) Look for Excellent Communicators
 - b) Be an irresponsible Project Manager
 - c) Hire the Best Fit for the Role
 - d) Find People That Are Willing to Commit to Their Role

Summary

- Managers should start setting prices during the initial stage as part of strategic pricing to avoid initiation of products or services that cannot sustain profitable prices in the market.
- Intelligent pricing consists of tracking, monitoring and analysing pricing data to understand the market and make educated pricing changes at speed and scale.
- An online survey can reveal customers' true feelings, as well as enabling them to share their views with you in a safe and comfortable environment.
- Online surveys require Informed Consent from human research participants age 18 and older
- Retailers are an irresistible target for cyber-attacks because they have large caches of personal data and credit card data.
- Picking the right experts to build an effective team is more challenging than it looks. It is a big responsibility and risk because the people you choose are the biggest factor to determine if your task will turn out to be successful.
- Training a new member is an investment of your time.
- The important four W's - what to sell, when to sell, where to sell, and whom to sell to.
- The Head Office of any organization is where all the employees report to.

Practical

1. List a few questions that you will like to ask while conducting an online survey.
2. The head office of your organization has not received the recent reports before the stipulated date. What would you do to handle the situation?
3. A new product has been launched in the market. What should be your pricing strategy to stay above your competitors in the market?

Notes



Lined writing area for notes.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not a method of cost-oriented pricing strategy?
 - a) Cost plus Pricing
 - b) Break-up Pricing
 - c) Target Return Pricing
 - d) Early Cash Recovery Pricing

2. Online survey requires informed consent from human research participants who are
 - a) 18 and above
 - b) 17 and above
 - c) 16 and above
 - d) 15 and above

3. Steps for intelligent pricing involves
 - a) Using automation
 - b) Creating an effective pricing strategy
 - c) Taking action
 - d) All of these

4. Differential pricing strategy does not include
 - a) Customer segment pricing
 - b) Time pricing
 - c) Promotional pricing
 - d) Location pricing

B. List the factors that you would consider while training your team members in the critical aspects of market study.

10. Monitor and Analyse Store Performance Data



Unit 10.1 Store Performance Data Tracking and Analysis



Key Learning Outcomes

At the end of this module, the trainee will be able to:

1. Explain the importance of data collection and analytics in analysing and past performance and making recommendations
2. Apply analytical and statistical techniques to analyse retail store business performance
3. Prepare a SWOT report and recommend improvements

Unit 10.1 Store Performance Data Tracking and Analysis

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Explain the key legal and ethical considerations for data collection and storage
2. Describe the current practices of data collection methods
3. Explain the elements of data that needs to be collected for monitoring and reporting store performance
4. List the measures used to determine the quality of the data collected
5. Explain the characteristics and significance of data quality measures
6. Discuss the common analytical terminology used in retail store environment
7. Describe the techniques used to analyse and draw conclusions from data
8. Discuss the significance of formats for reporting data analysis

10.1.1 Key Legal and Ethical Considerations for Data Collection and Storage

Key legal and ethical considerations ensure compliance with data privacy laws, protect customer trust, and prevent data misuse. They also promote transparency, secure sensitive information, and respect privacy. In retail, adhering to these standards reduces regulatory risks, fosters loyalty, and supports sustainable business growth through ethical practices.

The following are the legal considerations for data collection and storage:



Data Privacy Laws in India		
<p>Personal Data Protection Bill (PDPB), 2019:</p> <ul style="list-style-type: none"> • Though not yet enacted, the PDPB aims to regulate personal data collection, storage, and processing. • Retailers must obtain explicit consent from customers before collecting personal information like contact details or transaction history. 	<p>Information Technology (IT) Act, 2000:</p> <ul style="list-style-type: none"> • This act governs the handling of sensitive personal data and mandates that businesses take adequate security measures to protect it. • Retailers are required to ensure that data is not misused or disclosed without proper authorization. 	<p>The Digital Personal Data Protection Act, 2023:</p> <ul style="list-style-type: none"> • Introduces stricter regulations on how businesses handle personal data. • Obligates businesses to provide transparency regarding data usage and ensure compliance with data protection principles.

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Data Collection Requirements		
<p>Transparency</p> <ul style="list-style-type: none"> Retailers must inform customers about the purpose of data collection. For example, if a loyalty program requires customer details, its terms and benefits must be communicated. 	<p>Purpose Limitation</p> <ul style="list-style-type: none"> Data collected for one purpose (e.g., generating loyalty points) cannot be used for another (e.g., marketing) without additional consent. 	<p>Data Minimization</p> <ul style="list-style-type: none"> Collect only the necessary data. For instance, asking for a customer's mobile number for billing is acceptable, but asking for their Aadhaar details is intrusive unless required legally.
Data Security Requirements		
<p>Data Encryption</p> <ul style="list-style-type: none"> Retailers must use encryption to secure sensitive data (e.g., credit card details) during storage and transmission. 	<p>Breach Notification</p> <ul style="list-style-type: none"> If a data breach occurs, businesses are obligated to notify authorities and affected customers immediately. 	<p>Third-Party Compliance</p> <ul style="list-style-type: none"> When outsourcing storage to third-party vendors (e.g., cloud providers), retailers must ensure these vendors comply with Indian data protection laws.

Table 10.1 Legal Considerations for Data Collection and Storage

The following are the ethical considerations for data collection and storage:

<p>Consent and Choice</p> 	<p>Customers should have the choice to opt in or opt out of data collection.</p> <p>For instance, a retailer using customer feedback surveys must ensure customers voluntarily provide information without coercion.</p>
<p>Respect for Customer Privacy</p> 	<p>Avoid collecting irrelevant or overly personal information.</p> <p>For instance, a local grocery chain asking about income levels during customer registration may come across as intrusive.</p>

continued...




<p>Avoiding Data Misuse</p> 	<p>Retailers must not share customer data with third parties for profit. For instance, selling customer phone numbers to telemarketers is unethical and illegal under Indian law.</p>
<p>Data Accuracy and Relevance</p> 	<p>Retailers should regularly update and validate stored data to ensure accuracy. For instance, a clothing store maintaining outdated contact details may lose out on communicating timely offers.</p>
<p>Security and Confidentiality</p> 	<p>Businesses must prioritize customer trust by implementing robust data protection measures. For instance, retail chains ensure secure payment gateways and firewalls to prevent unauthorized access to customer data.</p>

Table 10.2 Ethical Considerations for Data Collection and Storage

The following are some examples of how organisations should adopt legal and ethical considerations for data collection and storage:

E-Commerce Retailers:

- Flipkart and Amazon India collect massive amounts of customer data to personalize recommendations.
- However, they should ensure compliance with data privacy policies by giving customers control over their personal information (e.g., opting out of personalized ads).

Local Kirana Stores:

- Kirana stores adopting digital platforms often collect customer data such as names and phone numbers.
- Ethical considerations should include not misusing this data for unsolicited marketing calls.

Pharmacy Chains:

- Customer prescription data is collected for billing.
- The retailer should ensure confidentiality and not share this sensitive health information without explicit consent.

The following are the best practices for legal and ethical compliance in the retail sector:

- Retailers should prominently display privacy policies on their websites or in-store, clearly explaining how customer data will be used.
- Ensure staff members are aware of legal and ethical considerations. For example, cashiers collecting phone numbers during billing should inform customers why the information is required.
- Conduct periodic audits to ensure data security and compliance with Indian laws.
- Retailers should have a grievance mechanism in place to address customer concerns about data privacy.

10.1.2 Current Practices of Data Collection Methods

Data collection methods have evolved significantly with advancements in technology. Retailers, both online and offline, now leverage various tools and techniques to gather data about customers, sales, and market trends. These methods blend traditional and digital approaches to maximise efficiency and insights. With rapid digitisation, even small retailers in India are adopting modern tools like mobile apps, CRM systems, and AI-based analytics, ensuring they remain competitive in an evolving market. However, it is crucial to prioritise customer consent and data security at every step.

The following are the current practices categorised into traditional and digital methods:

Traditional data collection methods are still widely used in smaller retail setups or in tandem with digital methods.

Point-of-Sale (POS) Systems	Customer Surveys and Feedback Forms	Loyalty Programs
<ul style="list-style-type: none"> Retailers collect transaction data such as product purchases, payment methods, and time of purchase at the billing counter. Example: A local supermarket may use POS systems to track the frequency of customer purchases and identify best-selling products. 	<ul style="list-style-type: none"> Surveys are conducted to understand customer satisfaction, preferences, and suggestions. These can be paper-based or verbal interactions. Example: A clothing store may ask customers to fill out short feedback forms to improve product variety and in-store experience. 	<ul style="list-style-type: none"> Retailers offer discounts, points, or rewards in exchange for customer information like phone numbers or email IDs. Example: Retail chains may collect customer data through loyalty programs, allowing customers to earn points for every purchase.

Fig. 10.1 Traditional Data Collection Methods

Digital tools have transformed data collection by making it faster, automated, and more accurate.

Website Analytics

- E-commerce platforms track customer behaviour on their websites, such as search queries, time spent on pages, and purchase history.
- Example:** Amazon India tracks user activity to recommend personalized products.

Mobile Apps

- Retailers collect data via mobile apps, such as user preferences, location, and browsing patterns.
- Example:** The BigBasket app tracks order history and frequently purchased items to suggest recurring deliveries.

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Social Media

- Social media platforms are used to gather data on customer preferences, engagement patterns, and feedback through likes, shares, and comments.
- **Example:** Myntra uses Instagram to analyze customer preferences for fashion trends based on comments and interactions with posts.

Digital Payment Data

- Retailers track customer transactions made via digital wallets, UPI, or credit cards.
- **Example:** A tea stall using Paytm collects data on daily purchases to track customer frequency and average spending.

Customer Relationship Management (CRM) Tools

- CRM software helps collect and store customer data such as purchase history, complaints, and preferences for personalized marketing.
- **Example:** Shoppers Stop uses CRM tools to offer targeted discounts and send reminders about sales events.

Fig. 10.2 Digital Data Collection Methods

Some of the emerging and advanced data collection techniques are:

Internet of Things (IoT)

- IoT devices such as smart shelves and RFID tags help collect real-time inventory data and monitor product movement in stores.
- For example, DMart uses RFID-enabled systems to manage stock levels and minimize out-of-stock scenarios.

Artificial Intelligence (AI) and Machine Learning

- AI algorithms analyze data patterns to predict customer behaviour and optimize marketing strategies.
- For example, Flipkart uses machine learning to personalize homepages and recommend products based on customer browsing history.

Video Analytics

- Cameras equipped with AI analyze customer footfall, behaviour, and demographics in physical stores.
- For example, Decathlon India uses in-store video analytics to understand product hotspots and improve shelf placement.

10.1.3 Elements of Data to be Collected for Monitoring and Reporting Store Performance

Specific data elements to be collected to monitor and report the performance of a retail store. These elements provide insights into sales, customer behaviour, inventory management, and overall operational efficiency.

Elements of Data	Purpose	Key Metrics
Sales Data	Sales data is critical for understanding revenue, profitability, and trends in customer purchasing behaviour.	<p>Total Sales: Daily, weekly, and monthly sales figures to track revenue.</p> <p>Average Transaction Value (ATV): Average spending per customer.</p> <p>Sales by Category/Product: Performance of individual products or categories.</p> <p>Sales Conversion Rates: Percentage of visitors making a purchase.</p>
Footfall Data	Footfall data helps measure the number of customers visiting the store.	<p>Daily/Weekly Footfall: Total visitors within a specific period.</p> <p>Peak Hours: Times of day with the highest customer traffic.</p> <p>Repeat Customers: Percentage of customers returning for repeat purchases.</p>
Inventory Data	Effective inventory management ensures that stock levels meet customer demand without overstocking or running out of items.	<p>Stock Levels: Current availability of products.</p> <p>Stock Turnover Rate: Speed at which inventory is sold and replenished.</p> <p>Out-of-Stock Rate: Percentage of products unavailable when needed.</p> <p>Shrinkage: Loss due to theft, damage, or mismanagement.</p>
Customer Feedback and Satisfaction Data	Understanding customer experiences helps improve service quality and address issues.	<p>Net Promoter Score (NPS): Measures customer satisfaction and likelihood of recommending the store.</p> <p>Feedback on Staff Behaviour: Evaluation of service quality.</p> <p>Suggestions and Complaints: Insights into areas needing improvement.</p>
Employee Performance Data	Monitoring employee productivity and efficiency ensures smooth operations and customer satisfaction.	<p>Sales Per Employee: Revenue generated by each staff member.</p> <p>Attendance and Punctuality: Regularity of employees.</p> <p>Customer Interaction Quality: Feedback on staff behaviour and assistance.</p>

continued...





Financial Data	Analysing the financial health of the store is essential for assessing profitability and cost management.	<p>Gross Margin: Difference between revenue and cost of goods sold.</p> <p>Operating Expenses: Costs like rent, salaries, utilities, and marketing.</p> <p>Profitability Ratios: Net profit as a percentage of revenue.</p>
Marketing Campaign Data	Data on the effectiveness of marketing campaigns helps in optimising promotional efforts.	<p>Campaign ROI: Revenue generated compared to the cost of the campaign.</p> <p>Customer Reach and Engagement: Number of customers engaged through ads, SMS, or social media.</p> <p>Coupon Redemption Rates: Percentage of customers who used promotional codes.</p>
Space Utilization Data	Monitoring the effectiveness of in-store layouts and displays ensures optimal use of available space.	<p>Sales Per Square Foot: Revenue generated relative to the size of the store.</p> <p>Product Placement Efficiency: Performance of products based on shelf location.</p>
Compliance and Safety Data	Ensuring compliance with regulations and maintaining a safe environment is vital for smooth store operations.	<p>Compliance with GST and Taxation: Accuracy in billing and tax reporting.</p> <p>Safety Inspections: Records of regular safety checks.</p>
Competitor and Market Data	Understanding market trends and competitor strategies provides insights for better decision-making.	<p>Pricing Strategies: Competitor pricing for similar products.</p> <p>Market Share: Store performance relative to competitors.</p> <p>Consumer Trends: Shifting customer preferences.</p>

Table 10.3 Elements of Data to be Collected for Monitoring and Reporting Store Performance







10.1.4 Measures to Determine the Quality of Data Collected

The purpose of measures to determine data quality is to focus on the practical steps or techniques used to assess whether the collected data meets the desired quality standards. The scope includes tools, methods, and metrics that evaluate data quality based on specific parameters, such as validation checks, duplication analysis, and error rates. From an operational perspective, these measures provide actionable ways to test and improve the quality of data, ensuring it is accurate, complete, and reliable. For example, a periodic review of customer feedback collected in the store database can help identify and rectify incomplete or invalid entries.

Ensuring high-quality data is essential for effective decision-making, especially in retail store management. The key measures used to determine the quality of data collected are:

<p>Accuracy</p> 	<ul style="list-style-type: none"> Accuracy ensures that the data reflects the true values without errors or discrepancies. The data should be free from typos, miscalculations, or incorrect entries. Example: In a retail store like Reliance's Smart Bazaar Stores, the accuracy of daily sales data is crucial for determining revenue and identifying top-performing products.
<p>Completeness</p> 	<ul style="list-style-type: none"> Completeness ensures that all required data fields are filled without missing values. Missing data can lead to incomplete analyses and flawed insights. Example: A DMart store ensures completeness by recording details such as product name, SKU, price, stock levels, and sales for every transaction.
<p>Consistency</p> 	<ul style="list-style-type: none"> Consistency ensures that data is uniform across systems and periods. Data should be consistent in format, units, and definitions. Example: A retail chain like Shoppers Stop ensures that sales reports from all outlets follow the same template to avoid discrepancies in monthly performance reviews.
<p>Timeliness</p> <p>Table 11.2 Factors to Consider While</p>	<ul style="list-style-type: none"> Timeliness refers to the availability of data at the right time for decision-making. Data should be updated frequently and made available when required. Example: A Reliance Trends store updates inventory data in real-time to avoid stockouts of popular items like ethnic wear during the festive season.
<p>Relevance</p> 	<ul style="list-style-type: none"> Relevance ensures that the data collected aligns with the purpose and goals of the analysis. Irrelevant data adds noise and reduces the effectiveness of decision-making. Example: Tanishq stores collect customer purchase histories to identify preferences and target promotions, rather than irrelevant demographic data.

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<p>Validity</p> 	<ul style="list-style-type: none"> • Validity ensures that the data conforms to predefined rules, formats, and ranges. • Invalid data, such as incorrect dates or prices, should be minimized. • Example: A Myntra order system validates that all product prices and GST values match legal standards before processing orders.
<p>Uniqueness</p> 	<ul style="list-style-type: none"> • Uniqueness ensures there is no duplication of data entries. • Duplicate records can distort analysis and lead to incorrect conclusions. • Example: A Flipkart store database ensures unique entries for every customer order to avoid double-counting sales.
<p>Accessibility</p> 	<ul style="list-style-type: none"> • Accessibility ensures that the data is easily retrievable and usable by authorised personnel. • Data should be stored in a structured format and made available on demand. • Example: A Future Retail store uses a centralised ERP system that allows store managers to access sales and inventory data from any outlet.
<p>Reliability</p> 	<ul style="list-style-type: none"> • Reliability ensures that the data is trustworthy and free from manipulation. • Data should be collected from credible and verified sources. • Example: Apollo Pharmacy ensures reliability by recording medicine sales only through their authorized POS system.
<p>Integrity</p> 	<ul style="list-style-type: none"> • Integrity ensures that data remains secure and unaltered during collection, storage, and transfer. • Any modifications should be logged and verified. • Example: A Croma store protects customer payment details with encryption and ensures data integrity during transactions.
<p>Traceability</p> 	<ul style="list-style-type: none"> • Traceability ensures that the origin and history of data can be tracked. • It allows verification of data collection processes and sources. • Example: Amazon India maintains detailed logs of customer transactions to trace the origin of sales and returns data.

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<p>Validity Comparability</p> 	<ul style="list-style-type: none"> • Comparability ensures that data can be compared across time periods, locations, or categories. • Standardised formats and units enable effective comparisons. • Example: Spencer's Retail ensures comparable sales data by using the same metrics (e.g., revenue per square foot) across all stores in India.
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Table 10.4 Measures to Determine the Quality of Data Collected

10.1.5 Characteristics and Significance of Data Quality Measures

The characteristics and significance of data quality measures focus on defining what makes data "high quality," highlighting the attributes that ensure data is accurate, useful, and reliable. The scope includes describing the inherent properties of good data, such as accuracy, completeness, and consistency and emphasises their importance for effective decision-making and smooth operations. From a conceptual perspective, these measures provide a framework for understanding why and how data should adhere to specific quality standards. For example, ensuring the timeliness of data during a sale period is crucial for enabling quick and informed decision-making to maximise sales performance.

Data Quality Measure	Characteristics	Significance	Example
Accuracy	Ensures the data correctly represents the real-world value or condition.	Accurate data ensures trust and reliability in analysis and reporting.	Recording exact sales figures for a product in an Indian retail store like DMart is critical to avoid miscalculations in revenue.
Completeness	Ensures all necessary data points are collected and no critical information is missing.	Incomplete data can lead to poor decision-making and missed opportunities.	Capturing customer details like name, contact, and purchase history in a loyalty program database of Reliance Fresh .
Consistency	Ensures data values are uniform across systems and timeframes.	Reduces errors during integration or analysis across departments or locations.	Using the same format for sales data across all outlets of Shoppers Stop ensures easy aggregation.
Timeliness	Ensures data is collected and updated promptly.	Enables prompt decision-making and helps in responding to market dynamics.	Real-time inventory updates in Reliance's Smart Bazaar Stores warehouse to prevent stockouts of essential items.

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Relevance	Ensures the data collected aligns with the purpose or objectives of the analysis.	Irrelevant data increases noise and reduces the effectiveness of analysis.	Collecting footfall data in a shopping mall like Phoenix Marketcity to assess marketing campaign effectiveness.
Validity	Ensures that the data adheres to predefined formats, rules, or ranges.	Prevents erroneous or unusable data from entering the system.	Validating customer age in the range of 18-60 for specific marketing offers in stores like Croma .
Uniqueness	Ensures there are no duplicate records in the dataset.	Reduces redundancy and ensures efficiency in data processing.	Eliminating duplicate customer records in a retail loyalty program at Pantaloons .
Integrity	Ensures data is secure and protected from unauthorized access or modification.	Builds trust and ensures compliance with legal and ethical standards.	Encrypting payment data during transactions in Flipkart to prevent fraud.
Traceability	Ensures the origin and history of data can be tracked and verified.	Improves accountability and helps in audits or troubleshooting.	Maintaining logs of inventory movement in a V-Mart store for better accountability.
Comparability	Ensures data can be compared across categories, locations, or timeframes.	Helps in identifying trends and making better strategic decisions.	Comparing monthly sales data across outlets of Decathlon in different cities

Table 10.5 Characteristics and Significance of Data Quality Measures

10.1.6 Common Analytical Terminology Used in Retail Store Environment

In a retail store environment, several analytical terminologies are commonly used to evaluate performance, identify trends, and make informed decisions. These terms help in monitoring key aspects of the business and optimizing store operations. The following are some of the important ones:

Key Performance Indicators (KPIs)

- KPIs are measurable values used to evaluate the success of a retail store. Common retail KPIs include:
- **Sales per Square Foot:** Measures the efficiency of space utilization.
- **Average Transaction Value (ATV):** The average value of a single transaction in the store.
- **Customer Footfall:** Tracks the number of visitors to the store during a specific period.
- **Conversion Rate:** The percentage of visitors who make a purchase.

Inventory Metrics

- They help assess the efficiency of inventory management and stock availability:
- **Stock Turnover Ratio:** Indicates how frequently inventory is sold and replaced over a period.
- **Days of Inventory (DOI):** The average time inventory stays in the store before being sold.
- **Shrinkage:** The loss of inventory due to theft, damage, or mismanagement.

Customer Metrics

- Customer-focused analytics provide insights into customer behaviour and preferences:
- **Customer Lifetime Value (CLV):** The total revenue a retailer can expect from a customer over their relationship with the store.
- **Net Promoter Score (NPS):** Measures customer satisfaction and their likelihood of recommending the store to others.
- **Basket Size:** The number of items purchased per transaction, indicating buying patterns.

Sales Metrics

- Sales metrics track and analyze store performance over time:
- **Like-for-Like Sales (LFL):** Compares sales from the same period of the previous year to evaluate growth.
- **Sell-Through Rate:** The percentage of stock sold compared to the inventory available.
- **Revenue per Employee:** Assesses workforce productivity in generating sales.

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Profitability Metrics

- These focus on assessing the financial health of the store:
- **Gross Margin Return on Investment (GMROI):** Measures the profitability of inventory.
- **Operating Profit Margin:** The proportion of revenue left after deducting operating expenses.
- **Break-Even Point:** The sales level at which the store covers all its expenses.

Marketing and Promotion Metrics

- Retailers use these metrics to evaluate the effectiveness of marketing efforts:
- **Customer Acquisition Cost (CAC):** The cost incurred to acquire a new customer.
- **Return on Marketing Investment (ROMI):** Measures the revenue generated for every rupee spent on marketing campaigns.
- **Promotion Uplift:** The increase in sales due to specific promotional activities.

Data Visualization Terms

- In a retail analytics context, visualization tools are used for better decision-making:
- **Heat Maps:** Visual representation of areas in the store with the highest customer activity.
- **Dashboards:** Provide real-time insights into KPIs and other metrics through interactive visual reports.

Fig. 10.3 Common Analytical Terminology Used in Retail Store Environment

10.1.7 Techniques Used to Analyse and Draw Conclusions from Data

Analysing and concluding data in a retail environment involves using a variety of techniques to extract actionable insights. These techniques ensure that raw data is transformed into meaningful patterns, trends, and recommendations. They allow retailers to monitor performance, predict trends, and make data-driven decisions to enhance operations, improve customer satisfaction, and stay competitive in the dynamic Indian retail market.

The following are some of the common techniques:

Descriptive Analytics		
Purpose	Techniques	Example
Provides a summary of historical data to understand past performance.	<p>Statistical Analysis: Measures like averages, percentages, and standard deviations to summarize data.</p> <p>Data Visualization: Use of graphs, charts, and dashboards to represent sales, footfall, or inventory trends.</p>	Retail stores use descriptive analytics to track monthly sales and customer footfall trends.

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Diagnostic Analytics		
Purpose	Techniques	Example
Helps identify the reasons behind a particular outcome or trend.	<p>Root Cause Analysis: Pinpointing underlying reasons for sales dips or inventory shrinkage.</p> <p>Correlation Analysis: Identifying relationships between variables, such as the impact of discounts on footfall.</p>	Retail stores use diagnostic analytics to analyse why certain stores perform better during festive seasons.
Predictive Analytics		
Purpose	Techniques	Example
Uses historical data to predict future trends and outcomes.	<p>Regression Analysis: Predicting future sales based on factors like seasonality or marketing efforts.</p> <p>Machine Learning Algorithms: Leveraging AI models to forecast inventory requirements.</p>	Retail stores use predictive analytics to recommend products based on customers' purchase histories.
Prescriptive Analytics		
Purpose	Techniques	Example
Suggests actionable recommendations to optimise outcomes.	<p>Optimization Models: Recommending optimal product placement or stock levels.</p> <p>Scenario Analysis: Simulating different business scenarios to evaluate outcomes.</p>	Retail stores use prescriptive analytics to allocate stock based on regional demand during festival sales.
Data Mining		
Purpose	Techniques	Example
Extracts patterns, trends, and relationships from large datasets.	<p>Clustering: Grouping similar data points, such as segmenting customers by purchasing behaviour.</p> <p>Association Rule Mining: Identifying correlations between products (e.g., customers buying tea also buy biscuits).</p>	Retail stores use data mining to create product bundles and cross-sell recommendations.

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Sentiment Analysis		
Purpose	Techniques	Example
Analyses customer feedback to assess satisfaction and sentiment.	<p>Natural Language Processing (NLP): Analysing customer reviews, surveys, or social media mentions.</p> <p>Text Analysis: Categorizing customer feedback into positive, negative, or neutral sentiments.</p>	Retailers monitor social media feedback to improve service quality.
Benchmarking		
Purpose	Techniques	Example
Compares performance metrics against industry standards or competitors	<p>Competitive Analysis: Assessing sales, pricing strategies, or promotions relative to competitors.</p> <p>Key Metrics Comparison: Comparing KPIs like conversion rates or stock turnover.</p>	Retailers benchmark store performance to remain competitive in urban markets.
Time Series Analysis		
Purpose	Techniques	Example
Examines data points over time to identify trends, seasonality, and patterns.	<p>Trend Analysis: Observing long-term changes in sales or inventory.</p> <p>Seasonality Analysis: Identifying recurring patterns (e.g., higher sales during Diwali).</p>	Ethnic wear retailers use time series analysis to predict demand for ethnic wear during festivals.
A/B Testing		
Purpose	Techniques	Example
Evaluates the impact of two different strategies or decisions.	<p>Split Testing: Comparing customer responses to two versions of store layouts or promotions.</p> <p>Control and Experimental Groups: Analysing which approach yields better results.</p>	Retail stores use A/B testing to evaluate the effectiveness of digital vs. in-store promotions.

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SWOT Analysis		
Purpose	Techniques	Example
Evaluates a business's internal strengths and weaknesses, along with external opportunities and threats.	<p>Data Integration: Combining internal data (sales, footfall) with external data (market trends, competitor analysis).</p> <p>Strategic Insights: Making informed recommendations for improvement.</p>	A SWOT analysis for a store might highlight strengths in affordability and weaknesses in premium product offerings.

Table 10.6 Techniques Used to Analyse and Draw Conclusions from Data

10.1.8 Significance of Formats for Reporting Data Analysis

The format used for reporting data analysis plays a crucial role in ensuring that the information is effectively communicated, understood, and actionable. A well-structured reporting format enhances clarity, accessibility, and decision-making. The following are the key aspects that highlight its significance:

Clear Communication of Insights

- A proper format ensures that the findings from data analysis are presented in a concise and structured manner, making it easier for stakeholders to interpret.
- For instance, presenting sales trends during festive seasons like Diwali in a visually appealing dashboard helps store managers quickly identify growth opportunities.

Facilitates Data-Driven Decision-Making

- The format of the report directly influences how actionable the insights are.
- A good report organises data into meaningful sections, such as KPIs, trends, and recommendations.
- For example, a retail manager might rely on a report format highlighting key metrics like stock turnover and customer footfall, aiding inventory decisions.

Tailored for Different Audiences

- Different stakeholders require varying levels of detail.
- For instance, store managers may need detailed Excel reports with granular data on sales and inventory. A format that aligns with the audience ensures that the analysis is relevant and usable.

Enhances Visualization and Accessibility

- Formats such as dashboards, infographics, and charts make complex data easier to understand. Visual tools like heat maps and bar graphs can highlight areas of improvement or success.
- For example, a retailer might use a dashboard format to visualise which product categories perform best in specific regions.

Promotes Consistency and Comparability

- Standardised reporting formats allow for consistent tracking of performance over time. By using uniform templates, businesses can compare historical and current data more effectively.
- For example, if a retail store uses a consistent weekly sales report format, it becomes easier to spot seasonal trends or anomalies.

Ensures Compliance and Documentation

- A well-organized format ensures that data is documented and stored systematically, making it easier to meet regulatory and audit requirements.
- For instance, maintaining compliance with the **Consumer Protection Act, 2019** in India requires clear records of customer complaints, which can be presented in tabular or written formats.

Enables Effective Collaboration

- Well-defined formats encourage collaboration between teams.
- For example, marketing, operations, and sales teams can share reports in standardised formats, ensuring that everyone interprets the data consistently. A promotion analysis report might help both marketing and inventory teams plan better campaigns.

Saves Time and Resources

- Predefined reporting formats streamline the process of data presentation. Retail managers can spend more time analysing the results and less time formatting the report.
- For example, a retail store might use automated reporting tools to generate real-time sales performance reports in pre-configured formats.

The following are some of the reporting formats in the retail context:

Excel Sheets

- Used for detailed tabular data, like inventory levels and sales by product category.

Dashboards (Tableau/Power BI)

- For real-time visualisation of KPIs like conversion rates and revenue.

PDF/Word Reports

- For presenting SWOT analyses or audit findings to senior management.

Email Summaries

- For quick daily or weekly updates to store managers and executives.

Fig. 10.4 Reporting Formats in Retail Context

The significance of formats for reporting data analysis lies in their ability to transform raw data into actionable insights. A well-structured format bridges the gap between complex analysis and practical decision-making, enabling Indian retailers to thrive in a competitive market.

The following is a **sample format** for a retail store's **sales performance report**. This format ensures clarity, ease of interpretation, and actionable insights for decision-makers. To enhance the report visual representations of various figures in the form of bar graphs, line diagrams, histograms, pie charts, etc. can be used. Annexures of supporting documents such as Detailed SKU-Level Sales Data, Customer Feedback Analysis Summary, Weekly Sales Reports, etc. can be included.

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Retail Store Sales Performance Report			
Report Title: Monthly Sales Performance Report for: _____ Retail Store			
Reporting Period:			
Executive Summary			
<ul style="list-style-type: none"> Total Sales Revenue: Sales Growth (%): Top-Performing Category: 			
Key Insights:			
Key Performance Indicators (KPIs):			
Metric	Value	Target	Variance (%)
Total Revenue			
Footfall			
Average Basket Size (₹)			
Conversion Rate (%)			
Stock Turnover Ratio			
Category-Wise Performance:			
Product Category	Sales (₹)	% of Total Sales	Growth (MoM)
Grocery			
Electronics			
Clothing			
Home Appliances			
Region/Store-Wise Sales Breakdown:			
Region/Store	Revenue (₹)	Footfall	Conversion Rate (%)
North Zone			
West Zone			
South Zone			
East Zone			
Key Insights and Observations:			
<ul style="list-style-type: none"> Category Insights: Region Insights: 			
Recommendations:			

Fig. 10.5 Sample Format of Retail Store Sales Performance Report

Summary

- Key legal and ethical considerations ensure compliance with data privacy laws, protect customer trust, and prevent data misuse.
- Retailers must follow laws like the IT Act, 2000, and Digital Personal Data Protection Act, 2023, ensuring data security, transparency, and consent.
- Collect data only for specific purposes, limit collection to essentials, and obtain consent for additional uses.
- Use encryption, notify breaches promptly, and ensure third-party compliance with data laws.
- Data collection methods have evolved significantly with advancements in technology.
- Retailers, both online and offline, now leverage various tools and techniques to gather data about customers, sales, and market trends.
- POS systems record transaction details like purchases and payment methods, helping track customer frequency and popular products.
- Customer surveys, either paper-based or verbal, gather feedback on satisfaction, preferences, and suggestions to improve services.
- Loyalty programs exchange rewards for customer data, such as contact details, enhancing customer retention and engagement.
- E-commerce platforms and mobile apps track user behavior, preferences, and purchase history to offer personalized recommendations and recurring services.
- Social media platforms collect data through customer interactions like likes, comments, and shares to analyze trends and preferences.
- Digital payment methods allow retailers to gather transaction data, aiding in understanding customer spending patterns.
- CRM tools store and manage customer data for personalized marketing, targeted discounts, and improved customer engagement.
- IoT devices like smart shelves and RFID tags collect real-time inventory data, enabling efficient stock management and reducing out-of-stock scenarios.
- AI and machine learning analyze data patterns to predict customer behavior and personalize recommendations, enhancing marketing strategies and user experience.
- The purpose of measures to determine data quality is to focus on the practical steps or techniques used to assess whether the collected data meets the desired quality standards.

Exercise

Multiple Choice Questions:

1. What is a key requirement for retailers under the proposed Personal Data Protection Bill (PDPB), 2019?

- a) Sharing customer data with government agencies
- b) Collecting customer data without consent
- c) Obtaining explicit consent before collecting personal information
- d) Storing personal data indefinitely

Answer: c) Obtaining explicit consent before collecting personal information

2. Which traditional data collection method involves rewarding customers in exchange for their information like phone numbers or email IDs?

- a) Point-of-Sale (POS) Systems
- b) Customer Surveys and Feedback Forms
- c) Verbal Feedback
- d) Loyalty Programs

Answer: d) Loyalty Programs

3. What is a key application of IoT devices like RFID tags in retail stores?

- a) Enhancing customer feedback collection
- b) Monitoring real-time inventory data and product movement
- c) Conducting paper-based surveys
- d) Offering loyalty rewards to customers

Answer: b) Monitoring real-time inventory data and product movement

4. How do Artificial Intelligence (AI) algorithms benefit retail businesses?

- a) By conducting paper-based customer surveys
- b) By recommending products based on customer browsing history
- c) By managing real-time inventory levels
- d) By offering discounts for customer loyalty

Answer: b) By recommending products based on customer browsing history

5. Which Key Performance Indicator (KPI) measures the efficiency of space utilization in a retail store?

- a) Average Transaction Value (ATV)
- b) Customer Footfall
- c) Sales per Square Foot
- d) Conversion Rate

Answer: c) Sales per Square Foot

Answer the following questions:

1. List some data privacy laws in India.
2. What are the traditional data collection methods?
3. List some digital data collection methods.
4. Explain the purpose of collecting sales data.
5. What are the key measures to determine the quality of data collected?



<https://youtu.be/RJLqVy8qdSM?si=QU4tDxSfM-yVarXM>

Current Practices of Data Collection Methods

11. Use Artificial Intelligence (AI) tools to optimize store operations



Unit 11.1: Applications of AI and IoT in Retail Store Operations

Unit 11.2: Customer Service and Decision-Making with AI and IoT



Key Learning Outcomes

At the end of this module, the participant will be able to:

1. Explain the principles and applications of AI and IOT in retail environment
2. Use AI tools to enhance effectiveness of inventory management and customer service processes
3. Explain the impact of legal and statutory guidelines of using AI in retail environment
4. Identify the ways to use AI and IoT in optimising the store operations

Unit 11.1 Applications of AI and IoT in Retail Store Operations

Unit Objectives

At the end of this unit, the participant will be able to:

1. Explain the principles and applications of artificial intelligence (AI) and Internet of Things (IoT) in retail operations
2. Summarise the case studies and examples of successful AI and IoT implementations in retail store environment
3. Explain the utilities AI-powered analytics tools to analyse sales data, predict demand, and optimize inventory levels
4. Summarise the purposes of identifying trends, patterns, and anomalies in retail data
5. Explain the importance of customer data analysis in tailoring marketing strategies and improving customer engagement
6. Explain the role of AI algorithms to segment customers, personalize offers, and enhance the shopping experience
7. Discuss the features and benefits of IoT devices and sensors used in retail, such as RFID tags, smart shelves, and environmental sensors
8. Explain the benefits of integrating IoT technology with existing systems and processes for improved efficiency and data management

11.1.1 Principles and Applications of Artificial Intelligence (AI) and Internet of Things (IoT) in Retail Operations

Artificial Intelligence (AI) is the simulation of human intelligence by machines programmed to think, learn, and make decisions. AI systems use algorithms and data to analyze patterns, solve problems, and perform tasks that traditionally require human intelligence. In retail, AI helps automate processes like demand forecasting, personalized customer recommendations, and fraud detection, enhancing efficiency and customer satisfaction.

The **Internet of Things (IoT)** refers to a network of interconnected physical devices, such as sensors, smart shelves, and RFID tags, that communicate with each other through the Internet. These devices collect and exchange data in real time, enabling automation and seamless operations. In retail, IoT enables real-time inventory tracking, energy management, and personalized in-store experiences, improving both operational efficiency and the shopping journey.

Artificial Intelligence (AI) and the Internet of Things (IoT) are revolutionizing retail operations by enabling smarter, data-driven decision-making and creating personalized, seamless shopping experiences. AI leverages advanced algorithms to analyze customer behavior, optimize inventory, and enhance service delivery. IoT connects physical devices such as smart shelves, RFID tags, and environmental sensors to digital systems, enabling real-time data monitoring and automation of routine processes. Together, AI and IoT empower retailers to improve efficiency, reduce costs, and deliver superior customer experiences. From predictive analytics and personalized marketing to automated inventory management and smart store layouts, these technologies transform retail operations, making them more agile, customer-focused, and competitive.

Principles of AI in Retail Operations







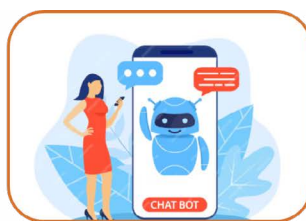
<p>Data-Driven Decision Making</p> 	<p>AI processes structured and unstructured data to generate actionable insights, enabling analysis of sales trends, prediction of customer preferences, and improved decision-making.</p>
<p>Automation</p> 	<p>Automates routine tasks such as inventory management, product recommendations, and customer service using chatbots or virtual assistants to enhance efficiency.</p>
<p>Personalization</p> 	<p>Analyzes customer behavior, purchase history, and preferences to deliver tailored experiences, boosting customer satisfaction and loyalty.</p>
<p>Predictive Analytics</p> 	<p>Utilizes historical and real-time data to forecast demand, optimize pricing, and anticipate inventory requirements, reducing stockouts and overstocking.</p>
<p>Natural Language Processing (NLP)</p> 	<p>Enables voice recognition, chatbots, and sentiment analysis, helping retailers interact with and understand customers more effectively.</p>
<p>Machine Learning and Deep Learning</p> 	<p>These AI subsets learn from data to refine processes like product categorization, fraud detection, and supply chain optimization.</p>

Table 11.1 Principles of AI in Retail Operations

Applications of AI in Retail Operations



Inventory Management



Customer Service



Dynamic Pricing



Fraud Detection



Store Layout Optimization



Customer Insights and Personalization

Fig. 11.1 Applications of AI in Retail Operations

1. Inventory Management:

- AI-powered analytics predict demand patterns and optimize inventory levels, reducing waste and ensuring availability.
- Automated systems can reorder products based on sales trends and seasonal demand.

2. Customer Service:

- AI chatbots and virtual assistants provide 24/7 support, handling inquiries, processing returns, and offering personalized recommendations.
- Sentiment analysis helps retailers understand customer feedback for improved service delivery.

3. Dynamic Pricing:

- AI algorithms analyze competitor pricing, demand, and market trends to adjust prices dynamically, maximizing profitability.

4. Fraud Detection:

- AI identifies unusual transaction patterns, reducing the risk of fraud in online and in-store transactions.

5. Store Layout Optimization:

- AI analyzes customer behavior to recommend store layouts and product placements, improving sales conversions and customer flow.

6. Customer Insights and Personalization:

- AI segments customers based on demographics, preferences, and buying behavior, enabling targeted marketing campaigns and customized offers.

Principles of IoT in Retail Operations






<p>Connectivity</p> 	<p>IoT connects physical devices like sensors, RFID tags, and smart shelves to a central system, enabling seamless communication and data sharing.</p>
<p>Real-Time Data Monitoring</p> 	<p>IoT devices collect and transmit real-time data, offering insights into inventory levels, customer footfall, and environmental conditions within the store.</p>
<p>Integration</p> 	<p>IoT integrates with existing retail systems like POS, inventory management software, and CRM systems to create a unified retail ecosystem.</p>
<p>Automation</p> 	<p>Automates processes such as restocking, energy management, and checkout experiences, reducing operational costs and improving efficiency.</p>
<p>Interactivity</p> 	<p>Facilitates interactive customer experiences, such as smart mirrors, digital displays, and mobile alerts, enhancing customer engagement.</p>

Table 11.2 Principles of IoT in Retail Operations

Applications of IoT in Retail Operations







Smart Shelves 	<p>IoT-enabled shelves with weight sensors and RFID tags track inventory levels and alert staff when restocking is needed.</p>
Real-Time Tracking 	<p>IoT devices track the movement of goods from warehouses to stores, ensuring transparency and reducing delays in the supply chain.</p>
Energy Management 	<p>IoT sensors monitor and optimize energy consumption in stores, reducing utility costs and supporting sustainability goals.</p>
Automated Checkout Systems 	<p>IoT-enabled systems like Amazon Go allow customers to automatically check out by scanning products using IoT devices.</p>
Environmental Monitoring 	<p>IoT sensors monitor store conditions like temperature, humidity, and lighting to ensure product safety and customer comfort.</p>
Customer Engagement 	<p>IoT-powered beacons send personalized notifications and promotions to customers' smartphones upon store entry, enhancing the shopping experience.</p>

Table 11.3 Applications of IoT in Retail Operations

11.1.2 Case Studies and Examples of Successful AI and IoT Implementations

The following are some case studies and examples of successful AI and IoT implementations in retail store environments:

1. Reliance Retail: AI-Powered Hyperlocal Delivery

Background: Reliance Retail, one of India's largest retailers, integrated AI and IoT technologies to enhance their online and offline store operations.

Implementation: By leveraging AI, Reliance optimized its supply chain and inventory management system, using predictive analytics to forecast demand more accurately. IoT sensors embedded in stores helped track inventory in real-time and ensured products were available when needed. AI algorithms also optimized delivery routes for hyperlocal delivery, ensuring faster delivery times to customers.

Outcome: Enhanced customer satisfaction due to quicker deliveries and product availability. This implementation helped boost profitability by reducing stockouts and operational inefficiencies.

2. Shoppers Stop: AI for Personalized Customer Experience

Background: Shoppers Stop, a prominent Indian retail chain, used AI to personalize the shopping experience and improve store operations.

Implementation: Shoppers Stop used AI-driven chatbots and virtual assistants to enhance customer service, helping customers find products, check availability, and even receive personalized recommendations based on their purchase history. IoT-enabled smart shelves provided real-time updates on product stock levels and informed employees when to restock.

Outcome: AI and IoT integrations led to a significant improvement in customer engagement and sales. Customers experienced a more personalized shopping experience, and the store's inventory management became more efficient, reducing operational costs.

3. Walmart: AI and IoT for Inventory and Supply Chain Optimization

Background: Walmart India, part of the global retail giant, has implemented AI and IoT technologies to streamline inventory and supply chain management.

Implementation: Walmart used AI-powered robots to scan shelves and monitor inventory levels in real time, while IoT-enabled devices tracked the movement of goods within the store. AI analytics helped the company predict demand trends and optimize supply chain operations to ensure the right products were available at the right time.

Outcome: This integration of AI and IoT led to better inventory accuracy, reduced stockouts, and minimized waste. The operational efficiency improvements helped Walmart save costs and enhance customer satisfaction through consistent product availability.

4. D-Mart: AI-Powered Smart Shelf Technology

Background: D-Mart, a growing retail chain in India, implemented AI and IoT technologies to improve store operations and enhance customer experiences.

Implementation: D-Mart deployed smart shelf systems that use IoT sensors to monitor the stock of items on shelves in real time. AI algorithms analyzed this data to predict demand and automatically trigger replenishment orders when stock levels dropped below a certain threshold.

Outcome: This system resulted in better inventory management, reduced out-of-stock situations, and enhanced the shopping experience. By optimizing the replenishment process, D-Mart improved its operational efficiency and was able to serve customers better, which directly contributed to increased sales.

5. Decathlon: AI for Predictive Analytics and IoT for Smart Stores

Background: Decathlon, a leading sports retail brand, successfully integrated AI and IoT to optimize store operations and inventory management.

Implementation: Decathlon implemented AI-driven predictive analytics to forecast demand for sports equipment and apparel across various regions. Additionally, IoT-enabled sensors in stores tracked product movement and customer interactions with displays, providing valuable insights for personalized recommendations and better in-store experiences.

Outcome: This technology-driven approach helped Decathlon enhance stock availability, reduce waste, and improve customer engagement. Their use of AI and IoT has also helped optimize pricing strategies and improve profit margins.

6. Zara: AI for Trend Prediction and IoT for Inventory Management

Background: Zara, a popular global retail chain, has implemented AI and IoT technologies in India to streamline operations and enhance customer experience.

Implementation: Zara utilizes AI to analyze fashion trends and customer preferences, enabling them to produce and deliver the right mix of products to Indian stores. IoT sensors in the store monitor stock levels and track sales data in real time, helping the store manager optimize inventory and product placement on the sales floor.

Outcome: This has led to a reduction in excess inventory, improved store replenishment cycles, and a more agile supply chain. Zara has been able to reduce costs while offering customers more relevant and on-trend products.

11.1.3 AI-Powered Analytics Tools

AI-powered analytics tools are transforming the way retail stores in India analyze sales data, predict demand, and optimize inventory levels. These tools leverage machine learning algorithms and advanced data analytics to process large volumes of data, offering actionable insights that help store managers optimize operations and increase profitability. The following are the applications of AI-powered analytics tools in retail:

1. Analyzing Sales Data

AI-powered analytics tools can process vast amounts of sales data quickly and accurately, providing deep insights into customer buying behavior, sales trends, and store performance. These tools utilize historical sales data, seasonal patterns, and external factors (such as promotions, holidays, and weather conditions) to identify key sales drivers.



Fig. 11.2 Sales Data Analysis

- **Example:** A retail store in India could use AI to track which products are performing best at different times of the year. For example, AI could reveal that winter jackets sell more in specific regions or during particular months, allowing the store manager to adjust sales strategies or promotional campaigns accordingly.
- **Tools:** AI tools like Google Analytics, SAS, and Tableau use machine learning to perform detailed analysis, including identifying cross-selling opportunities, tracking product performance, and providing real-time sales insights

2. Predicting Demand

One of the most powerful features of AI-powered analytics is its ability to predict demand. By analyzing historical data and external factors (such as market trends, weather forecasts, and local events), AI algorithms can forecast future demand for products with high accuracy. This predictive capability is crucial for reducing the risk of stockouts and overstocking.



Fig. 11.3 Demand Prediction

- **Example:** AI tool detects that demand for a particular type of ethnic wear spikes during a certain festival (e.g., Diwali or Durga Puja), it can predict the expected demand ahead of time and adjust the inventory levels accordingly. Similarly, it can predict the effect of weather changes on sales, such as a surge in demand for air conditioners during a hot summer.
- **Tools:** IBM Watson, Microsoft Azure Machine Learning, and SAP Demand Forecasting are examples of platforms that use AI to predict demand based on various factors, ensuring stores can maintain adequate stock levels while minimizing wastage.

3. Optimizing Inventory Levels

AI-powered analytics can significantly improve inventory management by providing insights into how much stock should be held at any given time, reducing the risks of both understocking and overstocking. These tools help store managers identify slow-moving products and suggest appropriate actions like markdowns or promotions to clear out excess inventory.



Fig. 11.4 Optimizing Inventory Levels

- **Example:** AI can analyze the sales velocity of various products and suggest optimal reordering levels. For example, if a store is selling a high volume of smartphones during the festive season but slower-moving products like accessories are clogging the inventory, AI tools can recommend adjusting stock levels by reordering faster-moving products while decreasing the stock of slower-moving ones.
- **Replenishment:** AI tools can automate the inventory replenishment process by linking with suppliers and sending automatic orders based on demand predictions. This minimizes the chances of stockouts or surplus inventory.
- **Tools:** AI-based inventory management tools such as Oracle Retail, Blue Yonder, and Llamasoft use machine learning and real-time data to optimize inventory levels. These tools not only predict demand but also optimize reorder schedules, track stock movements, and ensure that the store has the right products at the right time.

11.1.4 Purposes of Identifying Trends, Patterns, and Anomalies in Retail Data

Identifying trends, patterns, and anomalies in retail data is critical for effective decision-making and operational optimization in the retail sector.



Fig. 11.5 Data Analysis

1. Identifying Trends in Retail Data

Identifying trends involves analyzing historical data to understand how customer behavior, sales, and inventory fluctuate over time.

Benefits:

- **Forecasting Demand:** By recognizing trends, retailers can predict future demand, ensuring that they stock the right number of products at the right time. This is particularly useful for managing seasonal variations, sales events, and festivals in the Indian retail context.
- **Tailoring Marketing Strategies:** Trends in customer preferences and behavior can help retailers design personalized marketing campaigns, increasing engagement and sales.
- **Optimizing Pricing:** Understanding trends in product popularity and pricing over time enables dynamic pricing strategies, ensuring competitive pricing while maximizing profit margins.

- **Improving Product Assortment:** Recognizing which products are consistently popular or are gaining popularity helps managers refine their product offerings to meet customer demand.

Examples:

Festival Demand

- Retailers often observe an increase in demand for clothing, electronics, and household goods around festivals like Diwali or Eid. By recognizing this trend, managers can prepare for higher foot traffic, optimize staff schedules, and adjust inventory to cater to the surge in demand.

Seasonal Trends

- Retailers in India might notice that demand for air conditioners (ACs) increases during the hot summer months and dips during the monsoon season. This trend can help store managers plan inventory levels, discounts, and promotions in advance to maximize sales during the peak season.

Increasing Online Shopping

- Over time, retailers may notice a trend of increasing online sales compared to in-store purchases. This can lead to an investment in e-commerce platforms, improved logistics, and targeted online marketing campaigns.

2. Identifying Patterns in Retail Data

Patterns are recurring behaviors or outcomes that can be identified from data over time. These can relate to customer shopping habits, sales cycles, or inventory turnover rates.

Benefits:

- **Customer Behavior Understanding:** Identifying patterns such as frequent purchase times, popular product combinations, or customer preferences based on region can help stores tailor their offerings and improve customer service.
- **Optimizing Stock Levels:** Patterns in product sales can help store managers predict when specific products will sell out or need restocking, reducing stockouts and overstock situations.
- **Enhancing Store Layouts:** Recognizing patterns in customer movement within the store can inform decisions about store layout and product placement, improving the overall shopping experience and boosting sales.
- **Targeted Promotions:** By analyzing purchasing patterns, retailers can design targeted promotions or loyalty programs to increase customer retention and boost sales during peak periods.

Examples:

Customer Purchase Behavior

- Retailers might observe that customers who buy luxury watches often also purchase high-end leather wallets or other accessories. This pattern can inform cross-selling strategies, where the store promotes complementary products to increase the average transaction value.

Peak Shopping Times

- Patterns of customer behavior could reveal that most customers visit the store in the evenings or on weekends, particularly on Fridays. Retailers can adjust staffing schedules to ensure adequate support during these busy hours and improve customer service.

Product Affinity

- In an Indian grocery store, it may be noticed that customers who buy rice often purchase spices and lentils in the same transaction. This pattern could lead to better product placement, like placing rice near spices, to encourage customers to purchase related products.

3. Identifying Anomalies in Retail Data

Anomalies refer to unusual data points or outliers that deviate significantly from expected patterns or trends. Identifying these anomalies is critical for addressing issues promptly.

Benefits:

- **Loss Prevention:** Anomalies such as unexpected spikes in returns, unusual discount usage, or discrepancies between sales and inventory can indicate fraud or theft. By spotting these anomalies, store managers can take corrective action to prevent losses.
- **Operational Efficiency:** Identifying operational anomalies (e.g., excessive stock wastage or delays in restocking) helps improve operational workflows, leading to better cost control and resource management.
- **Improving Customer Service:** Anomalies in customer feedback, such as sudden negative reviews or complaints about product quality, can signal issues that need immediate attention to maintain customer satisfaction.
- **Inventory Management:** Anomalies in inventory levels, like discrepancies between the system and actual stock, can signal issues like theft, stock mismanagement, or errors in data entry. Addressing these anomalies ensures better inventory accuracy.

Examples:

Unusual Sales Drop

- A retail store might experience a sudden, unexplained drop in sales for a popular product, like smartphones. Upon investigation, it may be discovered that there's a technical issue with the online payment system, preventing customers from completing purchases. Identifying this anomaly allows the store to quickly resolve the issue and minimize lost sales.

Discrepancy in Inventory Levels

- A store manager might notice that inventory counts for certain products (like shoes) are consistently higher in the system than what's physically on the shelves. This anomaly could signal issues such as theft, errors in stock taking, or discrepancies in the Point of Sale (POS) system. Addressing this anomaly helps improve inventory accuracy.

Return Patterns

- An anomaly could occur when a particular product, like a new model of laptop, experiences a sudden spike in returns. Upon further analysis, it may be revealed that a batch of laptops had defective batteries, causing the returns. Identifying this anomaly early allows the retailer to take corrective action with the supplier or recall the product.

11.1.5 Importance of Customer Data Analysis

Customer data analysis plays a crucial role in developing tailored marketing strategies and enhancing customer engagement. By analyzing data related to customer behavior, preferences, and purchase history, retailers can make informed decisions to meet customer needs effectively.



Fig. 11.6 Customer Data Analysis

1. Personalized Marketing Strategies

Analyzing customer data helps retailers understand individual preferences, shopping habits, and purchasing power. With this insight, marketing strategies can be tailored to target specific customer segments.

Benefits:

- **Targeted Promotions:** Retailers can offer personalized discounts or product recommendations based on a customer's purchase history. For example, a customer who frequently buys skincare products can be targeted with promotions on new skincare launches.
- **Relevance and Engagement:** Personalized marketing campaigns are more likely to resonate with customers, increasing the likelihood of engagement and purchase. This approach helps reduce marketing costs by focusing efforts on the right audience.
- **Example:** An e-commerce retailer can use data to send customized emails to customers during festivals like Diwali, offering discounts on products they've previously browsed or purchased.

2. Customer Segmentation

Customer data analysis enables segmentation based on demographics, shopping behavior, location, and spending habits. This allows retailers to design strategies that cater to the specific needs of each segment.

Benefits:

- **Improved Resource Allocation:** Retailers can focus marketing efforts on high-value customer segments, ensuring better returns on investment.
- **Localized Campaigns:** For example, in India, different regions celebrate different festivals. Customer data analysis can guide retailers in creating region-specific campaigns, such as offering Pongal-related products in Tamil Nadu or Onam-related discounts in Kerala.
- **Example:** A grocery store chain may segment its customers into categories like health-conscious buyers, budget shoppers, and premium product buyers, tailoring promotions and product placements accordingly.

3. Enhancing Customer Loyalty and Retention

Analyzing customer data helps identify patterns in customer behavior, such as frequency of visits, preferred products, and price sensitivity. This information can be used to improve customer retention.

Benefits:

- **Loyalty Programs:** By analyzing spending patterns, retailers can create loyalty programs that reward frequent customers. For example, offering reward points for repeat purchases encourages customers to stay loyal to the brand.
- **Proactive Engagement:** Data analysis can identify customers who have reduced their visits or purchases, enabling retailers to engage them with special offers or re-engagement campaigns.
- **Example:** An online retailer might offer a "We Miss You" discount to customers who haven't made a purchase in three months, encouraging them to return.

4. Predicting Customer Needs

Customer data analysis helps retailers predict future needs based on past purchasing behavior and market trends.

Benefits:

- **Proactive Offerings:** Retailers can anticipate customer requirements and stock products accordingly. For example, analyzing customer data may reveal that customers in a particular region buy umbrellas during the monsoon season. Retailers can ensure these products are available before the season starts.
- **Improved Product Recommendations:** AI-powered tools can use customer data to recommend products customers are likely to purchase, increasing conversion rates.
- **Example:** An e-commerce platform could use data to suggest traditional attire like sarees or kurtas to customers browsing clothing during festival seasons.

5. Optimizing Marketing Spend

Data analysis ensures that marketing budgets are spent efficiently by focusing on high-performing strategies and channels.

Benefits:

- **Channel Optimization:** Retailers can identify which marketing channels (e.g., social media, email, SMS) generate the best engagement and allocate budgets accordingly.
- **Measuring ROI:** Customer data allows retailers to measure the success of campaigns and refine strategies based on performance metrics.
- **Example:** A retail brand may discover that social media ads targeting urban millennials generate higher sales compared to SMS campaigns, prompting a shift in marketing spend.

6. Real-Time Insights and Action

Customer data analysis provides real-time insights into customer behavior, enabling retailers to respond quickly to changing preferences and trends.

Benefits:

- **Dynamic Campaigns:** Retailers can adjust marketing strategies on the fly based on real-time data. For example, if a promotion is performing well, it can be extended or expanded to other channels.
- **Crisis Management:** If customer feedback shows dissatisfaction with a product or service, data analysis allows for immediate corrective actions to improve customer satisfaction.
- **Example:** A retailer might notice a surge in demand for certain colors of ethnic wear during wedding seasons and immediately boost promotions or stock availability for those items.

11.1.6 The Role of AI Algorithms

Artificial Intelligence (AI) algorithms are a set of instructions or computational models designed to enable machines to mimic human intelligence. These algorithms analyze vast amounts of data, identify patterns, and make decisions or predictions without direct human intervention. In the retail industry, AI algorithms are used to process customer data, optimize operations, and deliver personalized experiences. The following are the important roles of AI algorithms in retail:



Fig. 11.7 Role of AI Algorithms

1. Customer Segmentation

AI algorithms analyze vast amounts of customer data to segment customers into distinct groups based on their behavior, preferences, and demographics.

Role of AI:

- **Behavioral Segmentation:** AI identifies patterns in customer interactions, such as purchase frequency, product preferences, and browsing history, to group customers with similar behaviors.
 - **Example:** AI can classify customers into segments like frequent buyers, occasional shoppers, or first-time visitors.
- **Demographic Segmentation:** AI uses data such as age, gender, location, and income to create segments. This is particularly useful in the Indian context, where regional preferences and cultural differences significantly influence buying behavior.
 - **Example:** AI can segment customers based on their city (e.g., Tier 1, Tier 2, or rural areas) to tailor marketing strategies.
- **Psychographic Segmentation:** AI algorithms analyze preferences, lifestyles, and values through social media interactions, online reviews, or survey data.
 - **Example:** AI can identify eco-conscious customers and target them with sustainable product recommendations.

2. Personalizing Offers

AI algorithms enable the creation of highly personalized offers by leveraging individual customer data, such as purchase history, browsing behavior, and real-time interactions.

Role of AI:

- **Dynamic Pricing:** AI analyzes market trends, competitor pricing, and customer spending behavior to suggest the best price for each customer segment.
 - **Example:** An online retailer in India may offer discounts on smartphones to customers who have frequently searched for similar products but haven't yet made a purchase.

- **Product Recommendations:** AI-powered recommendation engines suggest products based on a customer's browsing history, previous purchases, and what similar customers have bought.
 - **Example:** On an e-commerce platform, a customer who buys a kurta might receive recommendations for matching accessories, like stoles or footwear.
- **Location-Based Offers:** AI algorithms use geolocation data to provide personalized offers to customers near a store.
 - **Example:** A retail chain might send push notifications with store-specific discounts to customers in Mumbai during Ganesh Chaturthi.

3. Enhancing the Shopping Experience

AI enhances the shopping experience by providing convenience, efficiency, and personalization across physical stores and online platforms.

Role of AI:

- **Chatbots and Virtual Assistants:** AI-powered chatbots provide instant assistance to customers by answering queries, recommending products, or helping with transactions.
 - **Example:** An Indian online retailer can deploy a chatbot that converses in regional languages like Hindi, Tamil, or Bengali to cater to a diverse customer base.
- **Smart Search and Filters:** AI algorithms improve the search experience by auto-completing queries, suggesting relevant keywords, and offering advanced filters.
 - **Example:** A customer searching for "women's sarees" on an e-commerce site can be shown filters like fabric type (silk, cotton) or occasion (wedding, casual).
- **In-Store AI Tools:** Physical retail stores use AI to enhance customer experience through tools like smart mirrors, which allow customers to try on clothing virtually, or AI-powered kiosks for quick product searches.
 - **Example:** In a high-end retail store in India, customers could use a smart mirror to visualize how jewelry looks without physically wearing it.
- **Predictive Analytics for Inventory:** AI ensures that popular products remain in stock by predicting demand based on historical trends and real-time customer behavior.
 - **Example:** During festive seasons like Diwali

11.1.7 Features and Benefits of IoT Devices

IoT devices are used to collect, monitor, and analyze data in real-time, enhancing operational efficiency and customer experience. IoT devices in retail include RFID tags, smart shelves, environmental monitors, and more. These devices help retailers automate processes, track inventory, monitor store conditions, and improve decision-making, all while providing valuable insights into customer behavior, product demand, and store performance.

RFID Tags:

RFID (Radio Frequency Identification) tags are small electronic devices used for automatic identification and tracking of items. These tags consist of a microchip that stores data and an antenna that transmits the information to a reader via radio waves. In retail, RFID tags are attached to products, enabling retailers to track inventory in real time, improve supply chain management, and enhance theft prevention. RFID technology reduces the need for manual stocktaking and ensures accurate inventory data, leading to fewer stockouts and better product availability for customers.



Fig. 11.8 RFID Scanning

Features:

- **Product Tracking:** RFID tags store data about individual products and allow wireless communication to track their movement throughout the supply chain.
- **Automatic Scanning:** RFID tags can be scanned without direct line-of-sight, unlike traditional barcodes.
- **Data Storage:** These tags can store detailed information, including product ID, manufacturing date, and batch number.
- **Durability:** RFID tags are more durable and reusable compared to barcodes.

Benefits:

- **Improved Inventory Management:** RFID tags help retailers track inventory in real-time, reducing stockouts or overstocking. For example, a clothing retailer in India can instantly check stock levels for specific sizes or colors.
- **Enhanced Efficiency:** Faster scanning and real-time updates reduce the time required for stock audits and replenishments.
- **Theft Prevention:** RFID-enabled anti-theft systems can detect unauthorized removal of tagged products, reducing shrinkage.
- **Seamless Checkout:** In self-checkout systems, RFID tags enable customers to scan multiple products simultaneously, reducing checkout time.

Smart Shelves:

Smart shelves are equipped with advanced sensors and technologies that enable real-time tracking of product levels, movements, and even conditions. These shelves can detect when a product is removed or when stock is running low, sending automatic alerts to store staff for replenishment. In addition to tracking inventory, some smart shelves use weight sensors or RFID technology to ensure products are in their correct locations. This technology helps optimize inventory management, reduce stockouts, and improve operational efficiency, leading to a seamless shopping experience for customers.



Fig. 11.9 Smart Shelve

Features:

- **Weight and Pressure Sensors:** Smart shelves are equipped with sensors to monitor the weight or presence of products on shelves.
- **Connectivity:** These shelves are connected to a central system via IoT, enabling real-time updates on stock levels.
- **Digital Displays:** Smart shelves often have digital price displays that can be updated remotely.
- **Integration with AI:** Smart shelves can integrate with AI tools to predict restocking needs based on sales data.

Benefits:

- **Real-Time Stock Monitoring:** Retailers can instantly know when shelves are running low and trigger automatic replenishment. For example, grocery stores in India can ensure that fast-moving items like rice or spices are always available.
- **Dynamic Pricing:** Smart shelves enable dynamic price adjustments based on demand, seasonality, or promotions.
- **Reduced Stockouts:** By detecting low stock levels, smart shelves prevent lost sales opportunities due to unavailable products.
- **Enhanced Customer Experience:** Customers find well-stocked shelves and accurate pricing information, improving their shopping experience.

Environmental Sensors:

Environmental sensors are devices used to monitor various conditions within a store, such as temperature, humidity, light levels, and air quality. These sensors collect data in real time and can trigger alerts when conditions fall outside predefined parameters. In retail, environmental sensors are crucial for maintaining the quality of perishable goods, ensuring energy efficiency, and creating a comfortable shopping environment for customers. By providing insights into store conditions, these sensors help optimize product storage, reduce energy costs, and ensure compliance with regulatory standards, particularly in sectors like food and pharmaceuticals.



Fig. 11.10 Humidity and Temperature Monitoring

Features:

- **Temperature Monitoring:** Environmental sensors can monitor temperature levels in real-time, ensuring optimal conditions for perishable products like dairy, vegetables, or frozen foods.
- **Humidity Control:** These sensors track and regulate humidity, protecting products that are sensitive to moisture, such as electronics or packaged food.

- **Air Quality Measurement:** Sensors can measure air quality and ensure a clean and comfortable environment for customers and employees.
- **Alerts and Automation:** Sensors can trigger alerts or automated actions (e.g., adjusting air conditioning or refrigeration) when environmental conditions exceed predefined thresholds.

Benefits:

- **Product Freshness:** Temperature and humidity sensors help maintain the freshness of perishable goods, reducing wastage and improving customer satisfaction. This is especially important in the Indian context for items like fruits, vegetables, and dairy in hot climates.
- **Energy Efficiency:** Automated controls reduce energy costs by optimizing refrigeration, lighting, and air conditioning based on real-time needs.
- **Compliance with Standards:** Environmental sensors help retailers comply with food safety regulations by maintaining proper storage conditions.
- **Improved Customer Comfort:** By maintaining optimal in-store conditions, sensors contribute to a pleasant shopping experience.

11.1.8 Benefits of Integrating IoT Technology

Integrating Internet of Things (IoT) technology with existing retail systems and processes can significantly enhance efficiency and data management in store operations. The following are the benefits of integrating IoT technology in retail:

Real-Time Inventory Management	<ul style="list-style-type: none"> ➤ IoT devices, such as RFID tags and smart shelves, enable real-time tracking of inventory levels, reducing stock-outs or overstock situations. ➤ Retailers can automatically monitor stock movement and triggers for replenishment, improving inventory turnover and optimizing stock levels.
Enhanced Customer Experience	<ul style="list-style-type: none"> ➤ IoT-enabled systems can provide insights into customer behavior, such as store traffic patterns and preferred shopping areas. This data helps improve store layouts, optimize product placements, and tailor promotions. ➤ Smart devices like interactive kiosks and personalized mobile notifications can engage customers more effectively, offering them personalized deals or product recommendations based on their preferences and purchase history.
Energy Efficiency and Cost Reduction	<ul style="list-style-type: none"> ➤ IoT solutions can optimize energy usage in stores, such as controlling lighting, HVAC systems, and refrigeration units based on real-time conditions. This leads to significant reductions in operational costs, particularly in large stores or supermarkets. ➤ Automated systems can adjust energy usage based on store traffic or time of day, reducing wastage and improving energy consumption efficiency.

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Improved Data Management and Analytics	<ul style="list-style-type: none"> ➤ By integrating IoT sensors and devices, retail store managers can gather vast amounts of data on product performance, customer preferences, and store operations. ➤ Advanced analytics powered by AI can process this data, offering actionable insights for decision-making on pricing, promotions, and stock management. This enhances operational intelligence and facilitates proactive decision-making.
Enhanced Supply Chain and Vendor Management	<ul style="list-style-type: none"> ➤ IoT can streamline communication between the store and suppliers by providing real-time updates on stock levels, product shipments, and deliveries. ➤ Automated alerts on product shortages or delivery delays allow for quicker response times, ensuring smooth operations and customer satisfaction.
Predictive Maintenance	<ul style="list-style-type: none"> ➤ IoT-enabled devices can monitor equipment health, such as HVAC systems, refrigeration units, and lighting systems. Predictive maintenance tools can forecast when a system is likely to fail, allowing managers to carry out maintenance before problems arise, reducing downtime and repair costs. ➤ This proactive approach ensures the store runs smoothly without disruptions to customer service.
Security and Loss Prevention	<ul style="list-style-type: none"> ➤ IoT-based security systems such as smart surveillance cameras, motion sensors, and smart locks enhance store safety by providing real-time monitoring of store premises. ➤ Integration of IoT with existing security systems can help detect unauthorized activities, prevent theft, and ensure employee safety.
Optimized Checkout Process	<ul style="list-style-type: none"> ➤ IoT-enabled checkout systems such as self-checkout kiosks or smart carts can speed up the checkout process and reduce wait times, improving the customer experience. ➤ Seamless integration of payment systems ensures faster, more accurate transactions while reducing human errors at the point of sale.
Staff and Task Management	<ul style="list-style-type: none"> ➤ IoT devices like wearables or smart badges can help store managers track staff activities in real time, optimize staffing levels, and ensure efficient task allocation. ➤ IoT systems can automatically notify staff of customer needs or urgent tasks, ensuring a smooth and efficient operation with minimal manual intervention.

Table 11.4 Benefits of Integrating IoT Technology

Unit 11.2 Customer Service and Decision-Making with AI and IoT

Unit Objectives

At the end of this unit, the participant will be able to:

1. Explain the role of AI in optimizing store layout, product placement, and signages to improve customer flow and sales
2. Explain the role of IoT sensors in monitoring store conditions and maintaining optimal environmental factors
3. Explain the utilities of AI chatbots and virtual assistants in providing personalized customer support and recommendations
4. State the importance of training staff on using AI tools to enhance customer service and satisfaction
5. Explain the importance of key performance indicators (KPIs) used to measure retail performance, such as sales, profitability, and customer satisfaction
6. Explain the elements of reports and insights that can be drawn using AI-driven analytics tools to inform decision-making and identify areas for improvement
7. Discuss the ethical and legal considerations related to collecting and analysing customer data in retail
8. Summarise best practices for ensuring data privacy, security, and compliance with data protection regulations

11.2.1 Role of AI in Optimizing Store Layout, Product Placement, and Signages

Artificial Intelligence (AI) plays a pivotal role in transforming retail store operations by enhancing store layout, optimizing product placement, and improving signage, all of which ultimately lead to better customer flow and increased sales.

1. Optimizing Store Layout Using AI

AI can help retail store managers create a store layout that maximizes customer engagement and optimizes the use of space. By analyzing customer movement patterns, dwell times, and purchasing behaviors, AI can provide insights into which areas of the store attract the most traffic and where



Fig. 11.11 Typical Retail Store Layout

The following are some benefits of using AI to optimize store layout:

- **Heatmap Analysis:** AI-driven software can track customer movement in real-time, generating heatmaps that show areas of high and low traffic. This data allows managers to adjust the layout to ensure popular products are placed in high-traffic areas, while less popular items can be moved to secondary spaces.
- **Efficient Space Utilization:** AI can assist in identifying underutilized spaces, helping managers reorganize product categories, adjust shelf heights, or redesign the store layout to ensure products are easily accessible and visible.
- **Customer Segmentation and Personalization:** AI analyzes the demographic and behavioral data of shoppers to suggest store layouts tailored to specific customer segments. For example, high-end products may be placed in more exclusive, visually appealing areas for premium customers, while more budget-friendly items are positioned towards the front for accessibility.

2. Product Placement Strategy Powered by AI

Product placement is a critical aspect of driving sales and improving customer engagement. AI provides advanced data analysis and predictive algorithms that help retailers make informed decisions about where to place products for maximum impact:

- **Product Affinity Analysis:** AI analyzes customer purchase history and behavior to identify which products are frequently bought together. Retail managers can use this information to place related items next to each other, encouraging cross-selling and boosting average transaction value.
- **Dynamic Product Placement:** AI can dynamically adjust product placement based on real-time data, such as changes in demand or seasonal trends. For instance, if a particular product is in high demand, AI can automatically recommend relocating it to a more prominent location to maximize visibility and sales.
- **Promotional and Discount Optimization:** AI can help determine which products to feature in promotional displays or discounted areas based on factors like current sales performance, stock levels, and customer preferences, ensuring that the most relevant products are highlighted.

3. AI-Driven Signage for Effective Communication

AI can also enhance in-store signage by ensuring it is relevant and engaging for customers, creating a more personalized shopping experience. Signage plays an important role in guiding customers and communicating promotional offers, product features, and store policies:

- **Dynamic Digital Signage:** AI-powered digital signage can change content based on customer profiles, time of day, or even weather conditions. For example, promotional banners can display different offers for different customer segments or products based on weather patterns—such as promoting sunscreen during hot months or warm clothing during the winter.
- **Personalized Messaging:** AI can track customer behavior and serve personalized messages or offers via digital signage. For instance, if a customer is browsing a certain product category, AI can display relevant signage to inform them about discounts or new arrivals in that category.
- **Real-Time Adjustments:** AI can analyze customer interactions with signage (e.g., whether they stop and read a message) to assess effectiveness and automatically adjust the content or positioning of the signage to increase engagement.

4. Improving Customer Flow with AI Insights

AI not only optimizes store layout and product placement but also enhances customer flow, ensuring a smooth shopping experience:

- **Predictive Customer Flow:** By analyzing foot traffic data, AI can predict peak hours and customer flow patterns. Retail managers can use this information to adjust staffing levels, manage checkout lines, and optimize product displays to ensure that customers move through the store efficiently.

- **Queue Management:** AI can help manage queues by predicting wait times and automatically directing customers to the shortest line. AI-driven systems can also inform store managers about potential bottlenecks and suggest solutions such as adding more checkout counters or directing customers to self-checkout stations.
- **In-Store Navigation Assistance:** AI-powered mobile apps or in-store kiosks can help guide customers to specific products or sections of the store, reducing time spent searching and improving overall customer satisfaction.



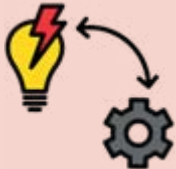
5. AI in Analyzing Customer Behavior and Improving Decision-Making

AI plays a crucial role in continuously analyzing customer behavior, providing valuable insights for store layout, product placement, and signage decisions:

- **Behavioral Analytics:** AI algorithms can track and analyze customer movements, interactions, and engagement within the store. This helps retailers understand the effectiveness of current layouts and product placements, allowing for continuous improvement.
- **Predictive Insights:** AI can predict future customer trends based on historical data, enabling managers to plan layouts, promotions, and signage to meet customer demand effectively.
- **A/B Testing:** AI can facilitate A/B testing of different layouts, product placements, and signage strategies by automatically comparing customer reactions and sales data to determine the most effective approach.

11.2.2 The Role of IoT Sensors

IoT sensors play a crucial role in modern retail environments by providing real-time data and insights that help retailers maintain optimal conditions and enhance the overall shopping experience. The following are some key ways IoT sensors contribute to monitoring and maintaining retail store conditions:

<p>Temperature and Humidity Control</p> 	<p>IoT sensors can continuously monitor the temperature and humidity levels within a retail store. This is particularly important for stores selling perishable goods, as maintaining the right conditions ensures product quality and reduces spoilage. By receiving real-time alerts, store managers can take immediate action to adjust HVAC systems and maintain optimal environmental conditions.</p>
<p>Air Quality Monitoring</p> 	<p>Maintaining good air quality is essential for creating a pleasant shopping environment. IoT sensors can detect levels of pollutants, carbon dioxide, and other harmful substances in the air. This data helps retailers implement measures to improve ventilation and air filtration, ensuring a healthier environment for both customers and staff.</p>
<p>Lighting Management</p> 	<p>Proper lighting is crucial for showcasing products and creating an inviting atmosphere. IoT sensors can monitor and control lighting levels, adjusting brightness based on natural light availability and store occupancy. This not only enhances the shopping experience but also helps conserve energy by reducing unnecessary lighting.</p>

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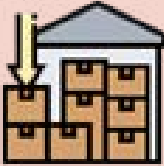
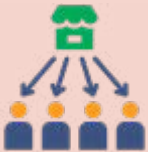


<p>Inventory Management</p> 	<p>IoT sensors integrated with smart shelves and RFID tags can track inventory levels in real-time. This helps retailers avoid stockouts and overstock situations, ensuring that products are always available for customers. Additionally, it allows for efficient restocking and reduces the labor required for manual inventory checks.</p>
<p>Customer Traffic Analysis</p> 	<p>Understanding customer traffic patterns is essential for optimizing store layout and improving customer flow. IoT sensors can track the movement of customers within the store, providing valuable insights into high-traffic areas and popular product displays. This data helps retailers make informed decisions about store design and product placement.</p>
<p>Energy Management</p> 	<p>IoT sensors can monitor energy consumption across various store systems, such as lighting, HVAC, and refrigeration. By analyzing this data, retailers can identify areas where energy efficiency can be improved, leading to cost savings and reduced environmental impact.</p>
<p>Security and Loss Prevention</p> 	<p>IoT sensors can enhance store security by detecting unauthorized access and monitoring high-value items. These sensors can trigger alarms and notify store managers of potential security breaches, helping to prevent theft and protect assets.</p>

Table 11.5 Role of IoT Sensors

11.2.3 AI Chatbots and Virtual Assistants

AI chatbots and virtual assistants are intelligent programs designed to simulate human-like interactions, assist users, and provide personalized solutions. These technologies leverage natural language processing (NLP), machine learning (ML), and artificial intelligence (AI) to understand user queries, provide relevant responses, and enhance the overall customer experience.

AI Chatbots



Fig. 11.12 AI Chatbot

An AI chatbot is an application that uses artificial intelligence to simulate conversations with users. Chatbots are often integrated into websites, messaging apps, and customer service platforms to provide quick and automated responses to common queries. They leverage natural language processing (NLP) to understand and respond to user inputs in a human-like manner, offering a seamless and efficient way to handle customer interactions.

Virtual Assistants

Virtual assistants are advanced AI-powered tools that provide more comprehensive support than chatbots. While chatbots are typically designed for specific tasks or queries, virtual assistants can handle a broader range of functions, including scheduling, reminders, complex customer service tasks, and personalized recommendations. Virtual assistants use AI, NLP, and machine learning to understand context and provide more personalized and interactive experiences.



Fig. 11.13 Virtual Assistant

Types of AI Chatbots and Virtual Assistants

AI chatbots and virtual assistants come in various forms, each designed to serve specific purposes and enhance user experience in different ways. The following are some common types of AI Chatbots and Virtual assistants:

Chatbot/Virtual Assistant Type	Description	Use Case
Rule-Based Chatbots	Simple chatbots operating on pre-defined rules and scripts, handling specific queries with keyword matching or decision trees.	Answering FAQs, providing basic product information, or handling simple customer service tasks.
Conversational AI Bots	Advanced chatbots for natural, human-like conversations, understanding context and emotions to engage users.	Personalized shopping assistance, customer support, and interactive marketing campaigns.

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Voice-Based Virtual Assistants	Assistants using voice commands via voice recognition technology, integrated into devices like smartphones or smart speakers.	Hands-free customer support, scheduling tasks, and providing product information.
Contextual Chatbots	Utilize user data (e.g., purchase history, browsing behavior) to provide contextual and personalized responses.	E-commerce platforms offering product suggestions and customer-specific solutions.
Social Media Chatbots	Integrated into social media platforms to engage customers by answering queries, showcasing products, or initiating conversations.	Social media marketing, customer service, and lead generation.
Virtual Shopping Assistants	Specialized AI assistants enhancing the shopping experience by helping users find products and compare options based on preferences and budget.	Assisting customers on e-commerce websites or mobile apps.
Transactional Chatbots	Bots designed to assist in completing specific tasks like booking tickets, placing orders, or making payments.	Food delivery services, travel bookings, and e-commerce checkouts.
Healthcare Virtual Assistants	Address health-related queries, provide symptom analysis, and schedule appointments.	Guiding patients, providing medication reminders, and health tracking.
Multilingual Chatbots	Handle interactions in multiple languages to cater to a diverse customer base.	Global businesses needing localized customer support.
Informational Chatbots	Provide information and answers to queries based on a knowledge base, presenting data in an easy-to-understand format.	Educational platforms, customer support, and content-based websites (e.g., FAQs).

Table 11.6 Types of AI Chatbots and Virtual Assistants

Use of AI Chatbots and Virtual Assistants in Providing Customer Support

1. Personalized Customer Support

AI chatbots and virtual assistants provide round-the-clock, efficient, and tailored support to customers by addressing their queries and concerns in real time.

Key Functions

- **Instant Query Resolution:** Chatbots can instantly respond to customer queries related to product availability, pricing, delivery timelines, return policies, or store locations. This reduces waiting times and enhances customer satisfaction.
- **24/7 Availability:** AI-powered assistants provide uninterrupted service, allowing customers to interact at their convenience, especially useful for e-commerce platforms and retail stores operating in multiple time zones.
- **Multilingual Support:** In a linguistically diverse country like India, chatbots can communicate in regional languages, making the experience more inclusive and accessible to customers from all regions.
- **Order Tracking and Issue Resolution:** Virtual assistants can help customers track their orders, manage returns or refunds, and resolve complaints without human intervention, improving operational efficiency.

Example:

E-commerce platforms like Flipkart and Amazon use AI chatbots to handle customer inquiries regarding product delivery, cancellations, or promotions, significantly improving customer retention.

2. Personalized Product Recommendations

AI chatbots and virtual assistants analyze customer behavior, purchase history, and preferences to provide tailored product suggestions, boosting upselling and cross-selling opportunities.

Key Functions

- **Behavioral Analysis:** AI algorithms track browsing patterns, search history, and past purchases to recommend products that align with customer interests.
- **Dynamic Recommendations:** Chatbots can adapt recommendations based on real-time customer interactions. For instance, if a customer shows interest in a particular product category, the chatbot can suggest related or complementary items.
- **Seasonal and Trend-Based Suggestions:** AI systems identify trends and seasonal preferences to offer timely and relevant product recommendations. For example, during festive seasons like Diwali, chatbots can promote festive-themed products or gift hampers.

Example:

Retailers like Reliance Trends or Shoppers Stop can integrate AI assistants to recommend personalized fashion choices based on customers' past purchases, current trends, or body measurements.

3. Enhanced In-Store Assistance

In brick-and-mortar stores, virtual assistants can complement human staff by providing real-time assistance to customers.

Key Functions

- **Interactive Kiosks:** AI-powered kiosks can guide customers to specific aisles, suggest products, or provide information on ongoing promotions.
- **Voice-Activated Assistants:** Smart devices within stores allow customers to use voice commands to search for products or learn about offers, making the shopping experience more interactive and convenient.

- **In-Store Personalization:** By connecting with customer loyalty programs, AI assistants can recognize returning customers and offer them personalized discounts or suggestions.

Example:

A retail chain like DMart could use AI-enabled kiosks to guide shoppers to essential grocery items, highlight discounts on bulk purchases, or provide tips on saving money with combo deals.

4. Improved Customer Engagement

AI chatbots and virtual assistants enable personalized engagement, making customers feel valued and enhancing their shopping experience.

Key Functions

- **Gamified Interactions:** Chatbots can engage customers with quizzes, surveys, or games, offering reward points or discounts for participation.
- **Festive and Event-Based Promotions:** Virtual assistants can notify customers of special deals or sales based on festivals or events like the Indian Premier League (IPL) season, encouraging timely purchases.
- **Loyalty Program Integration:** AI chatbots can track loyalty points, inform customers about redeemable offers, and suggest ways to maximize their benefits.

Example:

Brands like Tata Cliq could use AI assistants to remind customers about expiring loyalty points or exclusive offers for members, increasing engagement.

11.2.4 Importance of Training Staff on Basics of AI Tools

Training retail staff on the basics of AI tools is essential for enhancing customer service and satisfaction. As AI continues to transform retail operations, equipping employees with the necessary knowledge and skills ensures that these tools are effectively utilized to benefit both customers and the business.



Fig. 11.14 Training Staffs on AI Tools

AI tools are designed to streamline operations, provide data-driven insights, and enable personalized customer interactions. However, without proper training, these tools may be underutilized or mismanaged, limiting their potential impact. By training staff, several advantages can be realized:

1. Empowering Employees

Training staff on the basics of AI tools empowers them with the knowledge and skills necessary to utilize these technologies effectively. This empowerment boosts their confidence and competence in handling customer interactions, leading to more efficient and responsive service. Employees who understand AI tools can leverage them to provide accurate information and resolve issues quickly, enhancing the overall customer experience.

2. Personalized Customer Service

With a foundational understanding of AI tools, employees can better utilize these technologies to offer personalized customer service. AI tools can analyze customer data and provide insights that help staff tailor their interactions and recommendations to individual customer preferences and needs. This level of personalization not only delights customers but also fosters loyalty and satisfaction.

3. Increased Efficiency

AI tools can automate routine tasks and provide real-time data insights, allowing staff to focus on more complex and value-added activities. Training employees on how to effectively use these tools can streamline operations, reduce response times, and increase productivity. Efficient service translates to happier customers who appreciate the prompt and effective assistance.

4. Enhanced Problem-Solving

Understanding the basics of AI tools equips staff with the ability to quickly identify and address common customer issues. AI can provide predictive insights and suggest solutions, enabling employees to proactively solve problems before they escalate. This proactive approach minimizes customer frustration and enhances their overall shopping experience.

5. Consistency in Service

AI tools can help ensure consistency in customer service by providing standardized responses and solutions. Training staff on these tools ensures that every customer receives the same high level of service, regardless of who they interact with. Consistency builds trust and reliability, key factors in achieving customer satisfaction.

6. Adaptability and Innovation

Retail environments are dynamic, and customer expectations constantly evolve. Training staff on AI tools fosters adaptability and encourages a culture of innovation. Employees who are well-versed in AI technologies are more likely to embrace new tools and techniques, continuously improving the quality of customer service and staying ahead of industry trends.

7. Better Data Utilization

AI tools generate valuable data that can inform business decisions and strategies. Training staff to understand and interpret this data allows them to contribute insights that can enhance customer service. Employees can use data to identify trends, preferences, and potential issues, enabling more informed and effective decision-making.

8. Customer Trust and Loyalty

Customers appreciate knowledgeable and efficient service. When staff are trained on AI tools and can provide seamless, personalized, and efficient service, it builds customer trust and loyalty. Satisfied customers are more likely to return and recommend the store to others, driving long-term success for the retail operation.

11.2.5 Importance of Key Performance Indicators (KPIs)

Key Performance Indicators (KPIs) are quantifiable metrics used to evaluate the performance of a retail business against its strategic goals. They provide insights into various aspects of store operations, such as sales, profitability, customer satisfaction, and operational efficiency. By analyzing these metrics, retail store managers can identify areas of strength and improvement, make data-driven decisions, and achieve organizational objectives.

1. Sales KPIs

Sales KPIs measure revenue generation and help retail managers assess how well the store meets its sales targets.

Key Metrics

- **Total Sales Revenue:** Tracks the total income generated from products sold in a specific period.
- **Sales Growth Rate:** Measures the percentage increase or decrease in sales over time, indicating business performance trends.
- **Average Transaction Value (ATV):** Represents the average amount spent by customers per transaction, highlighting opportunities to increase basket size.
- **Sales Per Square Foot:** Assesses revenue generated relative to the store's physical space, useful for optimizing store layouts.

Importance

- Identifies bestselling products and underperforming categories.
- Helps in setting realistic sales targets and improving marketing strategies.
- Enables managers to track the effectiveness of promotions, discounts, and seasonal campaigns.

Example:

A retail store selling ethnic wear may track sales growth during festive seasons like Diwali or wedding periods to understand customer demand and stock popular items accordingly.

2. Profitability KPIs

Profitability KPIs focus on the store's financial health, ensuring that revenues exceed expenses and contribute to sustainable growth.

Key Metrics

- **Gross Profit Margin:** Calculates the percentage of revenue remaining after deducting the cost of goods sold (COGS). It reflects product pricing efficiency.
- **Net Profit Margin:** Indicates overall profitability by factoring in operating expenses, taxes, and other costs.
- **Cost of Goods Sold (COGS):** Tracks the direct costs of producing or purchasing products, enabling better pricing and sourcing decisions.
- **Operating Expenses as a Percentage of Revenue:** Helps control costs by identifying areas of unnecessary expenditure.

Importance

- Helps managers understand the financial performance of the store.
- Assists in pricing strategies to maximize profitability.
- Highlights cost-saving opportunities in operations, inventory management, and procurement.

Example:

A kirana store or supermarket chain in India may monitor gross profit margins for essential items like rice, wheat, and pulses to ensure competitive pricing while maintaining profitability.

3. Customer Satisfaction KPIs

Customer satisfaction KPIs evaluate the quality of service and customer experience, which are critical for retaining customers and building loyalty.

Key Metrics

- **Customer Satisfaction Score (CSAT):** Measures customer happiness based on feedback surveys.
- **Net Promoter Score (NPS):** Assesses the likelihood of customers recommending the store to others, indicating brand loyalty.
- **Customer Retention Rate:** Tracks the percentage of repeat customers over a specific period.
- **Customer Complaints and Resolution Rate:** Monitors the number of complaints received and the efficiency of resolving them.

Importance

- Improves customer retention by identifying and addressing pain points.
- Enhances the shopping experience through personalized services and targeted promotions.
- Builds brand loyalty, resulting in long-term revenue growth.

Example:

A retailer like Reliance Trends may use CSAT and NPS scores to evaluate customer experiences related to in-store assistance, product availability, and checkout speed.

4. Inventory Management KPIs

Inventory KPIs measure how efficiently the store manages stock to balance supply and demand.

Key Metrics

- **Stock Turnover Ratio:** Measures how quickly inventory is sold and replaced within a specific timeframe.
- **Days of Inventory (DOI):** Indicates the average number of days products remain in stock before being sold.
- **Out-of-Stock Rate:** Tracks the percentage of items unavailable for sale due to insufficient inventory.
- **Shrinkage Rate:** Monitors inventory loss due to theft, damage, or administrative errors.

Importance

- Ensures optimal stock levels to avoid overstocking or stockouts.
- Reduces holding costs and improves cash flow.
- Enhances customer satisfaction by ensuring product availability.

Example:

Retailer like DMart may monitor stock turnover ratios for FMCG items to maintain sufficient inventory levels and prevent out-of-stock situations.

5. Employee Performance KPIs

These KPIs assess the productivity and efficiency of store staff in contributing to overall business success.

Key Metrics

- **Sales Per Employee:** Measures individual employee contributions to total sales.
- **Employee Retention Rate:** Tracks the percentage of staff retained over a specific period, indicating job satisfaction and engagement.
- **Training Hours Per Employee:** Reflects the store's investment in employee skill development.

Importance

- Identifies top-performing employees and areas where additional training is required.

- Improves staff motivation and engagement, leading to better customer service.
- Reduces hiring and training costs by retaining skilled employees.

Example:

A clothing retailer like Fabindia may track sales per employee during peak seasons to evaluate staff efficiency and identify training needs.

11.2.6 Key Elements of Reports and Actionable Insights for Strategic Decision-Making

AI-driven analytics tools are revolutionizing retail operations by enabling store managers to access detailed reports and actionable insights. These tools analyze vast amounts of data collected from sales, inventory, customer behavior, and operations to help retailers make informed decisions and identify areas for improvement. The following are the key elements of reports and insights using AI-driven analytics

Key Elements	Insights Drawn	Use Case
1. Sales Performance Analysis	<ul style="list-style-type: none"> - Identification of best-selling and underperforming products. - Analysis of seasonal or regional sales trends (e.g., Diwali, Pongal). - Revenue contribution by different product categories or brands. - Predictive analytics to forecast future sales and set realistic sales targets. 	A retailer can use sales reports to decide on the product mix for a festive season by identifying the most in-demand items from previous years.
2. Customer Behavior Insights	<ul style="list-style-type: none"> - Segmentation of customers based on demographics, spending habits, or preferences. - Identification of loyal customers and strategies to retain them. - Prediction of customer needs and preferences for personalized marketing campaigns. - Analysis of cart abandonment patterns to optimize online shopping experiences. 	An apparel retailer in India can segment customers into groups like "price-sensitive buyers" or "fashion-forward shoppers" and target them with tailored promotions.
3. Inventory and Supply Chain Reports	<ul style="list-style-type: none"> - Real-time stock levels to avoid overstocking or stockouts. - Demand forecasting to ensure timely restocking of popular items. - Supplier performance analysis to ensure reliable deliveries. - Identification of slow-moving or obsolete inventory to reduce holding costs. 	A grocery retailer can use demand forecasts to stock up on FMCG products like oil and sugar during the festival season while avoiding overstocking less popular items.

continued...

4. Profitability Analysis	<ul style="list-style-type: none"> - Gross and net profit margins for different product categories or stores. - Cost-benefit analysis of marketing campaigns or discounts. - Identification of high-margin products to promote for increased profitability. - Analysis of operational expenses and strategies for cost reduction. 	A retailer operating multiple outlets in India can compare profitability across locations to identify underperforming stores and improve their financial performance.
5. Customer Experience Insights	<ul style="list-style-type: none"> - Analysis of customer satisfaction scores (CSAT) or Net Promoter Scores (NPS). - Identification of common complaints or pain points in the customer journey. - Insights into the effectiveness of customer service teams. - Suggestions for improving in-store or online shopping experiences. 	An e-commerce retailer can use customer reviews to improve the user interface of its website or mobile app, making it more user-friendly.
6. Marketing Campaign Effectiveness	<ul style="list-style-type: none"> - ROI (Return on Investment) analysis of campaigns. - Identification of the most effective channels (e.g., social media, email marketing, in-store promotions). - Understanding customer engagement with offers, discounts, or loyalty programs. - Recommendations for future campaign strategies based on past performance. 	A retailer like Reliance Digital can analyze customer responses to promotional emails during the festive season to refine their email marketing strategy.
7. Operational Efficiency Insights	<ul style="list-style-type: none"> - Queue analysis to reduce checkout waiting times. - Optimal staffing levels for peak and off-peak hours. - Energy consumption patterns to implement cost-saving measures. - Efficiency of in-store equipment or systems. 	A supermarket chain can analyze queue patterns during weekends to deploy additional staff at billing counters, reducing customer wait times.
8. Regional and Demographic Trends	<ul style="list-style-type: none"> - Regional product preferences based on cultural or economic factors. - Purchasing power and spending patterns of different customer segments. - Demand for local or regional products. - Recommendations for store localization strategies. 	A retailer expanding into Tier 2 cities like Surat or Patna can use regional insights to stock locally preferred products, such as ethnic wear or traditional sweets.

Table 11.7 Key Elements of Reports and Actionable Insights for Strategic Decision-Making

11.2.7 Ethical and Legal Considerations Related to Collecting and Analysing Customer Data

In the retail industry, customer data is a valuable resource that enables businesses to personalize experiences, predict trends, and optimize operations. However, collecting and analyzing such data comes with ethical and legal responsibilities. Ensuring data privacy, securing consent, and adhering to laws like the Digital Personal Data Protection Act, 2023 in India are critical to maintaining customer trust and avoiding regulatory penalties. Ethical practices safeguard customer rights, while compliance with legal frameworks ensures the responsible and transparent use of data, ultimately fostering a sustainable and trustworthy retail ecosystem.

Ethical Considerations

1. **Privacy:** Respecting customer privacy is paramount. Retailers must ensure that data collection practices are transparent and that customers are aware of what data is being collected and how it will be used.
2. **Consent:** Obtaining explicit consent from customers before collecting their data is essential. This includes informing customers about the purpose of data collection and giving them the option to opt-out².
3. **Transparency:** Being transparent about data collection practices helps build trust with customers. Retailers should provide clear information about how data is collected, stored, and used¹.
4. **Data Minimization:** Collecting only the data that is necessary for the intended purpose helps minimize privacy risks. Retailers should avoid collecting excessive or irrelevant data³.
5. **Fairness:** Ensuring that data collection and analysis practices do not discriminate against any group of customers is crucial. Retailers should strive for fairness and equality in their data practices¹.

Legal Considerations

1. **Data Protection Laws:** Retailers must comply with data protection laws such as the General Data Protection Regulation (GDPR) in Europe, which mandates strict rules for handling personal data.
2. **Consumer Protection Laws:** These laws ensure that retailers protect customer data and use it only for its intended purpose. Misuse of customer data can lead to legal consequences⁴.
3. **Intellectual Property Rights:** Retailers must respect trademarks, copyrights, and patents, avoiding the sale of counterfeit or unauthorized products.
4. **Employment Laws:** Retailers must adhere to labor laws, ensuring fair wages, working conditions, and equal employment opportunities.
5. **Environmental Laws:** Some regions have regulations that mandate environmentally friendly practices, such as waste disposal and energy consumption.

11.2.8 Best Practices for Ensuring Data Privacy, Security, and Compliance

In the era of digital transformation, retail businesses are increasingly relying on data to enhance their operations, improve customer experience, and stay competitive. However, with the vast amount of customer data being collected, it's crucial for retailers to prioritize data privacy, security, and compliance with data protection regulations. The following are some key practices to ensure data privacy, security, and compliance:

Data Privacy

- **Transparency:** Clearly inform customers about what data is being collected, how it will be used, and obtain their consent.

- **Purpose Limitation:** Collect data only for specific, legitimate purposes and avoid using it for unrelated activities.
- **Data Minimization:** Collect only the data that is necessary for the intended purpose.
- **Accuracy:** Ensure that the data collected is accurate and up-to-date.
- **Storage Limitation:** Retain personal data only for as long as necessary and securely delete it when it is no longer needed.

Data Security

- **Robust Cybersecurity Measures:** Implement strong cybersecurity measures, including firewalls, encryption, and intrusion detection systems.
- **Access Management:** Use access management tools to control who has access to sensitive data.
- **Regular Audits:** Conduct regular security audits to identify and address vulnerabilities.
- **Employee Training:** Train employees on data security best practices and how to recognize phishing attacks and other threats.
- **Vendor Management:** Vet third-party vendors and ensure they comply with your data security standards.

Compliance with Data Protection Regulations

- **Conduct Data Audits:** Regularly audit data collection, storage, and usage practices to ensure compliance with regulations like GDPR and CCPA.
- **Privacy by Design:** Integrate data protection measures into the development of business processes and systems.
- **Data Breach Notifications:** Have a plan in place to notify authorities and affected individuals within 72 hours in the event of a data breach.
- **Stay Updated:** Keep abreast of changes in data protection laws and update policies and practices accordingly.
- **Implement Consent Management:** Ensure that explicit consent is obtained from customers before collecting their data and provide them with the ability to access, edit, or delete their information.

Summary

- Artificial Intelligence (AI) is the simulation of human intelligence by machines programmed to think, learn, and make decisions.
- The Internet of Things (IoT) refers to a network of interconnected physical devices, such as sensors, smart shelves, and RFID tags, that communicate with each other through the Internet.
- Artificial Intelligence (AI) and the Internet of Things (IoT) are revolutionizing retail operations by enabling smarter, data-driven decision-making and creating personalized, seamless shopping experiences.
- AI-powered analytics tools are transforming the way retail stores in India analyze sales data, predict demand, and optimize inventory levels.
- Identifying trends, patterns, and anomalies in retail data is critical for effective decision-making and operational optimization in the retail sector.
- Customer data analysis plays a crucial role in developing tailored marketing strategies and enhancing customer engagement.

- Artificial Intelligence (AI) algorithms are a set of instructions or computational models designed to enable machines to mimic human intelligence. These algorithms analyze vast amounts of data, identify patterns, and make decisions or predictions without direct human intervention.
- IoT devices are used to collect, monitor, and analyze data in real-time, enhancing operational efficiency and customer experience. IoT devices in retail include RFID tags, smart shelves, environmental monitors, and more.
- RFID (Radio Frequency Identification) tags are small electronic devices used for automatic identification and tracking of items.
- Smart shelves are equipped with advanced sensors and technologies that enable real-time tracking of product levels, movements, and even conditions.
- Environmental sensors are devices used to monitor various conditions within a store, such as temperature, humidity, light levels, and air quality.
- AI can help retail store managers create a store layout that maximizes customer engagement and optimizes the use of space.
- Product placement is a critical aspect of driving sales and improving customer engagement.
- AI chatbots and virtual assistants are intelligent programs designed to simulate human-like interactions, assist users, and provide personalized solutions.
- Training retail staff on the basics of AI tools is essential for enhancing customer service and satisfaction.
- Key Performance Indicators (KPIs) are quantifiable metrics used to evaluate the performance of a retail business against its strategic goals.
- In the retail industry, customer data is a valuable resource that enables businesses to personalize experiences, predict trends, and optimize operations.

Exercise

Multiple Choice Questions:

1. Which of the following best describes the role of the Internet of Things (IoT) in retail?
 - a) Automates demand forecasting
 - b) Enables real-time inventory tracking and energy management
 - c) Personalizes customer recommendations
 - d) Enhances fraud detection systems

Answer: b) Enables real-time inventory tracking and energy management

2. Which of the following is an application of AI in retail that helps manage stock levels, reduce stockouts, and optimize inventory turnover?
 - a) Customer Service
 - b) Fraud Detection
 - c) Inventory Management
 - d) Store Layout Optimization

Answer: c) Inventory Management

3. Which of the following AI tools is commonly used in retail to identify cross-selling opportunities, track product performance, and provide real-time sales insights?
- a) Google Analytics
 - b) Inventory Management Systems
 - c) Fraud Detection Software
 - d) Customer Relationship Management (CRM)

Answer: a) Google Analytics

4. Which of the following best describes the role of AI algorithms in retail?
- a) To provide customer support through chatbots
 - b) To mimic human intelligence by analyzing data, identifying patterns, and making predictions
 - c) To automate payment processing
 - d) To track inventory levels in real-time

Answer: b) To mimic human intelligence by analyzing data, identifying patterns, and making predictions

5. Which technology is used by AI chatbots and virtual assistants to understand user queries and provide personalized responses in retail?
- a) Predictive Analytics
 - b) Natural Language Processing (NLP)
 - c) Augmented Reality (AR)
 - d) Blockchain

Answer: b) Natural Language Processing (NLP)

Answer the following questions:

1. Explain the principles and applications of AI and IoT in retail.
2. What are the applications of AI-powered analytics tools in retail?
3. Explain the importance of customer data analysis in retail.
4. List the features and benefits of IoT devices.
5. Explain the applications of AI chatbots and virtual assistants in retail.



<https://youtu.be/f9V87NftLBA?si=sTO4y-BrqN-XfoF->

Principles and Applications of Artificial Intelligence (AI) and Internet of Things (IoT) in Retail Operations



<https://youtu.be/LHty39gcW30?si=8S8Q8JWajG4MuVL7>

AI Chatbots and Virtual Assistants

12. Reduction for Sustainability



Unit 12.1: Sustainable Practices in Retail



Key Learning Outcomes

At the end of this module, the participant will be able to:

1. Reduce usage of materials during day-to-day operations by optimizing processes
2. Reduce usage of resources like water, energy by raising awareness with team members
3. Reduce wastage by looking at need or reusing material & resources

Unit 12.1 Sustainable Practices in Retail

Unit Objectives

At the end of this unit, the participant will be able to:

1. Discuss the environmental impact from use of various material and methods on how to reduce usage of material
2. Describe the depletion of natural resources and how to save the same
3. Research the environment and financial impact of waste material & resources and methods on how to reduce waste

12.1.1 Environmental Impact of Fuel Wastage

Minimizing fuel wastage is of utmost importance for addressing environmental concerns, such as climate change and air pollution. The burning of fossil fuels for transportation and energy production releases greenhouse gases, including carbon dioxide (CO₂), which contribute to global warming.



Fig. 12.1 Environmental Impact of Fuel Wastage

By effectively reducing fuel wastage, we can significantly lower carbon emissions, slow down climate change, and mitigate its adverse impacts on ecosystems and vulnerable communities. Furthermore, fuel wastage is closely linked to increased air pollution, which negatively affects air quality and human health. By adopting fuel-efficient practices and technologies, we can substantially decrease harmful emissions, improve air quality, and safeguard the environment for present and future generations.

12.1.2 Economic Benefits of Minimizing Fuel Wastage

Minimizing fuel wastage also holds economic significance. Fuel costs represent a significant portion of expenses for individuals, businesses, and governments.

- By reducing fuel wastage, substantial cost savings can be achieved, leading to improved overall economic efficiency.
- Implementing fuel-efficient practices, such as optimizing routes, maintaining vehicles, and promoting eco-driving techniques, can effectively reduce fuel consumption and lower expenses.

Additionally, efforts to decrease dependence on fossil fuels by exploring alternative energy sources and investing in renewable technologies can enhance energy security, foster economic growth, and create job opportunities within the renewable energy sector. Moreover, conserving fuel and reducing reliance on imported energy resources can enhance energy independence and mitigate financial risks associated with volatile fuel prices. Therefore, reducing fuel wastage not only benefits the environment but also contributes to economic stability, enhances energy efficiency, and facilitates sustainable development.

Summary

- Minimizing fuel wastage is crucial for addressing climate change and air pollution by reducing carbon emissions and improving air quality.
- Reducing fuel wastage helps slow climate change and mitigates its negative impacts on ecosystems and vulnerable communities.
- Fuel wastage is linked to increased air pollution, which harms human health, making fuel-efficient practices vital for environmental protection.
- Reducing fuel wastage can lead to significant cost savings, improving economic efficiency for individuals, businesses, and governments.
- Adopting alternative energy sources and renewable technologies can enhance energy security, create jobs, and reduce dependence on fossil fuels, promoting sustainable economic growth.

Exercise

Multiple Choice Questions:

1. Why is minimizing fuel wastage important for the environment?

- a) It reduces fuel prices
- b) It helps lower carbon emissions and mitigates climate change
- c) It increases fuel availability
- d) It promotes fuel consumption

Answer: b) It helps lower carbon emissions and mitigates climate change

2. What is one economic benefit of reducing fuel wastage?

- a) Higher fuel prices
- b) Increased air pollution
- c) Substantial cost savings and improved economic efficiency
- d) Greater dependence on fossil fuels

Answer: c) Substantial cost savings and improved economic efficiency

Answer the following questions:

1. How does minimizing fuel wastage contribute to mitigating climate change?
2. What are the economic benefits of reducing fuel wastage?

13. Waste Management



Unit 13.1: Waste Management and Recycling Practices



Key Learning Outcomes

At the end of this module, the participant will be able to:

1. Recycle all waste material by raising awareness and engaging team members to follow the processes setup for recycling
2. Reuse material to maximum usage and then recycle the same
3. Dispose waste responsibly

Unit 13.1 Waste Management and Recycling Practices

Unit Objectives

At the end of this unit, the participant will be able to:

1. Describe the process of recycling different types of waste and identifying the partners available who can support the same
2. Discuss the various methods for reusing material maximum times and then ensuring they are recycled
3. Define the different types of waste generated, how to segregate the same and the process used for disposal of bio-degradable waste
4. Research the vendors who manage wet-waste in the vicinity to arrange for pickup of the same

13.1.1 Waste Minimization and Source Reduction in Retail

Waste management in retail stores is an essential aspect of sustainable business practices. It involves implementing strategies to minimize waste generation, encourage recycling and reuse, and ensure proper disposal of waste materials.

An important approach to waste management in retail stores is source reduction. This means taking steps to reduce waste from the start, such as using inventory management systems to avoid overstocking and spoilage. By optimizing inventory levels and improving forecasting accuracy, retail stores can minimize waste and decrease the need for disposal.

13.1.2 Recycling, Reuse, and Proper Disposal of Waste

Promoting recycling and reuse is another key aspect. This includes providing clearly labelled recycling bins for different types of waste, like paper, plastic, glass, and metal. Educating employees and customers about the importance of recycling and actively encouraging their participation can help increase recycling rates. Implementing initiatives to reuse materials, such as promoting the use of reusable shopping bags or packaging, can further reduce waste generation.



Fig. 13.1 Recycling of Waste

Proper disposal of waste is crucial to ensure environmental responsibility. Retail stores should comply with local waste disposal regulations and ensure that hazardous waste, such as batteries or electronic devices, is handled and disposed of correctly through designated channels. Establishing partnerships with waste management service providers who specialize in recycling or proper disposal can ensure that waste is managed in an environmentally conscious manner.

By implementing effective waste management practices, retail stores can minimize their environmental impact, reduce landfill waste, and contribute to a more sustainable business model. Additionally, adopting sustainable packaging and product design strategies can further support waste reduction efforts throughout the retail supply chain.

Summary

- Waste management in retail stores is essential for sustainability, focusing on minimizing waste generation and ensuring proper disposal.
- Source reduction involves strategies like optimizing inventory and improving forecasting to minimize waste and reduce the need for disposal.
- Promoting recycling and reuse, such as providing labelled recycling bins and encouraging eco-friendly practices, helps increase recycling rates.
- Proper disposal of hazardous waste, such as batteries and electronics, is necessary for environmental responsibility and regulatory compliance.
- Partnering with waste management service providers specializing in recycling and disposal ensures that waste is managed responsibly and sustainably.

Exercise

Multiple Choice Questions:

1. Which of the following is a key approach to waste management in retail stores?

- Source reduction
- Increasing inventory levels
- Ignoring waste disposal regulations
- Promoting single-use packaging

Answer: a) Source reduction

2. What is an important step in ensuring proper waste disposal in retail stores?

- Avoiding recycling
- Partnering with waste management service providers specializing in recycling and disposal
- Reducing the use of inventory management systems
- Storing waste in retail storage areas

Answer: b) Partnering with waste management service providers specializing in recycling and disposal

Answer the following questions:

1. What is source reduction in the context of waste management in retail stores?
2. Why is it important for retail stores to partner with waste management service providers?



https://youtu.be/jVi7YJtr6_I?si=Md5uWO8CjOcPpwpb

14. Initiatives to promote Sustainability



Unit 14.1: Sustainability Initiatives and Environmental Awareness



Key Learning Outcomes

At the end of this module, the participant will be able to:

1. Engage team members and promote all marketing collateral to promote sustainability initiatives to customers like product exchange programmes, product rental options, recycling, and collection centers
2. Encourage volunteering activities related to protecting the environment
3. Increase advocacy on global awareness days related to protecting the environment

Unit 14.1 Sustainability Initiatives and Environmental Awareness

Unit Objectives

At the end of this unit, the participant will be able to:



1. Discuss the internal initiatives to promote sustainability and the processes setup to support these initiatives
2. Describe the value of trees to the environment, benefits of recycling and research the partners who can support initiatives
3. Discuss the background of global awareness days i.e. what is the purpose, when and where did it start, how to participate/celebrate, how to engage teams

14.1.1 Strategies for Sustainability Awareness Campaigns

Sustainability awareness campaigns play a crucial role in fostering environmental consciousness and motivating individuals, communities, and businesses to embrace sustainable practices. These campaigns are designed to increase knowledge and understanding of critical environmental issues, such as climate change, biodiversity decline, and resource depletion. By providing information and education, they inspire people to modify their behaviours and make sustainable choices in their daily routines.

Whether conducted through social media platforms, educational initiatives, or community gatherings, sustainability awareness campaigns create opportunities for open discussions, collaboration, and collective efforts toward a more sustainable future. By emphasizing the significance of sustainability and involving individuals from diverse backgrounds, these campaigns cultivate a sense of responsibility and encourage active participation in creating a healthier and more environmentally friendly world.

14.1.2 Practical Approaches to Promoting Sustainability in Retail

<p>Social Media Campaigns</p> 	<p>Launch a targeted social media campaign to raise awareness about sustainability in retail. Share engaging content, including informative posts, videos, and success stories, that highlight sustainable practices and their impact. Encourage followers to participate by sharing their own sustainable shopping experiences and using a dedicated hashtag.</p>
<p>In-Store Education</p> 	<p>Display informative signage and materials in retail stores to educate customers about sustainable choices. Provide tips on eco-friendly shopping, such as choosing reusable bags, opting for products with minimal packaging, and supporting local and sustainable brands. Create visually appealing displays that showcase the environmental benefits of sustainable choices.</p>

continued...






<p>Employee Training</p> 	<p>Conduct training sessions for retail employees to enhance their knowledge of sustainability practices. Educate them on topics such as waste reduction, energy conservation, and responsible sourcing. Empower employees to become sustainability advocates who can educate and assist customers in making sustainable choices.</p>
<p>Collaboration with Sustainable Brands</p> 	<p>Partner with sustainable brands and suppliers to promote their products and initiatives. Highlight their sustainable practices and certifications to raise awareness among customers. Collaborate on events, workshops, or product showcases to educate customers about sustainable options available in-store.</p>
<p>Community Engagement</p> 	<p>Organize events or initiatives that engage the local community in sustainable practices. This can include clothing swaps, recycling drives, or workshops on upcycling and DIY projects. Collaborate with local organizations and environmental groups to maximize the impact of these initiatives.</p>
<p>Packaging and Recycling Initiatives</p> 	<p>Implement sustainable packaging practices, such as using recyclable or biodegradable materials. Educate customers about proper recycling methods and provide recycling bins in-store. Offer incentives for customers who bring their reusable bags or containers.</p>
<p>Transparent Reporting</p> 	<p>Share sustainability progress and initiatives through regular reports, newsletters, or a dedicated section on the store's website. Highlight achievements, goals, and ongoing efforts to engage customers and demonstrate the commitment to sustainability.</p>

Table 14.1 Practical Approaches to Promoting Sustainability in Retail

Summary

- Sustainability awareness campaigns increase understanding of environmental issues and encourage individuals and businesses to adopt sustainable practices.
- Social media campaigns and in-store education help spread awareness about sustainable shopping choices, engaging customers through informative content and visuals.
- Employee training in sustainability practices empowers staff to educate customers on eco-friendly options, waste reduction, and responsible sourcing.
- Collaboration with sustainable brands and community engagement initiatives, such as clothing swaps and recycling drives, further promote sustainability.
- Retail businesses can enhance sustainability by implementing eco-friendly packaging, promoting recycling, and transparently reporting their sustainability efforts.

Exercise

Multiple Choice Questions:

1. Which of the following is an example of a strategy to raise sustainability awareness in retail stores?
 - a) Ignoring waste management practices
 - b) Launching a social media campaign about sustainable shopping
 - c) Reducing employee training sessions
 - d) Using non-recyclable packaging

Answer: b) Launching a social media campaign about sustainable shopping

2. What is a key benefit of employee training on sustainability in retail stores?
 - a) Employees can become advocates for sustainability and educate customers on eco-friendly choices.
 - b) Employees are trained to sell more products.
 - c) Employees will ignore waste reduction strategies.
 - d) Employees can increase product prices.

Answer: a) Employees can become advocates for sustainability and educate customers on eco-friendly choices.

Answer the following questions:

1. How can social media campaigns help raise awareness about sustainability in retail?
2. Why is employee training on sustainability important in retail stores?



15. Compliance

Unit 15.1: Compliance and Regulatory Requirements



Key Learning Outcomes

At the end of this module, the participant will be able to:

1. All compliances are met in every area of operations

Unit 15.1 Compliance and Regulatory Requirements

Unit Objectives

At the end of this unit, the participant will be able to:

1. Determine the various compliances needed as listed by the concerned authorities in respective fields

15.1.1 Sustainable Sourcing and Ethical Practices

Compliance of sustainability in retail stores refers to adhering to environmental, social, and ethical standards in the operation of the business. It involves integrating sustainable practices into various aspects of the retail operations to minimize negative impacts on the environment and society. One key area of compliance is sustainable sourcing. Retail stores should ensure that the products they offer are sourced from suppliers who follow sustainable practices, such as responsible resource extraction, fair trade, and ethical labour standards. This includes conducting thorough assessments of suppliers' sustainability credentials and monitoring their compliance with agreed-upon standards.

15.1.2 Waste Management, Energy Efficiency, and Sustainable Packaging

Waste Management and Recycling

Retail stores should implement effective waste management strategies to minimize waste generation, promote recycling, and reduce landfill contributions. This includes setting up proper recycling systems, training employees on waste sorting practices, and working with waste management partners to ensure proper disposal and recycling of materials.

Energy Efficiency in Retail Operations

Energy efficiency is a crucial element of sustainability compliance. Retail stores should strive to reduce energy consumption through measures such as energy-efficient lighting, HVAC systems, and optimized equipment usage. Implementing energy management systems and monitoring energy usage can help identify areas for improvement and promote responsible energy consumption.

Sustainable Packaging Practices

Promoting sustainable packaging is an important aspect of compliance. Retail stores should aim to reduce packaging waste by using eco-friendly materials, minimizing packaging sizes, and promoting reusable or recyclable packaging options. Partnering with suppliers and manufacturers to explore sustainable packaging alternatives can further enhance sustainability efforts.

Summary

- Retail stores should ensure products are sourced from suppliers who follow sustainable practices, including responsible resource extraction, fair trade, and ethical labor standards.
- Effective waste management strategies, such as setting up recycling systems and training employees on waste sorting, help minimize waste generation and landfill contributions.
- Retail stores should reduce energy consumption by using energy-efficient lighting, HVAC systems, and optimizing equipment usage through energy management systems.
- Retail stores should minimize packaging waste by using eco-friendly materials, reducing packaging sizes, and promoting recyclable or reusable packaging options.
- Partnering with suppliers and manufacturers to explore sustainable sourcing and packaging alternatives is essential to enhancing sustainability efforts.

Exercise

Multiple Choice Questions:

1. Which of the following is a key practice for sustainable sourcing in retail stores?
 - a) Using non-recyclable packaging
 - b) Ensuring responsible resource extraction and ethical labor standards
 - c) Reducing energy usage through ineffective methods
 - d) Ignoring supplier sustainability credentials

Answer: b) Ensuring responsible resource extraction and ethical labor standards

2. What is an important aspect of promoting sustainability in retail stores regarding packaging?
 - a) Using excessive packaging for all products
 - b) Minimizing packaging sizes and promoting recyclable or reusable options
 - c) Ignoring eco-friendly materials
 - d) Relying solely on plastic packaging

Answer: b) Minimizing packaging sizes and promoting recyclable or reusable options

Answer the following questions:

1. How can retail stores promote sustainable sourcing practices?
2. What are some strategies retail stores can implement to improve energy efficiency?

16. Monitoring & Reporting



Unit 16.1: Sustainability KPIs and Reporting



Key Learning Outcomes

At the end of this module, the participant will be able to:

1. Establish the key performance indicators (KPIs) and evaluation parameters related to environment sustainability during process of manufacturing products

Unit 16.1 Sustainability KPIs and Reporting

Unit Objectives

At the end of this unit, the participant will be able to:

1. Determine the KPIs to report regularly showing the progress and impact of sustainability initiatives taken by the business

16.1.1 Monitoring Sustainability in Retail Operations

Monitoring includes collecting data on various sustainability metrics, such as energy consumption, water usage, waste generation, and greenhouse gas emissions. This data can be gathered through smart metering systems, regular audits, and employee reporting. By monitoring these indicators, retail stores can identify areas of improvement, track progress toward sustainability goals, and address any non-compliance issues.

16.1.2 Reporting and Stakeholder Engagement in Sustainability

Reporting plays a crucial role in demonstrating the store's commitment to sustainability and engaging stakeholders. It involves the transparent communication of sustainability performance, initiatives, and targets. Retail stores can produce sustainability reports that provide detailed information on their environmental and social impact, as well as the actions taken to address sustainability challenges. These reports can include data, case studies, and success stories to showcase achievements and highlight areas for improvement.

Engaging stakeholders is essential in monitoring and reporting sustainability efforts. Retail stores can actively communicate with customers, employees, investors, and local communities through various channels, such as newsletters, social media, and public events.

By involving stakeholders in the sustainability journey, retail stores can gather feedback, share progress updates, and foster a sense of shared responsibility.

Effective monitoring and reporting of sustainability in retail store operations not only helps identify areas for improvement but also enhances transparency, accountability, and stakeholder trust. It allows retail stores to showcase their sustainability commitments, engage customers and employees, and contribute to a more sustainable retail industry as a whole.

Summary

- Monitoring sustainability in retail involves tracking metrics like energy consumption, water usage, waste generation, and greenhouse gas emissions.
- Data for sustainability monitoring can be collected through smart metering systems, audits, and employee reporting.
- Reporting on sustainability involves transparent communication of performance, initiatives, and targets to stakeholders.
- Sustainability reports can include data, case studies, and success stories to showcase achievements and identify areas for improvement.
- Engaging stakeholders, such as customers, employees, and local communities, is essential for gathering feedback and fostering shared responsibility in sustainability efforts.

Exercise

Multiple Choice Questions:

1. What is the main purpose of monitoring sustainability in retail operations?

- To track sales performance
- To assess energy consumption, water usage, and waste generation
- To manage inventory levels
- To analyze customer feedback

Answer: b) To assess energy consumption, water usage, and waste generation

2. Which of the following is an important component of sustainability reporting in retail stores?

- Only showcasing profits
- Transparent communication of sustainability performance, initiatives, and targets
- Focusing solely on product quality
- Providing discounts on products

Answer: b) Transparent communication of sustainability performance, initiatives, and targets

Answer the following questions:

- What are the key sustainability metrics tracked during monitoring in retail operations?
- Why is engaging stakeholders important in the reporting of sustainability efforts in retail stores?

17. Employability Skills



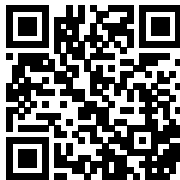


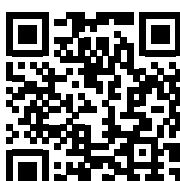

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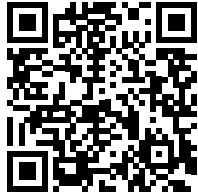



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18. Annexure



Module No.	Unit No.	Topic Name	Page No.	Link for QR Code (s)	QR code (s)
2. Optimise inventory to ensure maximum availability of stocks and minimised losses	Unit 2.1 - The Management of Stock Levels	Common Types of retailers	15	https://www.youtube.com/watch?v=Np090VKTzt	
	Unit 2.2 - Receipt and Dispatch of Goods	Development of Retail Sector in India	15	https://www.youtube.com/watch?v=ImuKoz9aWGY	
	Unit 2.3 - Stock Records	Retail 2020 5 Technologies that will change the way you shop	15	https://www.youtube.com/watch?v=iRvaWHk3A8k	
	Unit 2.4 - Stock-Take/Cyclical Count	Role of Retail Store Manager	15	www.youtube.com/watch?v=W9Y-483ONw	
3. Standard operating procedures, processes and policies at the store while ensuring timely and accurate reporting	Unit 3.1 - Store Policies, Vendor Guidelines and Statutory Regulations	The Management of Stock Levels	64	https://www.youtube.com/watch?v=BApH54Oyleo	

Module No.	Unit No.	Topic Name	Page No.	Link for QR Code (s)	QR code (s)
3. Standard operating procedures, processes and policies at the store while ensuring timely and accurate reporting	Unit 3.2 - Managing Operational Records	Store Operations Management	64	https://rasci-lms.web.app/course-learn_StoreOperations-Management.html	
5. Execute Visual Merchandising displays as per standards and guidelines	Unit 5.1 - Display of Merchandise	Manage Sales and Service Delivery to Increase Store Profitability	111	https://www.youtube.com/watch?v=sF6AMj3H0jg	
6. Ensure Overall Safety, Security, and Hygiene of the Store	Unit 6.1 - Health, Hygiene and Safety Compliance	Execute Visual Merchandising Displays as Per Standards and Guidelines	138	https://www.youtube.com/watch?v=rLEC4NlduLY	
7. Implement promotions and special events at the store	Unit 7.1 - Implementation of In-Store Promotion	Health hygiene and safety compliance in retail store	155	https://www.youtube.com/watch?v=AeStNFCS-qo	
8. Lead and manage the team for developing store capability	Unit 8.1 - Staffing Needs of the Store	Implement Promotions and Special Events at the Store	177	https://www.youtube.com/watch?v=AjxVqbyUDo8	

Module No.	Unit No.	Topic Name	Page No.	Link for QR Code (s)	QR code (s)
10. Monitor and Analyse Store Performance Data	Unit 10.1 Store Performance Data Tracking and Analysis	Current Practices of Data Collection Methods	215	https://youtu.be/RJLqVy8qdSM?si=QU4tDxSfM-yVarXM	
11. Use Artificial Intelligence (AI) tools to optimize store operations	Unit 11.1: Applications of AI and IoT in Retail Store Operations	Principles and Applications of Artificial Intelligence (AI) and Internet of Things (IoT) in Retail Operations	254	https://youtu.be/f9V87NftLBA?si=sTO4y-BrqN-XfoF-	
	Unit 11.2: Customer Service and Decision-Making with AI and	AI Chatbots and Virtual Assistants	254	AI Chatbots and Virtual Assistants	
13. Waste Management	Unit 13.1: Waste Management and Recycling Practices		264	https://youtu.be/jVi7YJtr6_I?si=Md5uWO8CjOcPpwpb	

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