

MBA : Retail management , merchandising and E-commerce



1. Basics of retail management



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Product Manager |MBA|

Overview

Retail Management Basics

- Retail Management
- Retail Supply chain
- Marketing Mix
- Porter 5 forces
- SWOT Analysis
- Variety vs Assortment

Retail Channels and Strategy

- Types of retailers
- Business Model in Retail
- Types and format of retail store
- Omnichannel and multichannel

Retail Location and Site Selection

- Retail store location
- Trading Area
- Reilly's Law of Retail Gravitation
- Huffs' Gravity Model
- Assignment and exercise

Customer Relationship Management

- Omnichannel and e-commerce
- Customer relationship management (CRM)
- RFM analysis
- CLV Analysis
- Market Basket Analysis

Retail finance and accounting

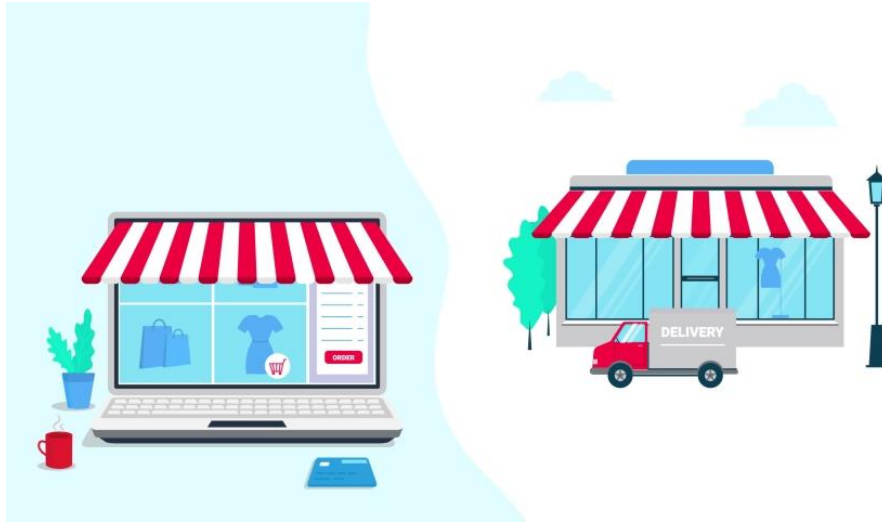
- RFM analysis
- CLV Analysis
- Market Basket Analysis
- Regression and forecasting

Sales strategy and forecasting technique

- Retail accounting Basics
- Profit and loss statement
- Inventory cycles
- Asset Turnover ratio
- Return on Assets

What is Retail Management ?

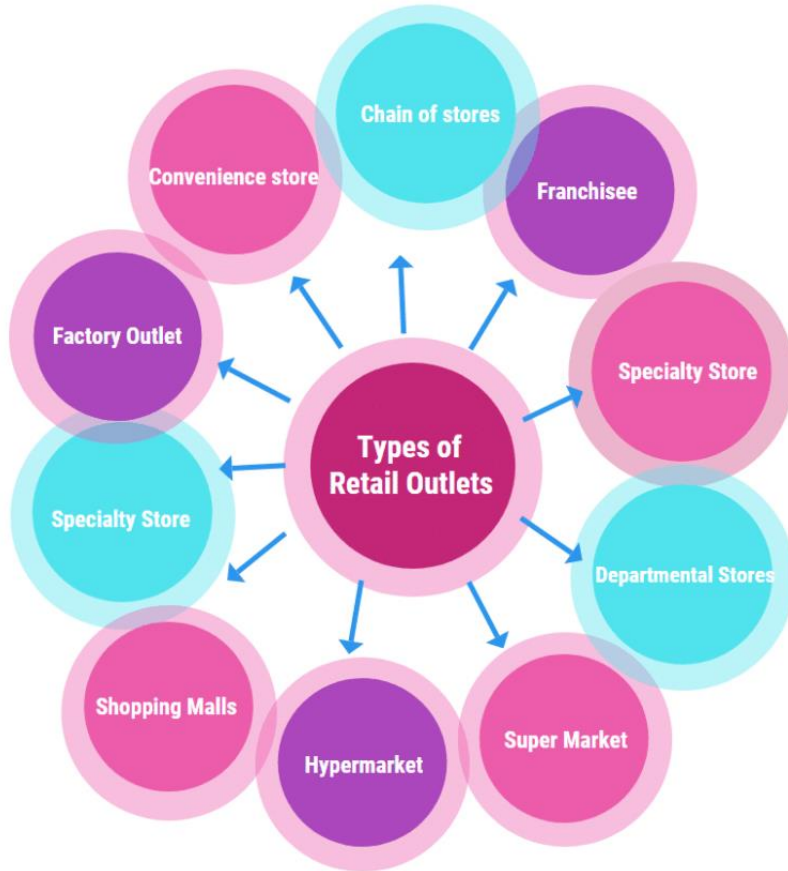
Retail is a Key component of a supply chain which links manufacturers to consumers.



Retailers create value by providing _____ to customers.

Right Product
Right Quantity
Right Place
Right Time

Different Types of Retail Outlets



Main idea of retailer is to satisfy his needs various combination & permutation are used to make him a loyal customer.

Give your customers what they want

Customers wants everything:-

- A wide assortment of good quality merchandise
- Lowest possible prices
- Guaranteed satisfaction with what they buy
- Friendly knowledgeable service
- Convenient hours with Free parking
- A pleasant shopping experience.



Retailing Supply chain in FMCG

P&G



Suppliers / Vendors



Purchasing Price

Wholesalers / Distributors



Wholesale Price

Retailers

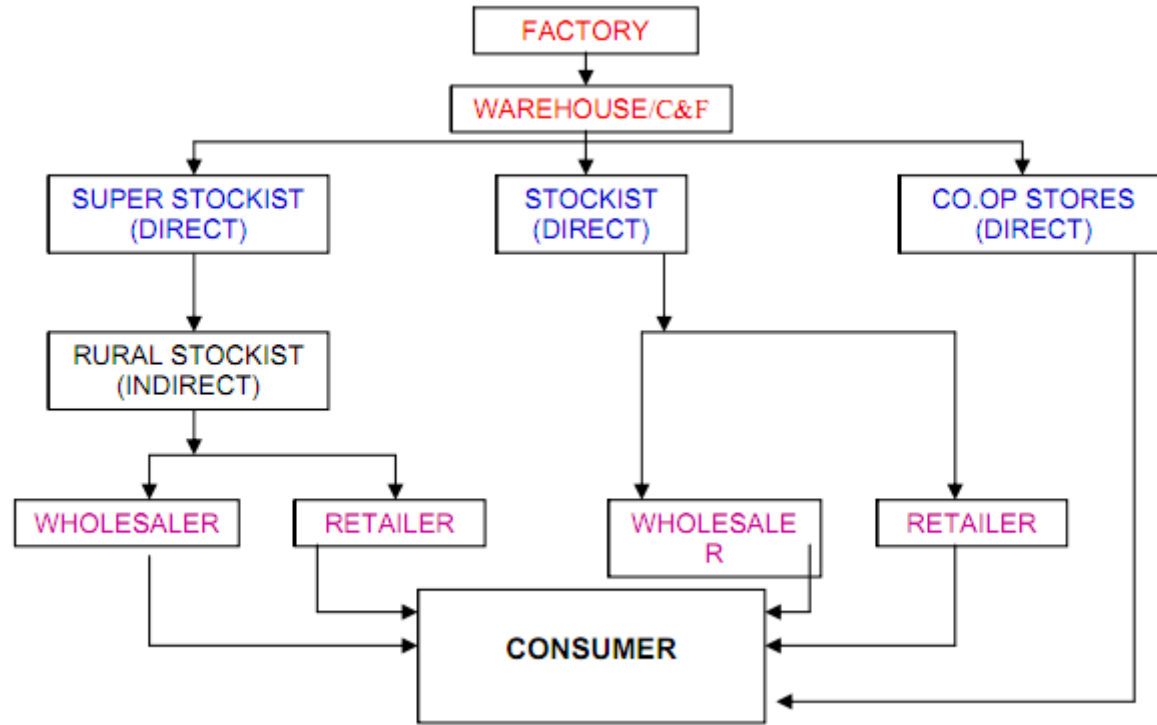


Recommended Retail Price

End Consumers



Retailing Supply chain in FMCG



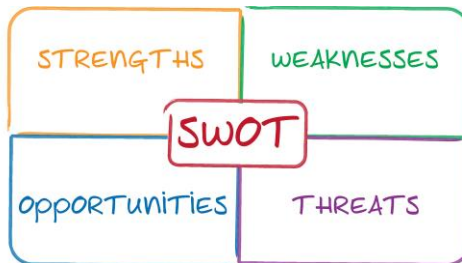
Retail Management basics

Market

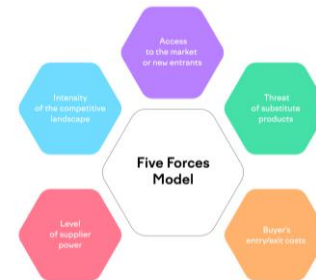
Marketing Mix



SWOT Analysis



Porter Five force



Market Basket Analysis



Retailer

Lift and FRM

Household & Beauty Shelf Display

Item	Product
1	Dish Soap with Bleach
2	Dish Soap - Antibacterial
3	Dish Soap - Fruit
4	Laundry Detergent
5	Laundry Detergent or bleach
6	Fabric Softener
7	Shower Cleaner
8	Window Cleaner
9	Kids Soap
10	Pine Cleaner
11	Square Trays
12	2 Bar Soaps
13	2 Bar Soaps - Dial
14	Baby Wipes
15	Diapers - Travel Pack
16	Diapers
17	Face Wash
18	Sunscreen
19	Baby Lotion
20	Toothpaste
21	Hand Soap
22	Tissue Printer
23	Baby Wipes
24	Toilet Paper
25	Diapers

The Retail Mix 7P's of Starbucks



Marketing Mix 4P's

Imagine you are making a Coffee



Sugar



Coffee Beans



Milk



Water

What is Retailing ?

Right Product



Right Quantity



Right Place



Right Time



Retail Marketing Mix



Retail Marketing Mix

So you are going for a coffee date



Sugar



Coffee Beans



Milk



Water



Presentation



Process



Physical Evidence



The Retail Mix 7P's of Starbucks



Retail Management basics

Market

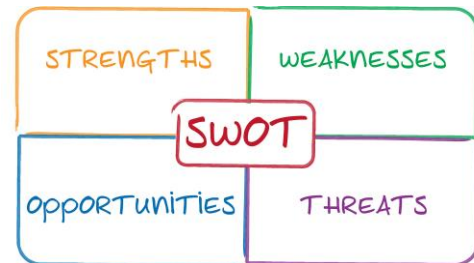
Marketing Mix



Porter Five force



SWOT Analysis



Market Basket Analysis



Lift and FRM

A diagram illustrating a "Household & Beauty Shelf Display". It shows a grid of shelves with various household and beauty products. To the left of the shelves is a list of items with their corresponding shelf numbers:

Item	Product
1	Clorox Bleach with Bleach
2	Clorox Bleach - Antibacterial
3	Clorox Soap - Fruit
4	Laundry Detergent
5	Laundry Detergent on liquid
6	Fabric Softener
7	Shower Cleaner
8	Window Cleaner
9	Kitty Scoop
10	Pine Cleaner
11	Square Trays
12	2 Bar Soap
13	2 Bar Soap - Dial
14	Baby Wipes
15	Diapers - Travel Pack
16	Diapers
17	Face Wash
18	Sunscreen
19	Baby Lotion
20	Toothpaste
21	Hand Soap
22	Tarson Fragrizer
23	Baby Wipes
24	Toilet Paper
25	Diapers

Retailer

Porter's 5 Forces for Retail Industry



Porter's 5 Forces for Retail Industry

Porter's Five Forces analysis helps organisations to understand the strengths and weaknesses of an industry.



These forces determines the profit potential and attractiveness of an industry.

If there is

- Huge Competition than No Return
- Mild Competition than Good Return

Porter Five forces for Amazon

Threat of New Competitors

Any new player can decrease the profit share of the existing players.

Threats of new Entrance - Low

- Easy to start an e-commerce website but difficult to build require massive investments in warehousing, distribution and logistics.
- Switching Costs:- Easy to enter (Shopify \$30)
- Economies of scale :- Hard to get (Price)
- Customer Loyalty is hard to get



The factors that limit new entrants are –

How loyal are end consumers in the industry? - Branding

How difficult it is for the consumer to switch to the new product? – Moat

How large is the amount of capital required to enter into the industry? - Logistic

How difficult it is to access distribution channel? – Supply chain

Porter Five forces for Amazon

Threat of Substitutes

Substitutes are the products that provide the same functionality. A successful product leads to creating other similar products.

Threat of substitute – High

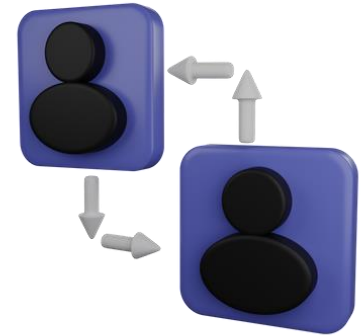
- Can be found in Online retail as well as with the offline retail
- Easy availability of substitutes at a cheap rate.

While entering into retail, one should think of –

How many near substitutes are available in the market?

What is the price of the substitute?

Cost analysis and comfort of substitutes?



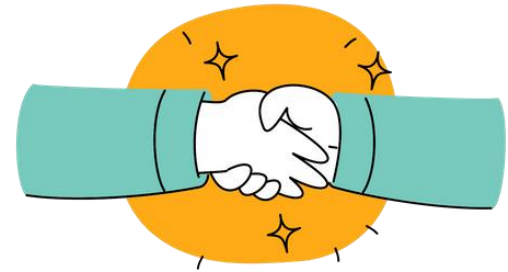
Porter Five forces for Amazon

Bargaining Power of Buyers

If there are many suppliers and few buyers, the buyers are at advantageous position while pricing and they generally have the last word.

Bargaining power of buyers – High

- Customers generally have high bargaining power because of the intense competition in the e-commerce industry.
- Customers tend to be price sensitive and hence pricing can be a moat
- Doesn't work if substitute aren't available ex:- Fire TV, kindle



The retail managers need to think of the following –

How large market share the retail company has?

What size of consumers is the company depending upon for its sales?

Are buyers buying in large volumes?

How many other retail competitors are in the same product line?

Porter Five forces for Amazon

Bargaining Power of Suppliers

If the suppliers are at a dominating position over the company while product pricing, threatening to raise price or reduce supply, then that retail industry is said to be less attractive.

Bargaining Power of Suppliers – Low to Moderate

- Without resellers amazon will not be able to serve their customers.
- Amazon being a market leader has the upper hand over its suppliers.
- Resellers always have alternative choice to sell somewhere



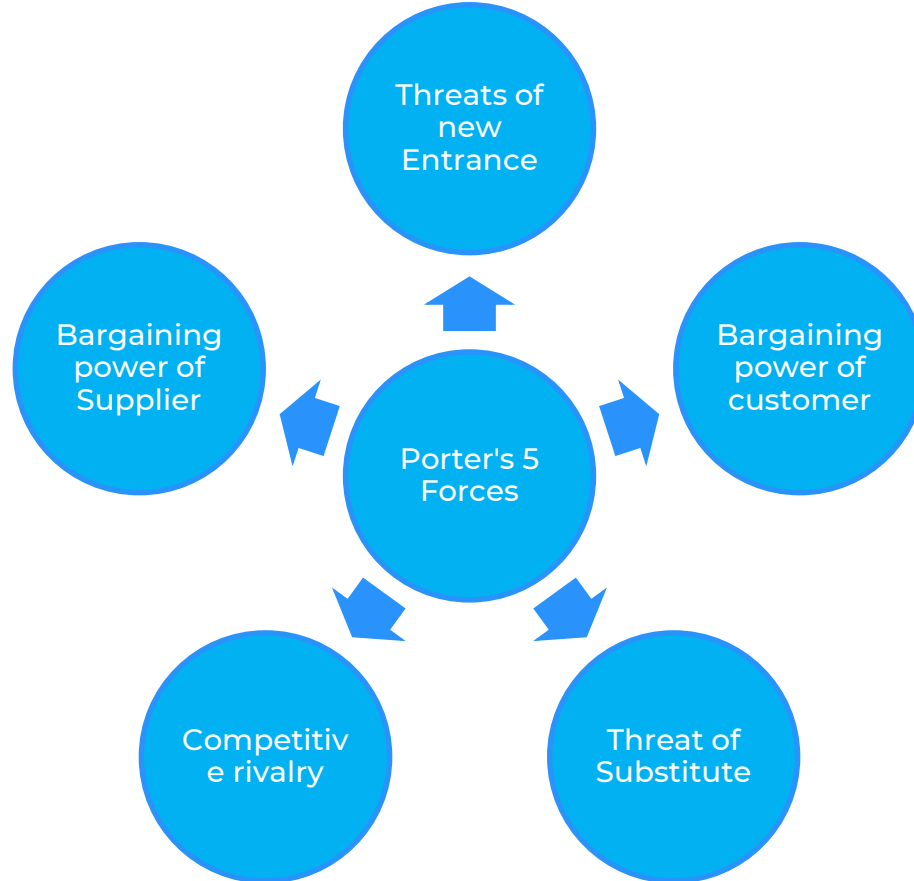
Porter Five forces for Amazon

Competitive rivalry

The rivalry is intense when there are more or less equal sized competitors in the market and there is no unparalleled market leader.



Porter Five forces for Amazon



SWOT Analysis of Amazon



SWOT Analysis

1. Strengths - Your organization does particularly well which distinguishes you from your competitors

Ex:- Sales , Manufacturing , Product ,Process

2. Weaknesses - What you could improve

3. Opportunities - Being able to spot and exploit outside opportunities.

Ex:- Government policy, social patterns

4.Threats - Anything that can negatively affect your business

Ex:- supply chain, shortage of recruits, Evolving technology



SWOT Analysis of Amazon

Strength

- Efficient delivery network
- Low Pricing strategy
- Monitoring, controlling and forecasting the demand.

Weakness

- Thin profit margins
- Multi business execution

SWOT

Opportunity

- Online payment system but security and privacy
- Private Label brands from China
- Global footprint

Threats

- Government regulations
- Tax Avoidance issue

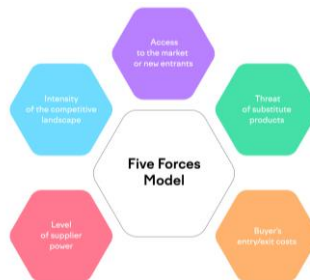
Retail Management basics

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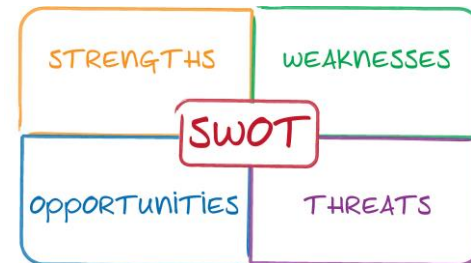
Marketing Mix



Porter Five force



SWOT Analysis

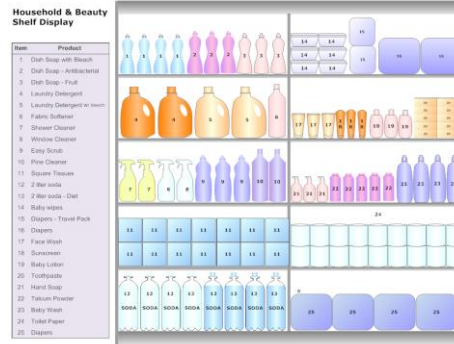


Market Basket Analysis



Retailer

Lift and RFM



Understanding Retail Consumer



Understanding Retail Consumer

Step 1 Identifying a
Customer

Step 2 Customer's Buying
Behaviour Patterns

Step 3 Factors Influencing
Retail Consumer

Step 4 Consumer's
Decision Making Process

Consumer versus Customer

Best place to sell toys if you are thinking of selling toys ?



Complete MBA course: Marketing and Business Strategy

Build a successful company and become a good leader.

Marketing Introduction

- What is marketing?
- Demand, wants and needs
- STP Analysis
- Marketing Mix i.e. 4P's
- 7P's of Process)
- SWOT analysis.

Business and Expansion strategy

- Product life cycle
- Porter five competitive forces
- Market structure
- Ansoff matrix
- Pricing strategy
- Sales strategy

Business Model

- Business model Canvas
- Network effect on platform business
- Amazon business model
- Uber business model
- Omnichannel and Multichannel business strategy

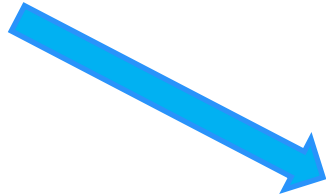
Consumer versus Customer



Wrong Segment



Wrong Targeting



Right segment
Right targeting

Consumer versus Customer

Best place to sell toys if you are thinking of selling toys ?



Institution type decides

- Price range of toy
- Types of toys you can sell

Consumer versus Customer

A consumer is a user of a product



A customer is a buyer of the product or service.



The customer decides what to buy and executes the deal of purchasing while the consumer uses the product or service for oneself.

Understanding Retail Consumer

Step 1 Identifying a
Customer

Step 2 Customer's Buying
Behaviour Patterns

Step 3 Factors Influencing
Retail Consumer

Step 4 Consumer's Decision
Making Process

Step 1 Identifying a Customer

Composition of Customers – It includes customers of various gender, age, economic and educational status, religion, nationality, and occupation.

Origin of Customer – From where the customer comes to shop, how much the customer travels to reach the shop, and which type of area the customer lives in.

Objective of Customer –

Shopping or Buying?

Shopping is visiting the shops with the intention of looking for new products and may or may not necessarily include buying.

Buying means actually purchasing a product.

What does the customer's body language depict?

Step 2 Customer's Buying Behaviour Patterns

The needs, tastes, and preferences of the consumer for whom the products are purchased drives the buying behaviour of the customer

Place of Purchase

Prefer to visit various shops and compare them in terms of prices. Selection of location, keeping appropriate merchandise, and selecting a distributor in close proximity.

Product Purchased

what items and how many units of items the customer purchases and it depends upon :-

- Availability/Shortage of product
- Requirement/Choice of product
- Perishability of product
- Storage requirements
- Purchasing power of oneself

Time and Frequency of Purchase

The freq. of purchase is influenced
Location of customer

- Type of commodity
- Degree of necessity involved
- Lifestyle of customers
- Festivals and customs
- Influence of the person accompanying the customer

Method of Purchase

It is the way a customer purchases. It involves factors such as -

- Is the customer purchasing alone or is accompanied by someone?
- How does the customer pay: by cash or by credit?
- What is the mode of travel for the customer?

Step 3 Factors Influencing Retail Consumer

Cultural Background:- Buying behaviour differs in people depending on the various cultures they are brought up

Social Status :- Dominating people in the family can alter the choice or decision making

Income Levels professional earning handsome pay package would not hesitate to buy a house but a taxi driver will think twice

Personal Elements

Gender, Occupation, Lifestyle, Nature

Step 4 Consumer's Decision Making Process

A customer goes through a number of stages as shown in the following figure before actually deciding to buy the product.



Things your brain subconsciously do before buying this course ?

Understanding Retail Consumer

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