

Draft Study Material



Individual Sales Professional

SECTOR: Retail

JOB ROLE: Individual Sales Professional

(QUALIFICATION PACK: Ref. Id. RAS/Q0201)

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NCERT

PSS CENTRAL INSTITUTE OF VOCATIONAL EDUCATION

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Preface

Vocational Education is a dynamic and evolving field, and ensuring that every student has access to quality learning materials is of paramount importance. The journey of the PSS Central Institute of Vocational Education (PSSCIVE) toward producing comprehensive and inclusive study material is rigorous and time-consuming, requiring thorough research, expert consultation, and publication by the National Council of Educational Research and Training (NCERT). However, the absence of finalized study material should not impede the educational progress of our students. In response to this necessity, we present the draft study material, a provisional yet comprehensive guide, designed to bridge the gap between teaching and learning, until the official version of the study material is made available by the NCERT. The draft study material provides a structured and accessible set of materials for teachers and students to utilize in the interim period. The content is aligned with the prescribed curriculum to ensure that students remain on track with their learning objectives.

The contents of the modules are curated to provide continuity in education and maintain the momentum of teaching-learning in vocational education. It encompasses essential concepts and skills aligned with the curriculum and educational standards. We extend our gratitude to the academicians, vocational educators, subject matter experts, industry experts, academic consultants, and all other people who contributed their expertise and insights to the creation of the draft study material.

Teachers are encouraged to use the draft modules of the study material as a guide and supplement their teaching with additional resources and activities that cater to their students' unique learning styles and needs. Collaboration and feedback are vital; therefore, we welcome suggestions for improvement, especially by the teachers, in improving upon the content of the study material.

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MODULE 1

ESSENTIALS OF RETAILING

Module Overview

India has had a successful in attracting international and global companies over the past few years; Currently, driven by strong macroeconomic factors, India is one of the fastest growing economies globally and the fourth largest retail market in the world, and is the second biggest employer followed by agriculture, providing bright and exciting job opportunities in India.

Over the years, retailing in India has been one of the most dynamic and fast paced industries, that went through different stages. The retail business is undergoing fast revolution in its marketing practices. Till a few years ago, we bought most of our daily use products from small shops in our neighbourhood or a nearby market. Origins of retailing in India can be traced back to the emergence of kirana and mom & pop stores.

In daily life, an individual sales professional deals with a variety of transactions in terms of sales and purchases of goods and services. The transaction involves the process of persuading and attracting the other person by the individual sales professional. Selling is the process to satisfy the need or wants of the customers. This duty is performed by the individual sales professional. We call him or her professional because they require analysis, personal selling strategy, and market-efficient qualitative and quantitative skills. They used skillful organisational principles to conduct sales activities.

This unit will focus on the basics of retailing. The first session covers the concept of retail business, the second session deals with the classification of a retailer's services to customers, the third session focuses on organised and unorganised retailing, and the fourth session imparts the classification of retailers.

Learning Outcomes

After completing this module, you will be able to:

- Understand meaning and importance of marketing and marketing concepts.
- Classify the functions of marketing.
- Demonstrate the exchange functions of marketing
- Demonstrate the facilitative functions of marketing

Module Structure

Session 1: Concept of Retail Business

Session 2: Classification of Retailers

Session 3: Organised and Unorganised Retailing

Session 4: Retailers Services to Customers

Session 1: Concept of Retail Business

Retail is a business deal in which the seller sells small quantities of goods to the customers as per their needs and wants. A retail shop is a retail business enterprise that primarily deals with sales volume in retailing. In easy terms, the function of retailing is to sell products to final consumers by an individual or a firm.

RETAILER AND RETAILING

The retailer is responsible for various duties. He or she establishes the shop in a place where customers are attracted. He or she is stocking the goods which are required by the customers. Stocking the goods is the key responsibility of him or her. The price of the products is decided based on the competition. Quality goods attract more customers to the shop. Therefore, he or she sells quality products to the customers. To run a retail business, he or she should be financially sound. Inventory management is necessary to prevent the overstocking and under-stocking of goods and proper flow of inventory saves the cost of the retail business.

There are various types of inventories like raw materials, work-in-progress, and finished goods. Inventory means idle stock. Therefore, it should be carefully dealt with by him or her. Promotion plays a key function in marketing to withstand the competitive business in the market.

The market is changing very speedily. The need for buyers is changing and their expectations are also rising day by day. There is a need to keep an up-to-date retail shop so that it can follow the market trend and its position in the market display in the retail shop promotes sales. The retailer should always be available to the customers.

Retailing is the business of selling goods and meeting consumer demand. This business provides the consumer with the necessary information for buying goods and makes available the required stock in the retail shop. A person or business that sells goods to the public in relatively small quantities for use or consumption rather than for resale is called a retailer. The retailers' activities are depicted such as groceries, vegetables, fruits, clothes, etc in the following fig.1.1.



Fig.1.1: Retailer

Source: shorturl.at/aintz

THE FUNCTIONS OF RETAILER

The retailer provides the products and services that the customer needs, in the required quantity, at the right place, and at right time. The functions of retailers are depicted in Fig. 1.2.

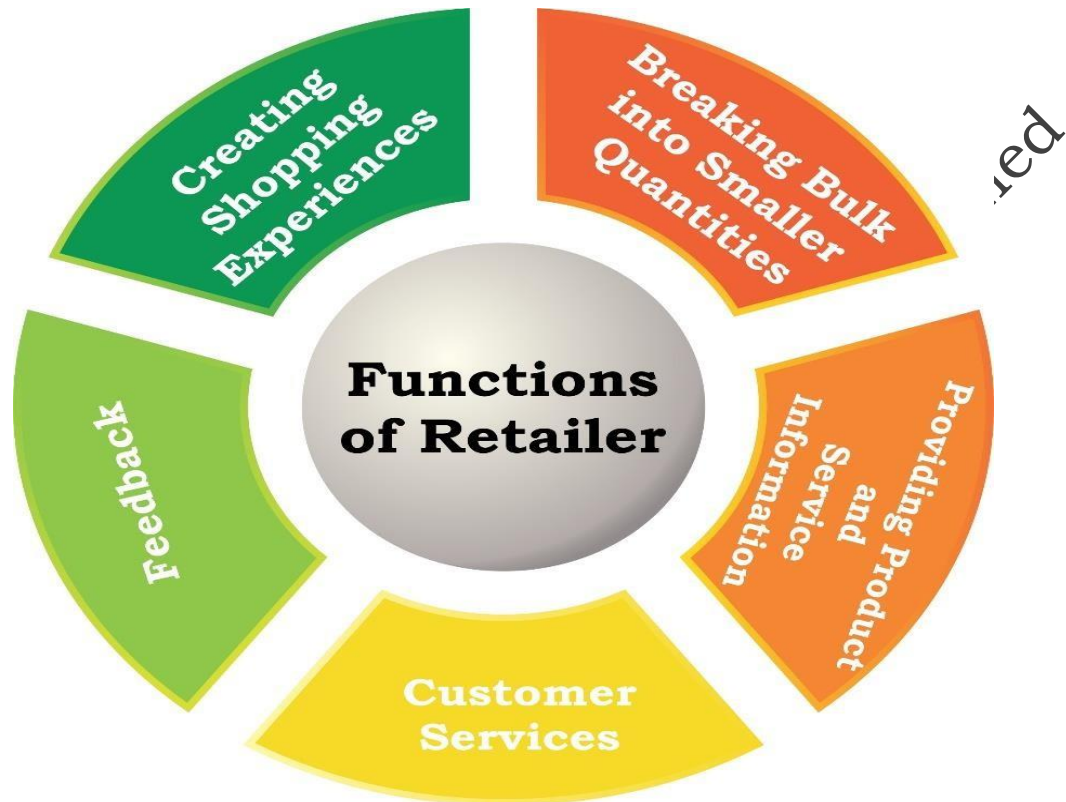


Fig. 1.2) Functions of Retailer

Retailer activities create value addition or utility to the customers. There are five basic functions of the retailer:

- 1) **Breaking bulk into smaller quantities:** To reduce the cost of long-distance transportation, producers ship the goods in large quantities. The middlemen, including the retailers, open these large packages and make the product available in much smaller quantities to the consumers, as per their needs.
- 2) **Providing product and service information to customers:** The retailer or salesperson is an important source of information, especially about the features and working of the different brands available. The salesperson knows the product being sold.
- 3) **Providing customer services:** Retailers provide various services to their customers. These may include—free home delivery, gift wrapping, credit facility, and after-sales services.
- 4) **Creating a convenient, comfortable, and pleasant shopping experience for consumers:** The aim of the retailer is to offer the products desired or needed by the consumer, conveniently. This creates place utility. Also, the number of customers increases when the environment inside the retail stores is friendly and pleasant. Playing soft music, proper lighting, creating a larger space for movement, courteous and well-dressed employees, etc., create a positive environment for the customers.

5) Providing feedback to producers about customer needs: With their first-hand interaction with the customers, retailers have a good understanding of the customers' needs. This information gives feedback that can greatly contribute to product improvement by producers.

Summary: This session is about the root concept of Retailing. It explains the sale of goods or commodities in small quantities directly to customers. This session covers the functions of the retailer where the activities create value addition or utility to the customers.

Activities

Activity 1: Visit a nearby market at your place to identify the various types of retailing activities undertaken and prepare a report based on your observations. (Maintain a record of photos and videos)

Material Required: Pen, Paper, Notebook,
Procedure:

1. Ask students to visit nearby a retail store.
2. Greet and meet managers and executives and ask for the necessary permission like clicking photos, videos, and interviews.
3. Ask executives about various types of retailing activities.
4. Note down in your notebook.
5. Observe various activities in the notebook and click some pictures.
6. Prepare a brief report.
7. Present reports in the classroom and handle a query from classmates.
8. Update the report as per suggestions and submit it to the concerned teacher.

Activity 2: Visit a retail shop or departmental store to identify the functions of the retailer. (Maintain a record of photos and videos)

Material required: Notebook, Paper, Pen, Pencil, rubber, and questionnaire.

Procedure:

1. Make a group of 4 students.
2. Visit 2-3 retail shops to identify the functions of the retailer.
3. Take permission from the retailer for the survey.
4. Meet with an individual sales professional and ask

the following questions:

- a) What are the functions of the retailer?
 - b) How are you dealing with various retail activities?
 - c) Which of the activity is more typical to deal in the retail shop and why?
 - d) What are the qualities required to deal with the retail business?
5. Note down the answers to the above questions.
 6. Say thanks to the retailer for his or her cooperation.
 7. Prepare a short report and submit it to the teacher.

Activity 3: List out the observations of the retailer's activities based on your visit to a marketplace. (Maintain a record of photos and videos)

Materials Required: Pen, Pencil, Rubber, Notebook, Checklist
Procedure:

1. Take some paper and a pen
2. Search about functions of the retailer and other information on the internet.
3. Prepare a list of the following
 - a) Functions of Retailer
 - b) Name of some retail shop and place
 - c) Qualities of the retailer.
4. Prepare a chart based on the above list.
5. Submit the chart to the teacher.

Activity 4: Demonstrate the essentials required for a retail business as per the student's observations during the visit. (Maintain a record of photos and videos)

Materials Required: Pen, Pencil, Rubber, Notebook, Checklist
Procedure:

1. Make a group of five students each group.
2. Ask the group to discuss on essentials required for a retail business.
3. Refer to textbooks and the internet for collecting the information.
4. The group leader demonstrates or is present in the class.
5. Handle the queries of other group members.
6. Take a notebook and describe the essentials

required for a retail business.

7. Write down the main points on a piece of paper.
8. Presentation for quality improvement.
9. After the presentation end, the teacher gives a remark about it.

Check Your Progress

A. Fill in the Blanks

1. The function of retailing is to sell products and services to the final _____ by an individual or a firm.
2. The _____ has to be well informed about the product being sold.
3. The main aim of the retailer is to offer products needed by the consumer conveniently and this creates place _____.
4. Selling of goods to consumers in small quantities as per their want or need at _____ price.
5. _____ is a business deal in which the seller sells small quantities of goods to the customers as per their needs.

B. Multiple Choice Questions

1. The retail business aims to
 - a) for partnership
 - b) make maximum promotion
 - c) extend to other areas
 - d) selling goods to the buyer
2. A retail shop deals primarily with sales _____ in retailing
 - a) volume
 - b) location
 - c) places
 - d) value
3. Which of the following is not the function of the retailer?
 - a) Breaking the bulk
 - b) Selling the products and services
 - c) Provide customer service

d) Do not take feedback from the customers

C. State whether the following statements are True or False

1. The retailer provides feedback to producers about customer needs.
2. Stocking the goods is not the key responsibility of the retailer.
3. The price of the products is decided based on market competition.
4. A retail store is a retail business enterprise that primarily deals with sales volume in retailing.
5. A retailer does not offer products and services to the customers.

D. Short Answer Questions

1. What do you understand by the retailer?
2. What is retailing?
3. List out the functions of the retailer.
4. Differentiate between retailer and retailing.

E. Long Answer Questions

1. Explain the functions of the retailer.
2. Explain the roles and responsibilities of retailers.

F. Check Your Performance

1. Demonstrate the functions of the retailer.
2. Prepare a chart containing the functions of the retailer.

Session 2: Classification of Retailers

In India, a variety of retail stores exist to deliver different products to the final consumers. Retailing can be classified as store and non-store retailing. In this session, you will learn about various types of stores and non-store retailing.

STORE RETAILING

When goods and services are sold from a physical place or store it is called store retailing. The basic classification of store retailing can be done based on ownership and merchandise offered.

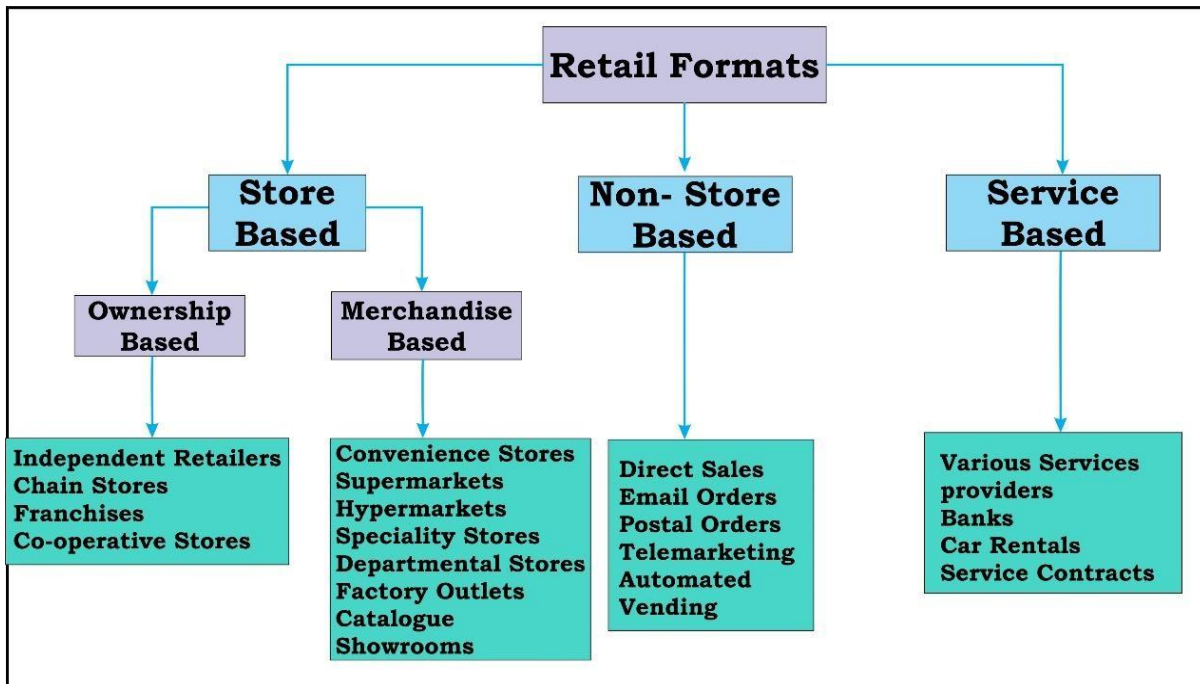


Fig. 1.3: Classification of Retailers

Based on Ownership

Based on ownership, the store retailing is classified as follows:

- a. Independent Retailer:** An independent retailer is a retail business with family members or assistants. He or she has straight contact with the customers. For example, the local Kirana store owner and the paanwala. He or she decides the retail policy and strategy depending on the shop or store location and the product mix (Fig. 1.4).



Fig. 1.4: Retail Shop
Source: shorturl.at/eLMPT

b. Chain Retailer or Corporate Retail Chain: When a significant number of outlets are operated by a single owner it is called a retail

chain. Chain retailers offer the same type of products store environment and sales promotions. For Reliance, Bata example, Arrow, Louis Phillippe, Food World, etc. (Fig. 1.5).



Fig. 1.5: Corporate Retail Chain

Source: shorturl.at/ikB36

c. Franchising: A franchise is a legal contract between a company (franchiser) and the store owner (franchisee), which allows the store owner to conduct business under an established name, For example, Pizza Hut, McDonald's, Van Heusen, etc. (Fig. 1.6).



Fig. 1.6: Franchisee Store**Source: shorturl.at/crU67**

d. Consumer Co-operatives: A consumer co-operative is a retail store operated by member customers. This type rises largely due to dissatisfaction of consumers whose needs are not fulfilled by the present retailers for example Apna Bazaar in Mumbai, etc.

Based on the Merchandise Offered

- a. Convenience Stores:** Convenience stores are small-sized. It is located in a residential area. These stores are available for long working hours. It offers a limited line of convenience products, for example, eggs, vegetables, milk, bread, etc (Fig. 1.7).

**Fig.1.7: Convenience Store****Source: shorturl.at/guBHQ**

- b. Supermarkets:** Supermarkets are large retailing stores selling a huge variety of consumer products, mostly food, items of household use, and groceries with a low marginal

gain. It operates on a self-service style but has a high



turnover. It offers minimum services and operates on a cash and carries basis (Fig. 1.8).

Fig. 1.8: Supermarket

Source: shorturl.at/mKQU6

- c. Hypermarkets:** A hypermarket is a combination of a supermarket and a general merchandise store (Fig. 1.9). It is a very large store typically at destination locations. They are designed to attract customers from a significantly large area with their low-price offers a unique range and other offers. It follows the self-service style.

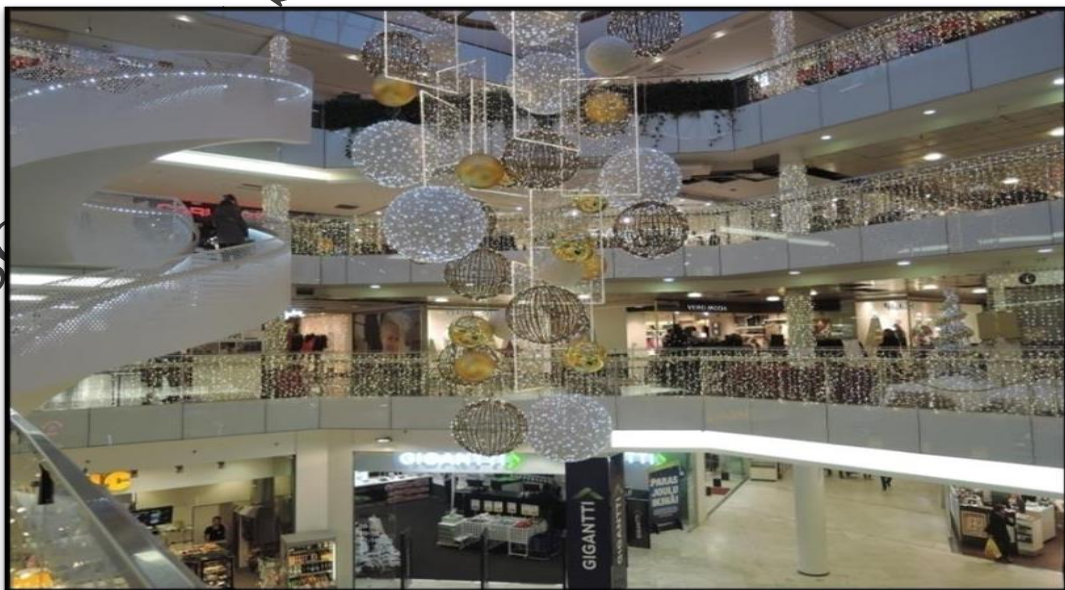


Fig. 1.9: Hypermarket
Source: shorturl.at/eDKV4

Specialty Stores: A store specialising in one type of product (merchandise) or sole line of goods (furniture, jewelry, household, consumer electronics, sports, domestic appliances, etc.) is termed a specialty store. Fig. (1.10)



Fig. 1.10: Specialty Store
Source: shorturl.at/crAW1

d. Departmental stores: Departmental stores are those stores offering a range of goods under a single roof, located in central places of a busy locality. It requires capital to maintain different departments and a huge stock of goods. The profit or loss is calculated on the entire stock. It is a combination of decentralised buying and centralised selling. They establish restaurants inside these stores and also provide home delivery services (Fig 1.11).



Fig 1.11: Departmental Store**Source: shorturl.at/aqOU1**

Catalogue Showrooms: Catalogue retailers usually specialise in hard goods (houseware, consumer electronics, etc.). A customer visits the showroom and makes his or her choice of products using the catalogue mentioning the code number of the item.

Non-Store Retailing

When goods and services are sold without a physical place or store, it is called non-store retailing. Non-store retailing adopts a direct relationship with the consumer. The classification of non-store retailing is direct personal contact and direct response marketing.

Direct Personal Contact

Direct selling is making face-to-face (direct) contact with the end consumer. For example, cosmetics, jewellery, home appliances, educational materials, nutritional products, etc. This type of retailing follows the party plan or the multilevel network. They display and demonstrate inviting to a party or customers act like master distributors appointing their customers on a commission basis (Fig. 1.12).

**Fig. 1.12: Direct Selling****Source: shorturl.at/finDL**

Direct Response Marketing: The customer becomes aware of the products/services offered through non-personal media

such as mail, catalogues, phones; television, or the Internet is called direct response marketing. It includes various forms of communication with consumers.

- a. **Mail Order Retailing:** In retailing customers, the database is used to develop target catalogues for customers.

Television Shopping: Direct Personal Contact Approach promoted on television with product features, price, and guarantee or warranty. Phone numbers are provided for different cities where the products can be ordered from, and home-delivered. For example, Telebrands, a program that usually presents fitness and health products.

- a. **E-shopping:** This format allows the customer to evaluate and purchase comfortably from his or her home through websites using the Internet. The products are delivered after online payment (Fig. 1.13).



Fig. 1.13: E-Shopping
Source: shorturl.at/ftFMO

- b. **Telemarketing:** Telemarketing is communication with customers through the telephone, to promote products or services. The company executive contacts customers at a

time that is convenient for them. Most companies give their toll-free numbers for customers to contact them. For example, banks sell credit cards, and educational institutions seek admissions.

Difference between Store and Non-store retail

The difference between store and non-store retail has been given in Table 1.11.

Based on	Store Retail	Non-Store Retail
Place Requirement	Goods and services are sold from a physical place or store	Goods and services are sold without a physical place or store.
Classification	The basis of classification is ownership and the merchandise offered.	The basis of classification is direct personal contact and direct response marketing.
Relationship with customer	It adopts an indirect relationship with the consumer.	It adopts a direct relationship with the consumer.
Physical inspection before buying	The customer visits the showroom and makes his/her choice of products.	The customer becomes aware of the products or services offered through a non-personal medium, like mail, catalogues, phones, television, or the Internet.
Delivery of products	The retailer arranges the products.	Most companies give their toll-free numbers for customers to respond and send the products to their homes.
Types of Channel	Multiple channels are involved.	Direct to customer
Offers	Offers are shown visually in stores or the marketplace.	Offers shown through the Internet/online E-retailer responsible for the exchange of the products.

Table 1.1: Differences Between Store and Non-Store Retail

SUMMARY: This session covers the Classification of retailers. It describes store and non-store retailing, and the benefits of each one. It also explains how they differentiate from one another. It clarifies each format of retailing deals with the customer.

Activities

Activity 1: Visit a retail shop for understanding the store and non-store formats. (Maintain a record of photos and videos)

Material required: Notebook, paper, Pen, checklist

Procedure:

1. Prepare a list of the points to be checked in both outlets and give it to the students.
2. Group the students as per needs.
3. Reach the stores as per schedule.
4. Greet and interact with the executives or the shopkeeper.
5. Collect information from them on the
 - variety of items kept for sale.
 - size of business.
 - several workers employed.
 - Capital invested.
 - terms of the employment
 - style of business.
 - network.
6. Note down all the observations, discuss them with your friends and finalise them. Confirm with the executives or shopkeepers.

7. Prepare a report and submit it to the subject teacher

Activity 2: Prepare a chart to differentiate between a store and a non-store retail business. (Maintain a record of photos and videos)

Material required: Notebook, paper, Pen, checklist, chart papers, and colours.

Procedure:

1. Ask the students to sit in groups.

2. Distribute the materials.
3. Ask them to prepare a chart in a creative way showing the differences between the store and non-store retailers based on the facts emerging from their visit.
4. Prepare charts with suitable features.
5. Display charts in the class or lab.

Activity 3: Visit your locality and identify different types of Retail Stores. (Maintain a record of photos and videos)

Material required: Notebook, paper, Pen.

Procedure:

1. Ask the students to sit in groups.
2. Ask the student to prepare photos and videos according to the classification of retail stores.
3. Ask the student to prepare a presentation with those photos and videos to show the classification.
4. Prepare charts with suitable features.
5. Display presentation in front of the class.
6. The teacher will remark to students.

Activity 4: Visit your locality and identify different types of franchise stores.

Material required: Notebook, Paper, Pen, Mobile

Procedure:

1. Divide students into groups of two
2. Ask students to make videos of shops and their houses
3. Ask them to differentiate both based on the classification of retail stores
4. Ask a student to present their videos in front of the other groups

Activity 2: Prepare a chart to differentiate between a store and a non-store retail business. (Maintain a record of photos and videos)

Material required: Notebook, paper, Pen, checklist, chart papers, and colours.

Procedure:

1. Ask the students to sit in groups.
2. Distribute the materials.
3. Ask them to prepare a chart in a creative way showing the differences between the store and non-store retailers based on the facts emerging from their visit.
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Material required: Notebook, Paper, Pen, Mobile

Procedure:

1. Divide students into groups of two
2. Ask students to make videos of shops and their houses
3. Ask them to differentiate both based on the classification of retail stores
4. Ask a student to present their videos in front of the other groups

Check Your Progress

A. Fill in the Blanks

1. A _____ is a legal contract between a company (franchiser) and the store owner (franchisee), which allows the store owner to conduct business under an established name.
2. A _____ is a combination of a supermarket and a general merchandise store.
3. _____ stores are those stores offering a range of goods under a single roof, located in central places or a busy locality.
4. _____ are large retailing stores selling a vast variety of consumer products, mostly food, items of household use, and groceries with a low marginal gain.
5. When the goods and services are sold from a physical place or store it is called .

B. Multiple Choice Questions

1. Which of the following retailing is based on merchandise offered?

- a) Hypermarket
 - b) Paanwala
 - c) Modern retailing
 - d) None of the above
2. Which of the following retailing is based on ownership?
- e) Independent retailer
 - f) Convenience stores
 - g) Malls
 - h) None of the above
3. The customer becomes aware of the products and services offered through non-personal media such as mail, catalogues, phones, television, or the internet is called,
- i) Television
 - j) Direct response marketing
 - k) Marketing
 - l) Online Marketing
4. When the goods and services are sold without a physical place or store is called
- m) Marketing
 - n) Store retailing
 - o) Non-Store retailing
 - p) Store marketing

C. State whether the following statements are True or False

- 1. When the goods and services are sold from a physical place or store it is called non-store retailing.
- 2. A person who possesses and operates with family members or assistants is an independent retailer.
- 3. When a significant number of outlets are operated by a single owner it is called a retail chain.
- 4. The Internet is not called direct response marketing.

D. Match the Columns

	Column A		Column B
1	Independent Retailer	A	It is a legal contract between a company and the store owner
2	Chain retailer	B	He directly contacts customers

3	Franchising	C	When a significant number of outlets are operated by a single owner
4	Consumer Co-operatives	D	It is operated by member customers

E. Short Answer Questions

1. What is non-store retailing?
2. What is chain retailing?
3. What is organised retailing?
4. What is store retailing?
5. Who are independent retailers?
6. What is Corporate Retail Chain?
7. What is Franchising?
8. What is a convenience store?
9. Define supermarket.

F. Long Answer Questions

1. Explain how the retailers are classified.
2. Discuss the store retailing in India.
3. Explain the various types of non-store retailers.
4. Differentiate store and non-store retailing.

G. Check Your Performance

1. Demonstrate organised retailing and explain the classification of retailing.
2. Presentation on a different retail format based on ownership.
3. Presentation on a different retail format based on merchandise offered with features.
4. Presentation on non-store retail formats with their features.

Session 3: Organised and Unorganised Retailing

The retail sector is undergoing rapid growth in India. Earlier, customers used to buy products from retail Kirana shops, mandis, or mobile vendors. With development, there is a rise in the modern retail sector. The retail sector is rising with more departmental stores which come into existence. This change in the trade sector has led to the start of an organised sector.

The retail sector is made up of two parts organised and unorganised retailing.

Exhibit 1: Organised and Unorganised Retailing

Organised retailing refers to trading activities undertaken by licensed retailers that is those who are registered for sales tax, income tax etc.

Unorganised retailing is the conventional format of low-cost retailing. It includes the local kirana shop and restaurant general and provision stores, single owner manned medical store, the local dhobi and even the hand cart and pavement vendors.

UNORGANISED RETAILING

Unorganised retailing is run as a small family business like Kirana stores. The features of a small family business are:

- Lack of adequate infrastructure
- Lack of modern technology
- Lack of funding
- Lack of skilled manpower

Unorganised retailing includes retail units that are not registered by any legal or statute body and which are not maintaining accounts regularly. Unorganised retailing (Fig. 1.14).



Fig. 1.14: Unorganised Retail
Store Source: shorturl.at/gjoZ2

The unorganised sector is small in size and mostly scattered. It has no fixed place for operations. The unorganised sector

includes traditional units like haats, mandis, melas or kiranas, and paanwalas, others, such as fruit sellers, vegetable sellers, cobblers, etc.

ORGANISED RETAILING

Organised retailing is running a business systematically and scientifically (Fig. 1.15).



Fig. 1.15: Organised Retailing

Source: shorturl.at/bfqPO

Organised retailing has remarkable benefits for consumers and has the potential for employment generation and overall growth of the country's GDP (Gross Domestic Product). In organised retailing, all the items are kept in a single place and a variety of brands are kept under a single roof, a large number of brands and a variety of products are also available in one place.

The organised retail sector dealt with various retail formats, which are normally multi-owner chain retail stores run by a professional management group. Today organised retailing is characterised by comfort, style, and speed. It offers the customer more variety, convenience, and comfort, along with retailing.

DIFFERENCE BETWEEN ORGANISED RETAILING AND UNORGANISED RETAILING

Organised retail business is a very large business and it has a large variety of items. It has a large retail outlet and very large employees. Capital requirements are very high in this business.

Terms of employment in this sector are regular, assured, and within the control of the government.

An unorganised retail business required very low capital requirements. It has little variety of items and the size of the retail outlet is very small. It has a smaller number of employees. Terms of employment are not under the control of the government.

S.No	Particulars	Organised Retail	Unorganised Retail
1.	Variety of Items	Large	Few
2.	Size of Retail Outlet	Very Large	Very Small
3.	Size of Employees	Very Large	Very Less
4.	Capital Requirement	Very High	Very Low
5.	Terms of Employment	Regular, Assured, and within Control of the Government	Small, Scattered, and Not in Control of the Government
6.	Style	Corporate	Sole Trading
7.	Network of Retailer	Vast and Operates through a Number of Branches	Confined to a Particular Locality in a Single Unit
8.	Retail Sales	Large Quantity	Small Quantity

Table 1.2: Difference between Organised and Unorganised Retail

ESSENTIAL REQUIREMENTS OF ORGANISED RETAILERS

An organised retailer should:

- Establish the shop in a place where customers are attracted.
- Stock the goods which are needed by the customers.
- Competitive in price and quality of goods to be sold.
- Financially sound.
- Be careful of over-stocking or under-stocking of goods.

- Be up-to-date with styles in the retail market and their position.
- Ensure counter display and window display to promote sales.
- Always be available to the customers.

SUMMARY: This session covers the Organised and Unorganised retail sectors in India. This session taught about the person who has a license to run a retail store also having to pay the sales tax, income tax, and other charges to the government known as an organised retailer or Store retailer. Unorganised retailing refers to the traditional formats of low-cost retailing that we see in our surroundings daily for example local vendor shops or vegetable handcarts. This session explains the essential requirements of organised retailers that is to manage the stock of goods needed by the customers, competitive prices and the quality of goods to be sold, etc.

Activities

Activity 1: Visit a retail outlet and note down the features to establish a small retail shop.

Materials Required: Notebook, pen, pencil, paper

Procedure:

1. Make a group of five students.
2. Visit the retail outlet.
3. Meet the retailer and greet him or her.
4. Take permission to ask the questions.
5. Ask him or her about the following:
 - a) What are the requirements of the retailer?
 - b) How to handle customers?
 - c) What are the obstacles facing him or her?
 - d) What are the qualities and skills required for a retail job?
6. Write down the main points.
7. Say thanks to the retailer.
8. Prepare a report about the essentials of the retailer.
9. Submit the report to the concerned teacher.

Activity 2: Role-play on differentiating between organised and unorganised retail business.

Materials Required: Notebook, pen, pencil, paper, some clothes, Kirana items, stationery items, etc.

Procedure:

1. Select 10 students from the class.
2. Divide the 10 students into two groups of 5 students each.
3. One group is named organised retail and the second group is named unorganised retail.
4. Organised retail groups perform the activities of the organised retail business and unorganised retail groups perform the activities of the unorganised retail business.
5. Assign the following job role to the students for the role play
6. Organised retail business group
 - a) 1st student performs the role of a retailer
 - b) 2nd student performs the role of salesperson.
 - c) 3rd and 4th students perform the role of customers.
 - d) 5th student performs the role of cashier.

Unorganised retail group

- a) 1st, 2nd, and 3rd students play the role of customers.
- b) 4th students and 5th students play the role of the individual retailer.
7. Arrange all the things and materials to conduct the role-play of two groups one by one.
8. Discuss within the group how to conduct the role-play.
9. Prepare the role-play scripts as per the allotted topic.
10. Practice the dialogues as mentioned in the scripts.
11. Conduct the role-play with suitable actions.
12. In the end, the teacher gives a remark to both groups.

Activity 3: List out organised and unorganised retail formats. **Materials**

Required: Notebook, pen, pencil, paper

Procedure:

1. Take a notebook and pen.

2. Search on the internet about organised and unorganised retail formats.
3. Write down important points on the paper.
4. Sequentially write all the matter.
5. The teacher takes a viva exam of the students on the topic of organised and unorganised retail formats.
6. The teacher gives a remark to all the students according to their performance.

Activity 4: Group discussion activity and role-play activity

Procedure:

1. Ask two students to become shopkeepers
2. Another two students become a customer.
3. One shopkeeper is friendly and deals with customers happily
4. Another one is not paying attention to customers' needs.

Assessment - Now allow students to document all these processes based on role play.

Check Your Progress

A. Fill in the Blanks

1. Unorganised retail run as a _____ family business.
2. The Paanwala or kirana shop comes under _____ retailing.
3. Large numbers of brands are provided in _____ retail outlets.
4. Unorganised business required very _____ capital requirement.

B. Multiple Choice Questions

1. Which of the following is a type of retailing?
 - a) Organised retailing
 - b) Unorganised retailing
 - c) a and b
 - d) None of the above
2. Which of the following is sole retailing?
 - a) Unorganised retailing

- b) Organised retailing
 - c) Both
 - d) None of the above
3. Retailing comes under government regulations.
- a) Organised retailing
 - b) Unorganised retailing
 - c) A and B
 - d) None of the above
4. Which of the following is/are the features of organised retailing?
- a) Large business
 - b) Variety of items
 - c) Capital requirements are very high
 - d) All of the above

C. State whether the following statements are True or False

- 1. Organised retail business is a very large business.
- 2. Terms of employment in the organised sector are regular, assured, and within the control of the government.
- 3. Capital requirements are very low in the organised sector.
- 4. There are various types of business in retailing.
- 5. Retailing is not a process.

D. Match the Columns

	Column A		Column B
1	Type of unorganised sector	A	Malls
2	Unorganised sector	B	Deals with multiple retail formats
3	Type of organised sector	C	Lack of adequate infrastructure
4	Organised sector	D	Mandis, haats, or kirana

E. Short Answer Questions

- 1. What is organised retailing?
- 2. What are the important points to consider in organised

retailing?

3. Why organised retailing need more budget and planning in comparison to unorganised retailing?
4. Give examples of organised and unorganised retail businesses.
5. What factors are affecting unorganised sector?

F. Long Answer Questions

1. Differentiate organised and unorganised retailing.
2. Explain the essential requirements of organised retailing.
3. Explain the type of retailing you prefer with substantiated reasons.

G. Check Your Performance

1. Prepare a chart on types of retail businesses.
2. Presentation on important features of individual sales professional/Retailer job.

Session 4: Retailer's Services to Customers

The retail business is all about selling goods and services to customers. Without providing excellent customer service, it is difficult to convert casual purchasers into loyal customers. Efforts required in this field are effective communication, effective use of technology, a well-trained salesperson, showing empathy to the customer needs, and providing personalised customer service. Retail customer services are all about providing flawless experiences that give a message to the customer that the retailer cares about his or her need. They give value to the customers' time. They not only provide services before they sell but also provide after-sales service.

THE RETAILER'S SERVICES TO THE CUSTOMERS

The retailers provide various services to the customers like quality of products, reliability of the product with local needs, understanding the customers, efficiently dealing with the customers, and providing after-sales services.



Fig. 1.16: Retailer Services to the Customers

In a retail store, retailer performs various services, some of the important retailers' services (Fig. 1.16) are:

1. Selling of goods in small quantities to customers as per their need, at reasonable prices.
2. Meeting consumer demand and making available the required stock.
3. Providing necessary information to consumers for buying goods.
4. Guiding conditions of replacement to products in case of damages.
5. Demonstrating and displaying goods to motivate customers buying decisions.
6. Offering credit facilities to regular and reliable customers.

At this point, it is necessary to understand the term wholesaler (Fig 1.17). A wholesaler is an important intermediary in distribution channels. Wholesale means selling goods for business use or resale purpose. In other words, the wholesalers resell goods to retailers, not to the consumers. Normally, wholesalers sell large quantities. The wholesaler performs a link between the manufacturer or the producer and the retailer.

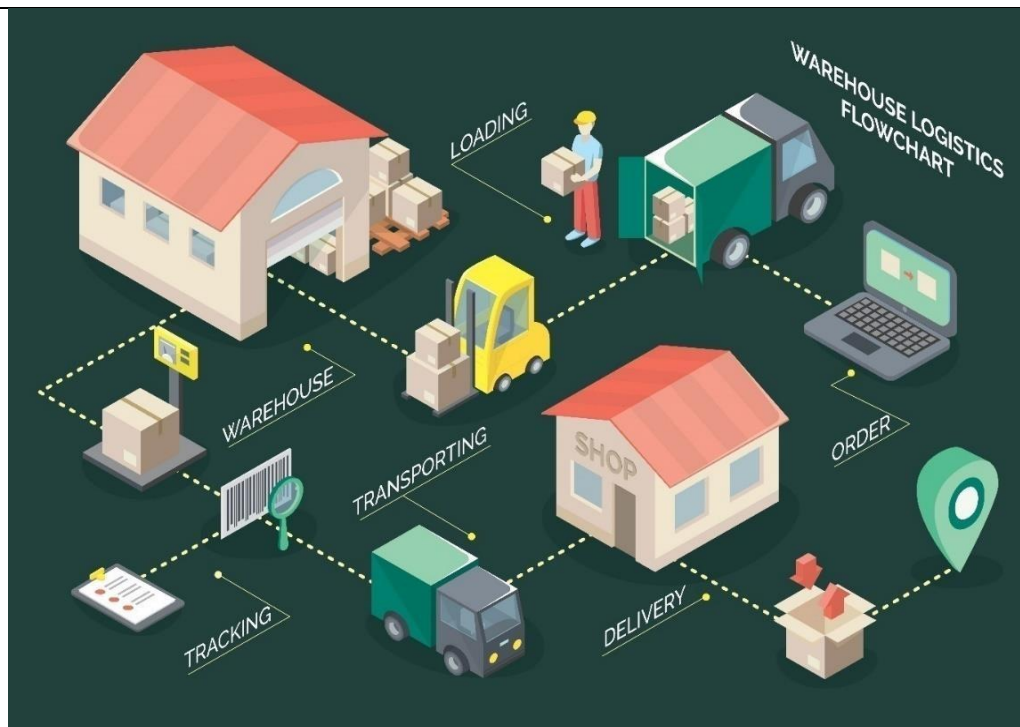


Fig. 1.17 : Wholesale and Warehouse

Short URL : shorturl.at/cjyMX

Retail customer service is very important as many people come to shop in the market (see exhibit 2). The best retail customer service strategy is to convert purchasers into loyal customers. Retailers use the feedback mechanism to review customer experience. Modern consumers are highly engaged in reviewing products and services. They also heavily rely on opinions in making perceptions and taking decisions.

Exhibit 2: Meaning of Retail Services

A retail transaction handles small quantities of goods. Retail Service is the sale of products and services from a business to a customer or general public. Examples are eating and drinking establishments, motels, real estate, and financial offices use providing health education and social services.

Differentiated Strategy to Provide Customer Service

Most of the purchasing experience is based on how the customers are treated by the retailer or their staff. A retailer needs to understand the customer's needs and solve their queries regarding products and services. To stand out of crowd retailers should have to follow a different approach to providing customer service. Retailers must focus on customer

satisfaction, their priority is to provide benefits and the best customer services in comparison. Customers always compare service providers from one retail shop to another. They are loyal to retailers who are providing excellent customer service.

GUIDELINES TO PROVIDE EXCELLENT CUSTOMER SERVICE

- 1. Competent Salesperson:** Customers visit the store where they get a better service experience. For understanding customer behavior, it is necessary to have a competent and well-trained salesperson, who provides the necessary help to customers.
- 2. Easy Access information:** Customers like to purchase products from the shop where they are getting information like price, variety, quantity, and quality easily from the retailers through various means.
- 3. Fixing customer problems:** Customers do not like to wait for the query. They want an instant answer. Thus, customers are satisfied when retailers solve their queries speedily within a short span of time.
- 4. Personalisation:** Customers expect personalised customer service. Retailers understand customer's needs and preferences through data that has been collected from them through loyalty cards, mobile apps, etc. Thus, they expect personalised shopping and experiences.
- 5. Time Suitable to Customers:** Customers are busy nowadays. They do not have sufficient time. Customers purchase online because it is convenient for them. Business hours that do not suit customers make it difficult for retailers to attract them.
- 6. Customer-friendly Processes:** Whenever a customer has a question, they want to talk with someone answerable. They find it easy to talk with the retailer who is friendly with the customers.
- 7. Product Sell:** Selling a product is an art as well as a science that is practiced to show its result. The individual sales professional is playing an important role to provide customer service. To get success in this job role, it is necessary to learn and practice customer service to make customers loyal, and satisfied and to achieve a long-term positive impact on the business.

Activities

Activity 1: Visit a retail store and identify the services rendered by the retailers to the customers in the market.

Materials Required: Notebook, pen, pencil, paper.

Procedure:

1. Make a group with five students in each.
2. Visit two retail stores for collecting information.
3. Greet the retailer politely.
4. Ask him or her about the services rendered to the customers.
5. Prepare a list of the services rendered by the retailer on the notebook.
6. Prepare a report and submit it to the teacher.

Activity 2: Prepare an assignment on retailer's services to customers with all the group members involved.

Materials Required: Notebook, pen, pencil, paper, rubber, assignment book

Procedure:

1. Based on the retail visit in activity one, the groups are asked to discuss.
2. Note down the activities conducted by the retailer observed in activity one.
3. Discuss within the group the observations and finalise the services renders to the customers.
4. Prepare an assignment by the group regarding their observations.
5. Elaborate on the retailer's services to the customer in the assignment.
6. Write down the name of all concerned students involved in the assignment.
7. Submit the final assignment to the concerned teacher.

Check Your Progress

A. Fill in the Blanks

1. Selling is an _____.
2. _____ business is all about selling products and services.
3. Retailer converts purchaser into _____ customers.

4. Retailers provide better customer _____ to retain their customers for a long time.
5. Customers like to talk with retailer in a _____ manner.

B. Multiple-Choice Questions

1. A _____ is an important intermediary in distribution channels.
 - a) Wholesaler
 - b) Merchandiser
 - c) retailer
 - d) Customer
2. Stocking is the function of _____ to move goods from the shop to the final consumer.
 - a) Customer
 - b) Family
 - c) Retailer
 - d) None of the above
3. Which of the following is the retailer's service?
 - a) Selling of goods in little quantities as per their need, at reasonable prices.
 - b) Do not understand customers' need
 - c) Focus on earning money by selling defective products
 - d) All of the above
4. The individual sales professional is dealing with
 - a) Customers
 - b) Suppliers
 - c) Manufacturer
 - d) All of the above

C. State whether the following statements are True or False

1. Selling goods at a reasonable price is not the function of the retailer.
2. The retailer is not meeting consumer needs.
3. Individual sales professional replaces the products if it is found damaged.
4. The individual sales professional makes available the required stock in his/her shop.
5. Stocking the goods in the warehouse is the function of the retailer.

D. Match the Columns

	Column A		Column B
1	Individual sales professional	A	Selling of goods and services
2	Feedback	B	Intermediary in distribution channels
3	Wholesaler	C	To review customer experience
4	Retail business	D	Plays an important role to provide customer service

E. Short Answer Questions

1. What are the activities performed by the retailer?
2. Do Why retailers understand customers' needs.
3. List out the retailer's services to the customers.
4. What are the factors influencing customer service?

F. Long Answer Questions

1. Explain the various services offered by retailers to the consumers.
2. Discuss the guidelines which you can offer for excellent service to the customers by the retailers.

G. Check Your Performance

1. Demonstrate retailers' services to the customers
2. Prepare a chart on the individual sales' professional services to the customers.

MODULE 2**LEGAL FORMALITIES OF RETAILING****Module Overview**

Retailers must go through some legal agreements to start a business. They have to undertake certain legal agreements, licenses, and maintenance of records of legal policies and procedures. Retailers have to provide information about the store's return policy, payment policy, sales policy, credit policy, etc. to the customers. Retail stores manager, sales associates trainee associates, cashiers, or other store employees must know about legal information to disseminate it to others. Retail stores and online stores both required legal agreements. Electronic commerce or e-commerce legal issues in the retail industry in India. It has come a long way since its early days and has been growing rapidly across the world. The industry has matured and has seen the entry of many new players in the market. India is considered a profitable market for these e-commerce businesses. Retailers have to set policies according to their retail store requirements amongst many policies and procedures available from one store to another. Policies and procedures are vital for any business that represents the service procedure of the organisation. Company policies define the goals and scope of organisational objectives. On a simple note, policies and procedures are important because they help get things done.

This unit is classified into four sessions. The first session deals with the legal policies and procedures of the retail business, the second session describes the business structure and registration process, the third session explains policies and procedures for business functioning, and the fourth session focuses on the legal rights of products and services.

Learning Outcomes

After completing this module, you will be able to:

- Identify the local corporations/authorities for smooth functioning of the business process.
- Understand Business legal requirements and business structure
- Describe rules and policies, Compliance, quality norms for selling of products and services.
- Define Rights to products and services
- Demonstrate handling of goods, equipment, and hazardous material to improve safety conditions at the workplace.

Module Structure

Session 1: Legal Policies and Procedures of the Retail Business

Session 2: Business Structure and Registration Process

Session 3: Policies and Procedures for Business Functioning

Session 4: Legal Rights on Products and Services

Session 1: Legal Policies and Procedures of the Retail Business

Legal functioning and policies of the business process explain the functioning of a business. For example, a retail business set the standard for staff clothing and quality of services and creates a mandatory process for running the business to achieve the goal. Developing processes and procedures are crucial in the early stages of establishing a business or rebuilding or growing a business.

An organisation or enterprise adopts a set of policies to accomplish its long- term goals. Legal policies and procedures are designed to create an impact on business activities. It determines the various decisions and actions of the business. The specific method used to state policies in action for day-to-day operations or working is called procedures. The right time to set policies and procedures for the retail store is at the planning stage. Before starting a business, anticipating problems is desirable to set strategies to tackle various problems and day-to-day operations. It is necessary to provide

a procedure manual to each employee so that they can handle various situations easily.

MEANING OF LEGAL POLICIES AND PROCEDURES

A policy is a set of principles and guidelines that an enterprise established to explain its long-term goals and limit the extent of its actions in search of long-term goals and protect its interest.

A procedure is a predetermined manner that consists of an arrangement of suitable steps that must be tracked for the task to be finished. Retailer policies and procedures are significant because they explain organisational aims and the scope of organisational performance. It also protects an organisation's interest. It works together in the service of the organisation. Company procedure provides how an organisation fulfills retailers' policies. There are two policies.

Types of Policies

There are two categories of policies adopted by retailers are:

- a. Goal-Oriented Policies:** Goal-oriented policies are policies to attain organisational aims and protect an organisation's interests.
- b. Compliance Policies:** Compliance policies are policies to satisfy legal requirements.

Thus, procedures are the means through which policies are moving forward to implement legal requirements. Compliance procedures are satisfying the legal requirements of the organisation.

Exhibit 3: Legal Policies and Procedure

Policies set some limitations for decision-making but leave scope for flexibility. They show the "why" behind an act. Whereas procedures, explain the "how" and provide step-by-step instructions for specific routine tasks.

ROLE OF LEGAL POLICIES AND PROCEDURES IN THE BUSINESS

Legal Policies and procedures play a very significant role in the business. In the business, all employees must know about it for the smooth functioning of the business. Therefore, its

manual should be circulated to the employees. They must be well informed about it. These rules are given below (Fig. 2.1):-

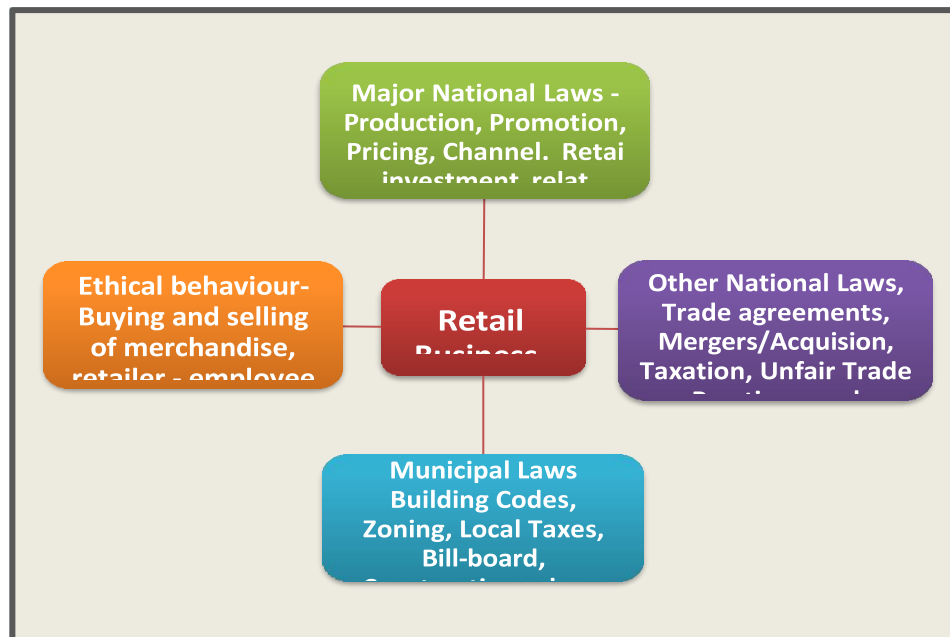


Fig. 2.1: Retail Business Laws

According to the retail business functioning, the following activities require legal policies and procedures.

c. Understand the policies and procedures about the 'Type of Payment'.

- i. The staff gets knowledge about the forms of currency they accept.
- ii. Collection of information about the customer who makes payment by cheque
- iii. Credit terms provided to customers
- iv. Policies about returned cheques
- v. Acceptance of credit card

d. Policies and Procedures about 'Product Pricing'.

- i. Legal framework about the store's markup.
- ii. Pricing strategy
- iii. Offer Discounts
- iv. Offer employee discount
- v. The retailers cannot sell the merchandise above the MRP prices under any pretext n Printing of MRP prices so that consumers are aware of the prices to be

charged by the retailer.

- vi. Manufacturers or wholesalers can set up their own stores or give items on a consignment basis

e. Policies and Procedures about 'Layaway'

- i. Are layaway purchases allowed or not
- ii. The requirement of Customers paydown
- iii. Period of items allowed on layaway
- iv. Store items
- v. Track layaways

f. Legal Policies and Procedures about Returns and Exchanges

- i. Record of returns allowed and prohibited
- ii. Liberty for return and exchange
- iii. Condition of return
- iv. Period for item exchanged or refunded
- v. The proof is required at the time of refund
- vi. Data required from the customer on the return form
- vii. Inform the customer about the return policy

g. Legal Policies about Special Orders

- i. Special order merchandise for customers.
- ii. What to do if customers do not return the item.
- iii. The time required as a deposit

h. Policies and procedures for hours of operation

- i. Normal hours of business operation
- ii. Working on any holiday or season
- iii. Day on Closing of store

i. Predatory pricing

- i. No retailer can sell the goods below the minimum prices decided that covers cost plus a fixed percentage to cover overheads.
- ii. If a seller sells the goods below the price then it is called Predatory pricing.
- iii. It is classified under Section 4 as an abuse of dominance. Predatory Pricing (PP) refers to a practice of driving rivals out of business by selling at a price below the cost of production.

- iv. PP is a commercial strategy by which a dominant firm first lowers its price to a level that will ultimately force its rivals out of the market. When the latter has been successfully expelled, the company can raise the prices again and reap the rewards. However, the simplicity of the definition masks the extremely complicated nature of this concept.
- j. Product safety norms:
- i. Retailers generally as a norm are expected to take all precautions while selecting the product and its suppliers or manufacturers with respect to the product safety norms. Though retailers may think that they are only sellers of the products or items and hence are not responsible for the safety of products, are wrong.
 - ii. To satisfy customers some circumstances may call for winding the rules. But there are certain legal rules, procedures, and policies to run the business. They must be clear about forms of payment, layaways, returns, and other policies in the business (Fig.2.2).



Fig. 2.2: Legal Documents Source:

<https://rb.gy/vq7tjz>

LEGAL CORPORATIONS/AUTHORITIES THAT HAVE A BEARING ON THE PARTICULAR BUSINESS PROCESS

The Legal Corporations/Authorities are accountable for a variety of services that a business may require to use.

Business services such as - collecting business rates (*It is usually payable by the occupiers of non-domestic properties such as shops and offices*), planning applications, safety, enforcing health, and trading standard requirements, as well it also accountable for issuing licenses and permission to use premises for business. The Legal Corporations/Authorities

Exhibit 4: Legal Corporations

A corporation is a legal entity that is separate and distinct from its owners. Corporations enjoy most of the rights and responsibilities that individuals possess they can enter contracts loan and borrow money, sue and be sued, hire employees own assets and pay taxes. Some refer to it as a 'legal person'.

offer a variety of business services to support economic development.

Key services that local corporations or authorities are likely to provide are described below:

- k. Set and Collect Business Rates:** Local corporations or authorities are accountable for collecting business rates in the business area. Usually, the rates are payable by the non-domestic properties for example offices and shops.
- l. Support Business Services and Economic Development:** Various local authorities or corporations offer a variety of business activities to support economic development. Some of the local authorities also contribute to funding. It depends on the services provided by the local community needs. For example, a business start-up in a rural area gets funding from the local authority. The local authority also helps to find premises in the local areas with the approval of the government.
- m. Planning Regulations and Building Regulations:** The local authority is taking the responsibility for the planning and building regulations. It offers guidance on the various circumstances of the application process. Pre- application contact and discussion are very important. With the application, information is provided and decisions can be taken within the government time limits. It is checked by

the business owner whether planning permission is permitted by the local authority or not. Local authorities are accountable for monitoring work and inspection. Altering premises internally or externally of the business, is a prerequisite to taking permission from the local authority.

n. Trading Standards Services of Local Authorities: Local authorities are accountable for enforcing a variety of laws in areas such as trade description, consumer credit, product safety, and weights and measures. It inspects the trade premises in the local area. If a customer complains that a business breached trading standards law then local trading standard service investigates.

o. Health and Safety Services: Local authorities are accountable for enforcing health and safety laws. According to the types of business they have to be registered for regulations. Business such as shops, and offices, no longer needs to record for health and safety with their local authority. Food and catering business must meet food standard registration requirements enforced by a local authority. The inspection of business is the responsibility of the environmental health departments. If there is a breach of the law, the inspector can act on it. For minor problems, they can suggest health and safety practices. They can inspect offices without prior informing them.

p. Environmental services: Business have a legal duty to dispose of waste. In some areas, local authorities take fees for business waste. Local authorities also advise waste minimization techniques such as recycling or reuse of old equipment. Various responsibilities of the local authorities are,

- i. Managing local air quality
- ii. Dealing with dust, noise, odors, and vibrations
- iii. Pollution control
- iv. Pest control

q. Deceptive Advertising: When a retailer makes a false claim or misleads customers by making misleading advertisements (Fig.2.3) about the physical features of the product or its benefits or the usage of the product then this is termed as deceptive advertising.



Fig. 2.3: Deceptive Ad of Burning Burger
Short URL: shorturl.at/grs08

r. Licensing and Registration Services: All business providers that supply goods need registration for the services. Some businesses need a license from local authorities such as pubs, cinemas, theatres, alcohol, taxi, and minicabs. Business services like cosmetic piercing, acupuncture, scrap-metal dealers, and street traders must apply for a license from their local authority (Fig. 2.4).

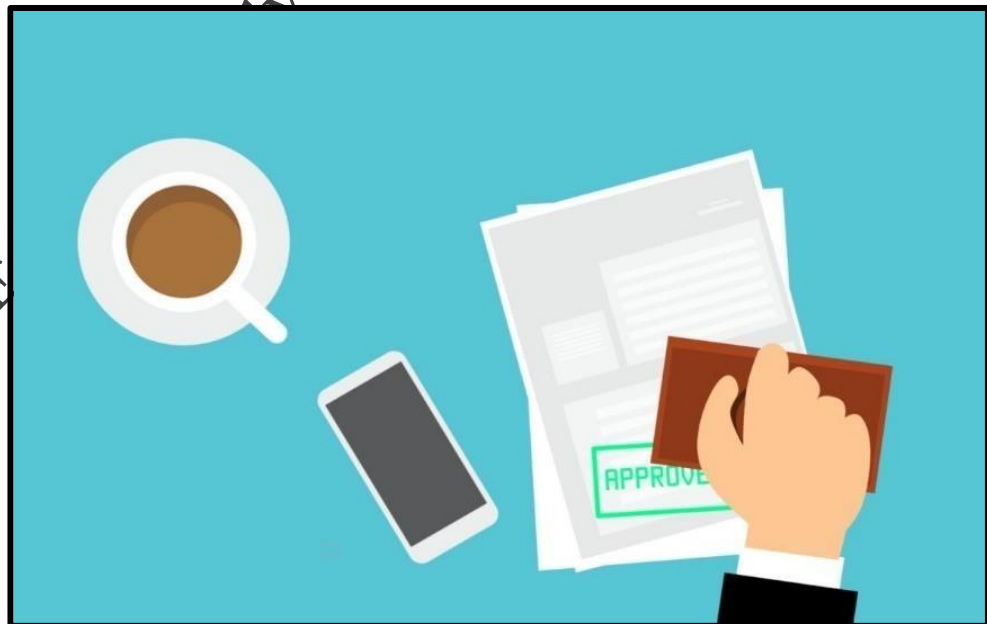


Fig. 2.4: Registration Form Approval
Source: <https://rb.gy/0lvf3w>

LAW AND COMPANY RULES FOR CONDUCTING THE BUSINESS

- s. Human Rights:** Business must respect human rights internally as well as externally. All employees should follow fair and lawful conduct towards their subordinates and colleagues. Respect for human rights in the supply chain, customers, employees, and all people who are attached to the business is important. Businesses must prevent the improper use of business goods and technologies.
- t. Trade Control Regulations:** Trade control regulations, sanctions, and other efforts are necessary to promote peace and stability of the business. Accurate records of business activities and financial transaction provides a fair and full picture of its assets and financial condition. Books and records should be transparent and reliable for regulatory and other reporting requirements. Treat with justice and admiration with all stakeholders. Decisions regarding employees' performance in their job and work environment should be taken with fairness.
- u. Maintain Relations:** Businesses or employers must not treat internal and external customers based on gender, age, physical characteristics, social origin, disability, religion, family status, gender, sex, and any unlawful criterion. They should maintain respectful relationships with third parties such as suppliers, customers, and other officials. Bullying is a criminal offense.
- v. Health and safety:** Health and safety are the top priority of any business. Product safety means evaluating and addressing the potential health and environmental risks related to the products. Occupational health and safety mean maintaining the health and safety of the workplace. To promote an overall safe work environment and minimize the possibility of accidents. The products and services produced by the business should not damage the environment in which we live.
- w. Storage of goods:** In the business, there are laws and regulations regarding the use and storage of the products. They should use natural resources with responsibility and improve resources and energy and develop new

technologies. Optimise processes and innovative products that serve to protect and benefit the environment.

- x. Intellectual property:** It is the responsibility of the business to safeguard its intellectual property rights that make an innovative business. Suppliers should be working in an accountable and principled manner. Retailers have to maintain a code of conduct for retailers.

They should maintain standards to the code of conduct for retailers.

- i. Compete fairly in the market
- ii. Interact with customers and suppliers
- iii. Act with honesty in business dealings
- iv. Interact with government officials
- v. Balance economic growth with the ecological system and social responsibility.
- vi. Protect business information and data.
- vii. Prevent data breaches and loss

Legal Aspects of E-Commerce

The term e-commerce is defined as the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organisations, and between organisations and individuals. E-commerce refers to a wide range of online business activities related to a variety of products and services. It is where in business transactions, the parties interact electronically and not by physical exchanges or direct physical contact, which are more traditional methods of business.

Legal Issues for the E-Commerce in India

1. **E-Contracts:** Section 10A of the Information Technology Act, 2000, provides the validity of the e-contracts. On e-commerce websites that operate in an online environment, the possibility of minors entering into contracts is very high. Hence, an online business portal must consider such a possibility and provides a form on the website stating that the individual with whom it is trading or entering into the e-contract has attained the age of majority. Both the Indian Contract Act and the IT Act must be read in conjunction to understand the legal validity of e-

contracts. Thus, e-contracts are governed by the basic principles of a valid contract that mandates that the contract must be entered in with free consent and a lawful consideration between two competent parties.

2. Data Protection: The security of the information provided during an online transaction is a major concern. The Information Technology Rules, 2011 Section 43A of the IT Act together provides a structure and guidelines for the protection of data in India. It is required of the company to take all reasonable precautions to prevent any corruption, damage, loss, or destruction of private information and/or data, even upon the termination of the contract between the parties. The contracts often have specific clauses to deal with such privacy concerns and they bind all employees, agents, and subcontractors.

3. Intellectual Property Rights: E-commerce websites are designed and sometimes operated by other parties specialising in the field. Often the content is also managed by a third party. Thus, unless the agreement between the parties specifically provides the IP rights, there is a possibility of infringement subject to the trademark, copyright, or patent on an online platform.

4. Competition: E-commerce legal issues have seen a generation of new players and the merging and acquisition of several old players. This has enabled the development of new services, distribution channels and far greater efficiency in business activities than ever before. This development has the possibility of leading to certain competition issues with respect to the development of strategies for growing the network and maintaining its market power.

Other things to look out for:

1. Ensuring proper online contracts
2. Original documentation in relation to taxation
3. Record retention obligations
4. Exchange control regulation
5. Import-export regulations
6. Foreign data protection law

7. Terms and conditions must be specified depending upon the nature of the goods & services offered and not generic.

8. Reasonable efforts to prevent the unauthorised transaction

The frequent improvement in the laws and rules and regulations shall make the e-commerce legal issues marketplace a pleasant experience for consumers. Though the laws are being made more stringent for the e-commerce players yet it shall ensure its growth and increased investments.

Provisions related to Shop and Establishment Act: Every retail business must get a certificate under this Act. This is a certificate issued by the Municipal Corporation of the city to every retail shop within the city limit as part of its legal registration process, as well as to impose certain restrictions on the retail shop. These restrictions may relate to shopping opening and closing time limits, weekly holidays, wages/salary rules to be followed, precautions to be taken in the storage of hazardous chemicals, fire prevention actions to be taken, housekeeping and cleanliness to be maintained, permission for sale of specific merchandise, maintaining proper records, etc.

Packaged Commodity Act: This is another important law of the state and the seller of merchandise needs the law retailer can keep merchandise which has the basic details on its Manufacturing, Number of units or weight of the item packed, Maximum manufacturer, and its address. Failure to adhere to this law will invite a well as the manufacturer of the product/item.

ETHICS IN RETAILING

Retailers need to form their own code of conduct while dealing with matters of day-to-day retailing issues and problems. Generally, it is assumed by all retailers that if they maintain the legality of all their actions and follow all the rules as specified by the law then they will be following all the ethical dos and don'ts. But that may not be always the case. Legal behaviour and ethical behaviour could be different. It needs to be understood that many times laws are formed to suit certain political compulsions of the time, and hence, need not be the most ethical ones. For example, certain countries permit the sale of Animal Fur based products that are considered legal,

but a retailer who may think killing animals for extracting their Fur skin is unethical may not agree to such a sale.

SUMMARY: In this session, Students get to know that a basic level, policies and procedures help an organisation comply with government, and local cooperate laws. Policies and procedures should go above and beyond the legal standard at the same time, they must be flexibly demanded by the situation. The importance of legal policies and procedures required to establish and efficiently run the retail store.

Activities

Activity 1: Prepare a chart on the legal policies and procedures for the smooth working of the business process and present it in the classroom.

Materials Required: Drawing sheet, pen, pencil, rubber, colour pens

Procedure:

1. Take a drawing sheet.
2. Draw a flow chart on the legal policies and procedures required for the smooth working of the business process.
3. Highlight the main points.
4. Prepare a presentation of 3 minutes.
5. Well-rehearsed the presentation.
6. Give an oral presentation in the classroom and submit the chart to the teacher.

PRACTICAL EXERCISES

Activity 2: Role-play to learn the law and rules for conducting retail business.

Materials Required: Pen, pencil, white paper, some items like biscuits, hair oil bottle, perfume bottle, and some cereals.

Procedure:

1. Form a group of 5 students in each group.
2. Assign duties and responsibilities to all five students in the following way:
 - a) The first student performs the role of store manager.

- b) The second student performs the role of a supplier.
 - c) The third student performs the role of employee.
 - d) The fourth student performs the role of Landlord.
 - e) The fifth student performs the role of the customer.
3. Assign duties and responsibilities to all students according to their job role with the help of the teacher.
 4. The first student performs the role of the store manager or owner of the shop. He or she has to build and maintain a relationship with the supplier, employee, landlord, and customer.
 5. To maintain the relationship the store manager, have to communicate properly his or her requirements and understand the need of others. He or she has to contact others from time to time. Following instructions can be used for the role-play.
 - a) The first student discusses the money he or she has to pay with the landlord. The store manager gives a reply pleasantly about the matter. After that he or she makes payment.
 - b) After some time, the supplier reached the store. The store manager checked all the items and returns some damaged goods. He or she communicates very gently. The supplier promised to replace all the items and don't repeat the mistake next time.
 - c) The fifth student reached the shop. The store managers deal with the customer very politely and greet him or her. The customer wants to purchase hair oil. Store managers call an employee working in his or her shop to show hair oils. In this way, the store manager communicates in a very good manner with the employee and the customer.
 6. Perform a role-play.
 7. In the end, write a short report on the role-play and submit it to the teacher.

Activity 3: Learn to handle compliance as per legal requirements.

Material required: Pen, Pencil, paper colour papers, internet data.

Procedure:

1. Form a group of four students each.
2. Assign duties with internet facility to all four participants in the following manner: -
 - a. The first student writes down the following points and assigns two points to each participant: -
 - Interaction with customers and suppliers.
 - Ecological and social responsibility
 - Health and safety.
 - Financial record
 - Protect business data
 - Human Rights
 - Treat stakeholders.
 - Fair competition
 - b. All the participants have to use the internet facility and search about two points concerning compliance with legal requirements.
 - c. After that, all the students sit together and discuss the matter.
3. Prepare a report on how to handle the complaint as per legal requirements.
4. Submit the report to the concerned teacher.

Check Your Progress**A. Fill in the Blanks**

1. A _____ is a set of principles and guidelines that an enterprise established to explain its long-term goals.
2. A _____ is a predetermined manner that contains an arrangement of stages that must be followed in order for the duty to be finished.
3. Local authorities is accountable for enforcing health and _____.
4. Local authorities also advice waste minimization techniques such as, _____ of old equipment.
5. _____ determines various decisions and actions of the business.
6. The correct time to set policies and procedures for the

retail store is at the _____

7. _____ are providers of merchandise to be sold.
8. _____ are providing finance to the retailer.

B. Multiple Choice Questions

1. In the business there is a need to build and keep the relationship with the stakeholders which are:
 - a) Customers
 - b) Suppliers
 - c) Government agencies
 - d) All of the above
2. There are various law and company rules for conducting the business which does not include:
 - a) Interaction with customers and suppliers
 - b) Interaction with government officials
 - c) Health and Safety
 - d) Don't prevent the ill use of business goods or technologies.
3. Policies and procedures for hours of operation are:
 - a) Normal hours of business operation
 - b) Working on a holiday
 - c) Closing of store
 - d) All of the above
4. Which of the following is related to policies and procedures of product pricing?
 - a) Store items
 - b) Liberty for return and exchange
 - c) Acceptance of credit card
 - d) None of the above

C. State whether the following statements are True or False

1. The business should operate unfairly in the market.
2. Activists set the vision of the group and advocate to change based vision.
3. Trade associations are advocates which promote business.
4. Brokerage agents are not service providers.
5. Customers are not an important factor in the business process.

6. The local authority is accountable for a variety of services that a business may require to use.

D. Match the Columns

Column A	Column B
1. Goal oriented	To satisfy legal requirements
2. Compliance policies	Policies to attain organizational aims
3. Policy	Principles and guidelines that an enterprise established to explain its long-term goals
4. Legal corporation	Legal entity

E. Short Answer Questions

1. What is the meaning of legal policies and procedures?
2. What are the authorities that have a bearing on the particular business process?
3. What do you mean by a legal corporation?
4. What types of policies are available under retail business?

F. Long Answer Questions

1. Discuss the role of legal policies and procedures in the retail business.
2. Explain the authorities that have a bearing on retailing.
3. Explain the components which influence the rules of conducting retail operations.

G. Check Your Performance

1. Make a chart of the legal policies and procedures.
2. Presentation on law and company rules for conducting business.

Session 2: Business Structure and Registration Process

A successful business unit is making the right decision in the business operations. In business, operational decisions are the daily activities of a business. The retail business is one of the prominent businesses in the marketplace. It is also taking decisions regarding purchasing, selling, stocking, financing, etc. For taking the right decision for the business, there is a

need for proper guidance for making successful business operations. It helps in taking decisions relating to legal structure, physical operations, regulations and guidelines, financial operations, and day-to-day operations of management.

Retailers' goal is to sell their products and provide the best service to the customers. There are different ways of fraud and attack in the retail industry. Thus, there is also a need for a security program for the retail business. Various elements of the security program are safe product delivery, store location, inventory and shrink brand protection, trending and data analysis, theft, etc. Therefore, the retailer has to take measures for the safety of the store, staff, inventory, and money.

In this session, we will discuss the business registration process and other legal formalities, legal options for the business structure, and legal and accounting expertise regarding business structure.

LEGAL OPTIONS FOR THE BUSINESS STRUCTURE

When deciding to create a new business the first decision is to decide on the legal structure of the business. The basic legal structure of retailing can be in the form of:

- 1. Sole Proprietorship:** In this business structure there is one owner and unlimited personal liability for the business obligation and the owner alone is responsible for profit and losses. Thus, a sole proprietor is an individual who establishes and carries retail business exclusively by and for himself or herself.
- 2. Partnership:** In this business structure there is an unlimited sum of general partners and unlimited liability and business is not taxed.
- 3. Joint Hindu Family:** This kind of business is run by a Hindu undivided family. The family members of three successive generations own the business jointly. The head of the family called Karta manages the business. The other members are called co-partners and all of them have equal ownership right over the properties of business.
- 4. Corporation:** In this business structure there is an unlimited number of shareholders and limited liability,

and tax on earnings.

- 5. Co-operative Organisation:** It is an association of persons usually of limited use who have voluntarily joined together to achieve a common economic goal through the formulation of a democratically controlled organisation. Making equitable contributions to the capital required and accepting a fair share of risks and benefits of the undertaking.

All of the above business structure has advantages and disadvantages. The selection of the right structure depends on the purpose of the business and the tax and liability issue. Among all structures, a sole proprietorship is very popular in a retail business.

LEGAL DOCUMENTS AND ACCOUNTING RECORDS REQUIRED IN RETAIL BUSINESS STRUCTURE

Legal documents required in the business venture are:

- 1. Contracts:** A contract is an agreement between the parties that are binding them with terms and conditions. It constitutes a legal obligation on both parties. Contracts can vary in forms i.e., oral, written, and e-mail contracts. To protect a business, it is better to have a well-written and signed contract. *Contract components are:*

- Identification of parties: Name, complete address, etc., for all parties
- Contract background: This includes all information about the project
- Obligations: What each party will have to do.
- Contract Terms: It includes length and extension process if required.
- Price: Price for exchange and price determination.
- Contract Termination: The contract ends if one party terminates.
- Confidentiality: It is related to a confidential contract, in which the party may publicise the project etc.
- Process of Payment: Dues of payment and how it will be paid.
- Warranties: Conditions under which the product will be delivered etc.

- Liability: Conditions that surround the end product.
2. **Leases:** Leases give the rules and regulations that permit a landlord to operate, provide and maintain a facility or equipment. In exchange, the business receives access to the equipment or facilities. The best lease is a written lease that sets out the terms, tasks, and responsibilities for both parties.
3. **Insurance:** Insurance is defined as protection against the risk associated with the business organisation. There are many risks associated with the business. The following are the insurance options in the business.
- **Business Property Insurance:** It protects the risk involving property, insurance policies, research available, policies covering due to theft, weather conditions, fire, etc.
 - **Business Liability Insurance:** It protects the business and personal life from potential financial wreck.
 - **Workers Compensation Insurance:** It is liable for most work-related accidents. It provides funds to injured employees at work.
 - **Excess Liability Insurance:** It is called an umbrella policy. It decides how much extent your business is liable for personal decisions. If it is felt that additional protection is required in the current liability limits it can be purchased.
 - **Employment Practices Liability Insurance:** It covers the business as well as management. It protects an employer. It protects employers from various claims by employees, former employees, or new employees due to discrimination, wrongful termination, and other employment-related oppositions.
 - **Accounting Records Required in Retail Structure:** The accounting system works as business mirrors that serve as a source of checks and balances of the business. For this, there is a need for basic accounting and bookkeeping procedures. There are accounting needs with employees, bankers, accountants, etc. In all businesses, accounting records must be maintained by using the software's accounting

system. The accounting system helps to make sure about the kinds of liabilities businesses have. The accounting system protects the business interests, Business account should be separated from the personal account. It is necessary to establish and maintain a relationship with the financial institution before the need for financial assistance arises. Record keeping and maintaining is an important component of operating any business.

The three main financial forms that businesses should maintain are:

Income Statement

It is also called a Profit and Loss statement. It tracks income over time and calculates net income. It represents the business profitability.

- **Net income:** All business revenue-all costs and expenses of operating business. Income statements are prepared monthly, quarterly, or yearly. It is valuable to evaluate business progress and attract investors. It is the backbone of business operations.
- **Balance Sheet:** The balance sheet shows the financial condition of the business. It tells the worth of the business. It is prepared usually at least yearly and contains two parts net worth and liabilities. In simple language balance sheet represents the business owns (assets), and the business owes (liabilities) and the dissimilarity between the two. Account receivables and accounts payable are the two important categories of the balance sheet. Account receivables show money due from the customer's side. Account payable shows the money business owes for various goods and services.

- **Cash Flow Statement:**

Since starting a business, it should know the need for cash required daily and on a future basis. Cash plays a vital role to satisfy business needs. It is important for day-day operations.

- **Book Keeping Records:**

Bookkeeping records produce the required financial statements. For this need data that is correct, reliable,

current, and documented. Maintain ledgers and journals that will show correct data. Journal is a receipt documented reference that is supported by the business transaction. The total documentation of journals is called a ledger. It can be maintained in hard copy or electronic format whichever is preferred.

Sales, payroll, purchases, and various other business transactions will produce documents like receipts, invoices, canceled checks, deposit slips, etc. This is the information that reflects the monetary actions of the business. There are gross receipts, purchase receipts, and expense receipts which are given below:

- **Gross Receipts:** These include the source and amount. It may include bank deposit slips, receipt books, invoices, etc.
- **Purchase Receipts:** Receipts that document that represents purchases to use in production, or resale to customers like, cancelled checks, credit card sales, slips, invoices, cash register receipts, etc.
- **Expense Receipts:** It is the receipt documents that represent the cost incurred to run a business. It includes invoices, cancelled checks, credit cards, slips, etc.

LEGAL FORMALITIES FOR REGISTRATION OF INDIVIDUAL SALES PROFESSIONAL

Establishing a sole proprietorship form of retail business organisation is quite easy and legal formalities are very simple. The retailer for registering a retail business has to undertake the following steps:

1. Pan Card: Permanent account number should be obtained from the department of income tax for filling the income tax returns every year.
2. Tax Card: It is a tax deduction account number. It is a 10-digit alphanumeric number issued by the income tax department. This is required if the retailers collect tax from the customers or employees.
3. GST Registration: If the annual turnover of the retail business exceeds Rs. 20 lakhs then the retailer has to obtain GSTIN. It is a unique 15-digit number that is allotted to the assess i.e. retailer at the time of filling an application for

registration of goods and service tax (GST). This registration is required for payment and filling of goods and service tax returns. An individual who is undertaking the supply of goods and services seasonally or intermittently through a temporary staff for the store is required to get GST registration irrespective of turnover the individual should apply for GST registration. The following documents are required to get registration of GST:

- i. Pan card of the business.
 - ii. Pan of the applicant is a retailer
 - iii. Identity proof of the applicant along with the photographs.
 - iv. Address proof of the applicant
 - v. Business registration document
 - vi. Business location proof
 - vii. Bank account statement or cancelled cheque
 - viii. Digital signature certificate
 - ix. Letter of authorisation
4. Store and Establishment License: The retailer has to obtain a license from the shops and establishments for starting the business.
 5. Importer and Exporter Code: Individuals intending to carry international trade has to obtain a 10-digit number like PAN from the director general of foreign trade (DGFT), the ministry of commerce, and the government of India.
 6. Professional Tax: Arrangements should be made to collect professional tax from the employees and remit the same to the government.

Employees Provident Fund (EPF): If the member of employees exceeds 20, collection of EPF is mandatory. For this registration should be obtained from the employee's provident fund organisation. It is a statutory organisation under the ministry of labour and employment.

1. Employee's State Insurance: If the employees in the retail organisation are more than 20 persons it is mandatory for ESI registration. For this, the retailer has to obtain registration from the regional offices in the states. ESI is meant for taking care of the health of employees working in

the organisation.

2. Intellectual Property Protection: Intellectual property refers to the creation of mind which includes inventions or patents, trademarks, and copyrights. To protect intellectual property, it is necessary to go for its registration.

Since the start of the business, proper measures need to take to protect intellectual property. These measures can be formal and legal. In this way, nobody can copy the ideas of the organisation.

- **Patent:** A patent gives its creator the right to stop others from using, making, or selling the patented process or product. For patent protection, a product can be new or improved on a current product or process. (Fig. 2.5).

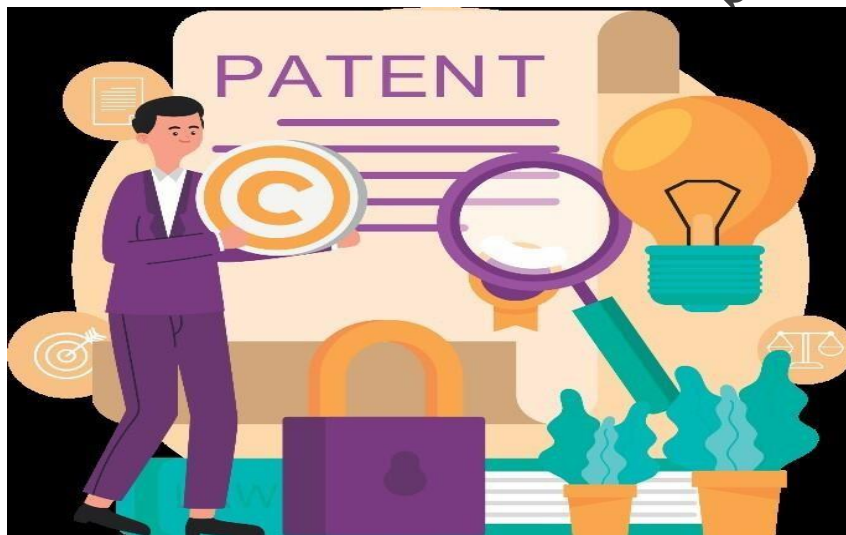


Fig. 2.5: Patent

- **Trademarks:** A trademark is protecting the symbolic value of a product. Trademark is used to recognise the product and it can be a name, symbol, device, or a combination of them (Fig. 2.6).



Fig. 2.6: Trademark

- **Copyrights:** Copyright items are art, books, music, advertisements, software, jewelry, etc. It rests with either the person who creates the work or with the employer (Fig. 2.7).

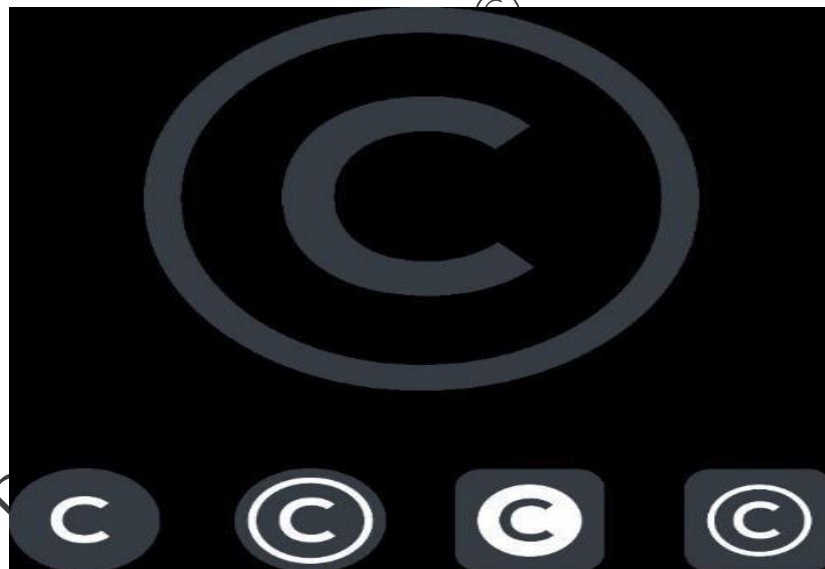


Fig. 2.7: Copyright Mark

- **SUMMARY:** In this session, we learned about the establishment type and business structure of the retail business of the sole, partnership, joint Hindu family, corporation, and corporative organisations also the need for necessary required legal documents. We also learned about the Income Statement, Tax, Balance Sheet, etc.

Activities

Activity 1: Demonstrate registration of business process and other legal formalities.

Materials Required: Notebook, pen, pencil, papers, colour pen, money, and files.

Procedure:

1. Read and analyse what are the steps of the business registration process.
2. Select the business structure of the sole proprietorship.
3. Use all the materials and demonstrate the process of business registration.
4. Write down the answers to the following questions on the paper:
 - a. What is the type of business structure selected for a demonstration?
 - b. What are the documents required for the business registration process?
 - c. How many departments are contacted for the business registration process?
 - d. Write about taxes.
5. Write a brief report and discuss the subject with the teacher as well as classmates.

Activity 2: Draw a chart on the legal options for the business structure.

Material required: Pen or pencil, notebook, a drawing sheet and colour pen

Procedure:

1. Take a drawing sheet, colour and pen.
2. Write down legal options for the business structure in the notebook.
3. Prepare a tabular chart on the drawing sheet and write down all the legal options for the business structure.
4. Write down the main points of all legal options.
5. Use colours to make an attractive chart.

6. Present the chart in the classroom and submit it to the teacher.

Activity 3: Prepare a questionnaire on the legal accounting expertise regarding the business structure and visit and retail store to collect information.

Material required: Pen or pencil, notebook, papers, colours, checklist, and questionnaire survey form.

Procedure:

1. Prepare a questionnaire on the legal accounting expertise regarding business structure. To prepare a questionnaire form use the following points:
 - a. Income statements
 - b. Cash flow statement
 - c. Book Keeping Records
 - d. Purchase receipt and Expense receipt
2. Write down relevant questions based on the above points.
3. Check the following items before the questionnaire survey of the retail store.

Checklist

- a) Questionnaire form
- b) Paper
- c) Pen
4. Visit a retail store and take the permission of the store manager.
5. To fill out the survey form, request the store manager.
6. Give a questionnaire form to the store manager.
7. If he or she is busy then take a suitable time or wait for some time or ask oral questions.
8. Take the survey form and write a brief report based on the responses made by the manager.
9. Submit the form and report to the concerned teacher.

Check Your Progress

A. Fill in the Blanks

1. A _____ is protecting the symbolic value of product.

2. A _____ gives its creator the right to stop others from using, making, or selling the patented process or product.
3. _____ is an agreement between the parties that are binding them with terms and conditions?
4. _____ documents are contracts, sales agreements, leases, purchases, orders, service agreements, etc.
5. _____ give the rules and regulations that permit a landlord to operate, provide and maintain a facility or equipment.

B. Multiple Choice Questions

1. A document that is not required for getting a trade license:
 - a) PAN card
 - b) Bank statement
 - c) Certificate of Establishment
 - d) Degree in higher education
2. FSSAI licensing is required for
 - a) Shoes
 - b) Furniture
 - c) Cosmetics
 - d) Food
3. The full form of GST is
 - a) Give and save tax
 - b) Good and Service Tax
 - c) Go and serve tax
 - d) None of the above
4. The intellectual right is related to
 - a) Inventions
 - b) Copyrights
 - c) Trademarks
 - d) All of the above
5. Which gives the rules and regulations that permit a landlord to operate, provide and maintain a facility or equipment.
 - a) Agreement
 - b) Insurance
 - c) Both a and b

d) Leases

C. State whether the following statements are True or False

1. Business structure is not owned by the business possess or a legal entity.
2. A trade license is binding by law to get a trade license before starting a trade.
3. Trademark is not used to identify the product and they can be a name, symbol, device, or a combination of them.
4. Insurance is defined as protection against the risk associated with the business.
5. Retailer's goal is to sell their product and not provide the best service to the customer.
6. A contract is an agreement between the parties that are binding them with terms and conditions.
7. Workers' compensation insurance is not liable for most work-related accidents. It provides funds to injured employees at work.
8. Accounting system works as business mirrors that serve as a source of checks and balance for the business.

D. Match the Columns

	Column A		Column B
1.	Pan Card	A	It is a tax deduction account number. It is a 10-digit alphanumeric number issued by the income tax department.
2.	Tax Card	B	Permanent account number should be obtained from the department of income tax for filling the income tax returns every year
3.	GST registration	C	If the annual turnover of the retail business exceeds Rs. 20 lakhs then the retailer has to obtain GSTIN.
4.	Contract	D	It is an agreement between the parties that are binding them with terms and conditions.

E. Short Answer Questions

1. What are the legal options of the business structure?

2. What is the legal expertise regarding business structure?
3. What do you mean by sole proprietorship?
4. What is the meaning of cooperative organisation?
5. What do you understand by income statement?

F. Long Answer Questions

1. Explain the intellectual property, right in detail?
2. Describe the accounting expertise regarding business structure.

G. Check Your Performance

1. Demonstrate the factors for identifying risk.
2. Prepare a chart on measures undertaken in security.
3. List out preventions for security and risk in a retail store
4. Spell out policies for security matters or issues in the retail business.

Session 3: Policies and Procedures for Business Functioning

Policies play a vital role in the business functioning. To run a business smoothly it is necessary to understand and implement the policies and procedures.

POLICIES AND PROCEDURES FOR BUSINESS FUNCTIONING

There are four most significant business policy processes which are environmental scanning, policy formulation, policy implementation and evaluation and control.

1. Environmental Scanning: Environmental scanning process includes monitoring information, evaluating information and disseminating information. It is done through SWOT analysis. SWOT means Strength, Weakness, Opportunities and Threats. Strength and weakness are internal variables and opportunities and threats are external environments. Environmental scanning is the procedure of collecting, monitoring, and disseminating information from the environment (internal and external) to key people. Its function is to find out strategic factors that will decide the future. Businesses can gain a competitive advantage with the set of core competencies in the business's structure, culture and resources.

2. Policy Formulation: Policy formulation is the development of plans for effective management. It includes mission,

objectives, strategies and policy guidelines. The mission is the reason for the organisation's existence. Its statement describes what the organisation wants to become. Objectives are the planned activity to achieve results. It states what is to gain. The achievement of retailing objectives results in achieving the corporate mission. Goals are often interchangeable with objectives. But both are different. Areas in which a retailer establishes goals and objectives are, efficiency, profitability, growth, shareholders' wealth, utilisation of resources, reputation, and contribution to society, market leadership, technological leadership, survival, and personal needs.

Exhibit 5: Policy Formulation

Policy formulation is the development of effective and acceptable courses of action for addressing what has been placed on the policy agenda.

Strategies are the master plan statement of how the retailer will achieve its mission and objectives. Business firms have usually three types of strategy which are corporate, business and functional. The retailer strategy explains the business direction in terms of a general attitude toward the management and growth of various product lines. Business strategy is at the business unit or product level. It fits between two categories of cooperative and competitive strategies. The functional strategy is the strategy of the functional area to achieve corporate and business units.

Policies are guidelines for making decisions that connect the planning and formulation of strategy with its implementation. Organisations' are using policies to make sure about employees' decisions and actions support objectives, missions, and strategies.

Policy Implementation: It is the process in which strategies and policies are converted into actions through the budget, programs, and procedures. It involves changes in the culture, management system, and structure of the whole organisation. The decision to implement policies is taken by middle and top management. However, the final decision is taken by top management only. The various policies of policy implementation are:

- a) **Programs:** It is the statement of the steps required to complete the task. It is a single-use plan. It involves changing the internal structure of the organisation or reorganising the corporation.
- b) **Budgets:** Budget is the planning and control of money. A budget is a detailed plan of action. It also specifies financial statements. Business functioning depends on budget planning (Fig. 2.8).



Fig. 2.8: Budgets

- a) **Procedures:** Procedures are a step-by-step technique that explains how a particular job is to be completed. It gives detail about the various activities that have to be performed to complete the organisation's program or job.
- b) **Evaluation and Control:** It is the process in which organisational activities and performance results are monitored. It helps to compare with the desired outcome. At all levels, managers work to correct actions and resolve problems. It is the major constituent of management. If there is a need for corrective actions in the process then the process starts once again. Performance is the last part of the whole activity or process. It is the outcome of the process. It is the outcome of the tactical and strategic management process. It is usually measured in terms of profits and ROI (return on investment). For effective evaluation and control, managers must take clear and

unbiased information from the people. The information helps to compare managers what is the planned process and what is the outcome of the process.

RULES AND LEGISLATIVE POLICIES

It is difficult to run any business without rules and procedures. It helps employees or workers function as a cohesive group. Rules in the business are required to run a business operation and function smoothly. These procedures should be mentioned in the official handbook and also helps during the induction and socialisation of new employees. It is vital to check whether the policies are effective to resolve organisational problems and to run them smoothly. Rules and legislative policies have legal cover for the company. Every small business must obey laws that direct safety, privacy, and other discriminatory practices. Organisation follows guidelines of rules that help staff obey them. A written copy of policies should keep with the staff so that it protects the organisation from liability if anyone violates the policy that needs legal action. The disadvantage of rules is that it creates a rigid structure.

Exhibit 6: Legislative Policies

The general principles by which a government is guided in its management of public affairs or the legislature in its measures.

It makes it difficult to implement deviations in the business organisation. The nature of business rules is inflexible and binary thus creating a rigid structure for the staff. Whenever a business organisation tries to start something new within the structure then rules prevent it from changing things. It also inhibits organisation from take quick decisions or changing business strategies. Legislative policies and rules make business operations formal. Policies aid business operations which is an important benefit of rules and regulations. The rule-based approach helps in the development of network and applications that makes staff efficient and effective operations.

To make rules and legislative policies financial investment is required. Investment is required for research, writing and legal consultation. One of the most important features of rule

creation is to make certain compliance with all laws related to staff safety, privacy, and health.

PROCEDURE FOR STORE OPERATIONS

Stores should have a written process. For smooth and efficient operations, stores should keep daily, weekly and monthly processes in written form. These procedures ought to be checked whether it is carried out properly. Following are examples of the written procedures that should include in the operation manual are:

a. Store Opening and Closing

- Employees are allotted to open the store at an early time to get ready the store.
- Employees should open the store at right time.
- Employees should check the cleaning and other planning of the store.
- Store employees should alert customers at a right time. To alert customers staff should pull gates and change the lighting.
- Cash should be counted and checked by the manager.
- Someone should be responsible for opening and closing work or stores.

b. Store Staffing

- Staff hired and trained according to the prescribed manner.
- Clear job descriptions and update responsibilities to the staff.
- Employee reviews ought to be taken by the organisation.
- A proper system should be defined as the working hours of the organisation.
- Compensation and payment system should be determined.

c. Cash Management

There should be proper handling and maintaining the point of sale in the store. This includes activities like in what way and at what

time to take cash, and how to settle money and credit against the sales.

- There should be a clear picture of back-office cash procedures to prevent, cashier mistakes or fraud.
- Store policy to refund cash should be followed consistently. Decide cash handling and customer

service for the proper functioning of a business.

d. Merchandise Handling

- There should be a procedure for product shipment and transportation. The store should check the condition of goods and quantity of goods.
- Products should keep at the appropriate location i.e, shelves, storage, or any other area.
- Inventory system procedures should be followed accurately.
- Follow standard operating procedures for the return of damaged goods.

e. Customer Service

- Procedures should follow to deal with customers in a variety of situations. Accept and deal with customer complaints.
- Provide services like home delivery, complaint solution, return goods service, etc.

CONFORMANCE OF RULES AND POLICIES

Conforming to a rule is known as compliance. It is a specification, policy, law, or standard. Regulatory compliance explained the efforts to achieve the organisation's goals according to policies, regulations and relevant laws.

According to the dictionary, meaning word compliance means the individual or a group obeys rules or regulations that are determined by the governing body. In the context of business management compliance means an organisation obeying all the laws and regulations of the business, staff and consumers. Compliance shows the responsibility of the business management towards the staff, customers and enterprise. There are various laws and regulations about how a business should manage and handle its stock, staff, buying and selling, safety, negotiation with customers, and so many other things. With compliance, the company can work its safe side of the law.

The business organisation must have a compliance department that is running according to the guidelines of the Chief Compliance Officer. Monitoring of compliance is working by this department. Compliance kits are software and database that will automatically track all the information.

It is a must to keep a compliance kit the company which will help with risk management, audit cases, performance management and others.

The success of any business depends on the public image. The general public lost their trust in the company which is facing court cases. Their sales also reduced. Improving public image takes time but dropping it takes little time. It is ensured through compliance that the company can develop and maintain trust and a positive image. It also helps to build up customer loyalty, trust and public image. It also helps to make good relations with the stakeholders. Management performs quickly and easily due to compliance and fulfills the regulations of running a business.

Business confirms rules and policies also result in higher productivity. Safeties, wages, compensation, and employee protection, are the benefits due to rules and policies. When employees feel that they are safe in the business and satisfied then they are more productive. Complaint issues are easily resolved and addressed in the business makes employees feel comfortable.

POLICIES FOR MINIMISING LOSSES AND MAXIMISING GAINS

The business follows various approaches to maximize profit and minimize loss based on its business strength. Product differentiation and low prices can be serious to maximizing profit. While controlling costs and maintaining market share is more significant to minimizing loss. Loss over the period weakens any company.

Following are the ways to maximize gains: -

- **Product Differentiation:** Companies that are providing high-quality products or services can differentiate themselves from competitors. Low price allows for maximizing profit. The higher the price the more superior quality customer can expect. The differentiation strategy is working on quality-conscious customers by providing high quality with a higher price in the target market.
- **Low-cost Strategy:** Customers that are selecting products and services with the basic functions at competitive prices than companies following the low-cost strategy. Demand in this strategy is highly elastic. The company that adopts this strategy aims to increase sales

volume.

Following are the ways to minimize losses:

- **Control Cost:** Various companies suffer losses due to cost overruns. Controlling costs is the finest way to minimize loss. When the company's operations are at a low cost then they will easily absorb losses in the market. Profit margin increased by lowering the cost.
- **Maintain Market share:** Sales volume should be maintained to keep market share at a level that is determined. Break-even sales volume is necessary to maintain a satisfactory level of market share.

SUMMARY: This session describes policies that are a set of rules or guidelines for the organisation and employees to follow in or to achieve the goal. It helps to communicate to employees what they can and can't do, and how they should do it. It also explained the Regulatory compliance efforts to achieve the organisation's goals according to policies, regulations, and relevant laws.

Activity

Activity 1: Presentation on rules, policies and procedures for the smooth working of the business

Materials Required: Notebook, pen, pencil

Procedure:

1. Create a group of 6 students in each group.
2. Each student gets the opportunity to speak for 2 minutes on the rules, policies and procedures of the business.
3. Start the group discussion session. Speak one by one.
4. Don't interfere when someone is discussing.
5. Continue group discussion for about 15 minutes and find out the main points.
6. Prepare a presentation on the rules policies and procedures of the business.
7. Present the presentation and prepared by each group and handle queries.
8. The last teacher gives points to the students for improving the presentation.

Activity 2: Visit a retail store and examine brand ownership and protection rights.

Materials Required: Notebook, pen, pencil

Procedure:

1. Visit a retail store individually for collecting information.
2. Take the permission of the store manager.
3. Meet all the employees of the retail store and greet them properly.
4. Ask the manager and employees about brand ownership protection rights.
5. Ask them what are the policies and procedures of brand ownership.
6. Write in your notebook and share it with the manager for clarification.
7. Prepare a written assignment and submit it to the concerned teacher.

Check Your Progress

A. Fill in the Blanks

1. Conforming to a rule is known as _____.
2. An _____ includes account receivables, savings, and inventory.
3. _____ is the no profit and no loss stage.
4. Organisation follows guidelines of _____ that help staff to obey it.

B. Multiple Choice Questions

1. Which of the following has a legal cover for the company
 - a) Robbery
 - b) Worker function
 - c) Liability
 - d) Rules and Legislative Policies
2. Products should keep at the appropriate location like
 - e) Shelves
 - f) Cash
 - g) Near damaged goods
 - h) Compliance
3. Which of the following is the customer service provided by the store?

- i) Home delivery
 - j) Complaint solution
 - k) Return goods service
 - l) All of the above
4. The business organisation must have a compliance department that is running according to the guidelines of the
- m) Chief Compliance Officer
 - n) Chief minister
 - o) Chief manager
 - p) None of the above
5. Compliance kits are
- q) Software and database
 - r) Game player
 - s) Health and Safety
 - t) None of the above
6. Through compliance, the company can
- u) Create a positive image and good relation
 - v) Working against stakeholders
 - w) Develop and maintain trust
 - x) Both a) and c)

C. State whether the following statements are True or False

1. Program is the statement of the order required.
2. Budget is the planning and control of money.
3. Procedures are step-by-step techniques that explain how a particular job is to be completed.
4. Policies are guidelines for making decisions that connect the planning and formulation of strategy with its application.
5. Evaluation and control are the processes in which organisational activities are performed but not monitored.

D. Match the Columns

	Column A		Column B
1	Product Differentiation	A	No profit and No loss stage
2	Low-Cost strategy	B	Unique products
3	Balance sheet	C	Customers select products and services with basic functions at competitive prices
4	Break-Even Analysis	D	Statement of assets, liabilities and equity at a period

E. Short Answer Questions

1. What are the procedures for store operations?
2. What are rules and legislative policies?
3. What is meant by conformance to rules and policies?

F. Long Answer Questions

1. Elaborate on minimizing losses and maximizing gains.
2. Explain policy implementation in detail.

G. Check Your Performance

1. Demonstrate how to do a financial plan.
2. Prepare a chart on the concept of minimizing losses and maximizing gains.
3. Demonstrate a SWOT analysis of your own.

Session 4: Legal Rights on Products and Services

Products and services are the offerings in the market. These are the important concept of the marketing mix. Products are tangible and services are intangible.

MEANING OF PRODUCTS AND SERVICES

Anything that is offered in a market to satisfy a need or want is called a product (Fig 2.9). Product is one of the elements of the marketing mix (product, price, place, promotion). Marketers have to provide the right products or services for the target market. Product is tangible and services are intangible. Examples of tangible goods are cosmetics, biscuits, soaps, phones, cereals, etc. Tangible means that we can see. Intangible objects are also offered in a market. It includes services, ideas, places, events, etc.

Services are the form of product that involves activities, and satisfaction offered that are intangible and do not result in the ownership of anything. For example, banking, airline, communication services, hotel services, airline travel, etc.



Fig. 2.9: Products

Source: <https://rb.gy/hxb7ky>

MEANING OF RIGHT TO PRODUCTS AND SERVICES

The right to products and services means the right to be protected alongside the marketing of goods and services. Goods and services that are purchased should meet the demand of the people but also fulfill long-term interests. Retailers are providing various types of support services to their customers. (Fig. 2.10).



Fig. 2.10: Support Services

Source://rb.gy/wegtzh

VARIOUS TYPES OF RIGHTS TO PRODUCTS AND SERVICES

- 1. Right to Safety:** Consumers should check the product before purchasing it. They should check the quality as well as guarantee and warranty of the products and services. They should favor products with ISI, AGMARK, etc.
- 2. Right to Inform:** Consumers should be up-to-date about the quality, standard, potency, and price of the goods. Businesses must defend the consumer in contradiction of unfair trade practices. The consumer has the right of selecting the product and decides on it.
- 3. Right of Selecting Products or Services:** The consumer has a right to access a variety of products and services at competitive prices. In the monopolies, the case seller is liable to provide quality and service at a fair price.
- 4. Right to Redresses Discriminating Trade Practices:** Consumers can make a complaint against unfair trade practices. Organisation can help the consumer in seeking redressal of their grievances.
- 5. Right to Education:** It is the right of the consumer to gain complete knowledge and skills about the organisation's products and services. They should know about their rights and exercise all their rights.

LEGAL RIGHTS REGARDING PURCHASE ORDER

To purchase products and services, the retailer has to determine the right quality and quantity of materials at the right price and at right time from the right vendor. Owners have to decide what they buy, where to buy, and how much quantity to buy. When the business expands it is difficult for the owner to know various tasks. Thus, the owner delegates work to other employees. The small organisation does not need to have a purchasing department. But a large-scale retailer may avail of the services of a purchase manager. Purchasing duties and responsibilities of the purchase manager should be carefully assigned. The purchase manager has to gather orders, set spending, select vendors, order goods, and check receipts. check invoice etc.

Purchase Order

Purchase orders (POs) play a vital role in controlling the business. It is the official confirmation of an order and describes purchase information. The purchaser gives the vendor a purchase order in document form. The purchase order includes the following information:

1. Organisation name
2. Goods or services purchasing date
3. Description of the products or services
4. Quantity of the goods and services
5. Price of the product
6. Address
7. Information about Payment
8. Invoice Address
9. PO number

Reasons to use Purchase Order

There are various reasons for using purchase orders are detailed below.

- i. It clarifies purchasers needs to vendors.
- ii. It enables the purchasers to check their expectations are fulfilled or not.
- iii. It helps manage business orders. It manages inventory set by managers which helps in processing incoming orders.
- iv. It helps in budgeting. The business has clear records of the money spent and what is required.

- v. It is legally binding by enforcing a contract between two parties.
- vi. Issuing, processing and recording purchase orders are a way to deal with auditors.
- vii. Vendors also use PO for order fulfillment and payment processing.

PO shows good business practices. It makes it an easy business process to collect information on purchases at any time. Orders can be made by phone, email, or messaging. Sometimes there is no need for a purchase order of certain items, for example, travel expenses, bookstores, memberships subscriptions, etc.

ESTABLISH COST OF PROCUREMENT

Many business owners overlooked the cost of procurement that includes the cost of buying inventory for sale or use. The key cost of the procurement is the per-item cost but businesses also incur several other hidden costs.

- **Base Cost:** The per-item cost of business. It is difficult to minimize.
- **Transportation Cost:** It is the direct cost of acquiring stock. It is difficult to minimize this cost. It is possible to make flexible and good relations with a carrier.
- **Taxes and Duties Cost:** Businesses purchase stock and some government charges the cost of acquiring stock. Tariff is charged at a variable rate and depends on the type and volume of the product that is imported and some taxes are applied at a flat rate, for example, VAT or GST.
- **Inventory Acquisition Cost:** When a business receives orders, they have to check all the items sent by the suppliers. Special attention should be paid to the items that appear damaged. Inspection of all the items required. The invoice should be checked properly. If the vendor sends some items that are not ordered by the owner, then send information to the vendor.

With the cost of goods that the owner buys they also have to pay and account for the cost of acquiring and carrying inventory in the shop.

Inventory acquisition costs are:

- The cost related to generating and processing orders

includes inventory acquisition costs.

- Employees' salaries and operational expenses related to purchasing, inspection, inventory control, receiving and accounts payable.
- Cost of suppliers for example forms, envelopes and stationery.
- Cost of placing the order

Elements of Inventory carrying costs:

- Interest paid on financial investment into inventory.
- Taxes paid.
- Cost of inventory that is stored in the warehouse.
- Deterioration of the items in the inventory.

Prices of the goods and services that the owner purchased may vary, If the prices of the item are rising, then do not need to purchase large quantities. Sell items first that the retailer purchased at high prices. After resuming prices at the normal level owner can buy in large quantities.

Before purchasing any goods, it is better to contact suppliers for price quotes. And then compare the price and ask for all the expenses. Many vendors are offering discounts on purchasing bulk quantities and seasonal discounts. After comparison selects a vendor for the deal. The owner needs to evaluate suppliers' orders and performance.

Three steps in the cost management process are to search for cost information, calculate the cost and reduce cost. The total cost of ownership (TCO) is a technique that is designed to search the total lifetime cost for purchasing and operating goods and services.

BRAND OWNERSHIP AND PROTECTION RIGHTS

It is important to understand the legal issues that ensure protection. These are the issues regarding patents, registration, copyright, trademark and symbols. To protect the brand, use the following guidelines:

- a) Clear contract
- b) Strict secrecy
- c) Watch all legal filings
- d) Register quickly to avoid any conflicts

Brand ownership and protection rights can be understood by the following points:

1. **Patent Privacy:** Don't share details with everyone. Keep a controlled flow of information so that it will be seen by the people who required information.
2. **Apply for Patent Ownership:** Develop a contract among the partners. The product developer mentions each member's ownership rights in the patents.
3. **Patent the Product:** First thing is to save time and money by patenting the product as soon as possible.
4. **Trademark:** Check the product is trademarked or not. The trademark includes symbols, logos, brand names, taglines, and images.
5. **Trademark Registration:** File for trademark registration, forms can be downloaded and filed by using Trademark Electronic System. For this small fee is applicable. The formal trademark is represented with an (R).
6. **Trademark Derivatives:** Register all principal suffixes for the brand name or tagline. It protects the name of a social media tag.
7. **IP Licensing Limits:** Establish procedures for licensing intellectual to third parties. Make certain that the legal and financial conditions of the partnership are clearly written on paper and also re-examined by legal professionals.
8. **Legal Ownership:** Any written matter published with copyright and year of publication gives legal ownership.

SUMMARY: This session explains one of the components of the marketing mix. It also describes the various types of rights to products and services that how the customer is to be protected against any unfair practices of the trade. The customers must be aware of these rights. This session also explains the legal rights of the purchase order and that the purchase order protects both the buyer and the seller, against any possibility or argument, depending on the terms and conditions established in the offer and the purchase order.

Activity

Activity 1: Demonstrate the activity of rights to products and services

Materials Required: Notebook, pen, pencil, and checklist.

Procedure:

- a) Visit the mall which is nearby you.
- b) Take the permission of the manager for the survey.
- c) Ask the manager the following questions:
 - a. What are the policies of rights to products and services in your retail store?
 - b. What are the steps taken by the manager to solve customer queries?
 - c. What are the communication methods to inform customers about product policy and procedures?
- d) Write down answers to all the above questions in your notebook.
- e) Prepare a brief report and submit it to the teacher.

Check Your Progress

A. Fill in the Blanks

1. Anything that is offered in a market to satisfy a need or want is called _____.
2. Marketers have to provide right _____ or _____ for the target market.
3. The _____ risk that is associated with the employees, buildings, and assets.
4. _____ can occur due to lifting and carrying loads that are too heavy.
5. _____ is a funnel-shaped container that permits materials to be dumped or poured from one to another container.

B. Multiple Choice Questions

1. Consumers should be informed about the
 - a) Quality

- b) Standard
 - c) Potency and price of goods
 - d) All of the above
2. A purchase order doesn't include
 - e) Price of the product
 - f) Quantity of the goods and services
 - g) Certificate
 - h) Address
 3. To make ordering system employees will have to request
 - i) Order
 - j) Price
 - k) Receive goods and materials
 - l) All of the above
 4. Business organisations need to maintain a relationship with
 - m) Supplier
 - n) Cash Management
 - o) Inventory control
 - p) All of the above

C. State whether the following statements are True or False

1. Human behaviour in the workplace is a risk factor called human risk.
2. There are various ways that businesses face risk.
3. Hazard is a potential basis of adverse health consequences on a person or group of persons.
4. The trademark includes fruits and vegetables.
5. The per-item cost of business is the base price.

D. Match the Columns

	Column A		Column B
1	Human Risk	A	Legislative rules and regulations
2	Technological Risk	B	Credit
3	Financial Risk	C	Human Behaviour
4	Compliance Risk	D	Software's

E. Short Answer Questions

1. What is meant by procurement?
2. What do you mean by information?

3. What is the meaning of a purchase order?
4. What do you mean by the cost of procurement?
5. What do you understand by brand ownership?

F. Long Answer Questions

1. What are the risks involved in the business Explain in detail.
2. What is the meaning of products and services, Elaborate on it.

G. Check Your Performance

1. Prepare a chart on the types of equipment that are involved in the business.
2. Demonstrate various material handling equipment.
3. Demonstrate the types of rights to products and services in retail.
4. Presentation on brand ownership and protection rights.

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**MODULE
3**

**FINANCIAL MANAGEMENT AND
BUDGETING**

Module Overview

Financial management refers to planning, organising, directing and controlling financial activities such as procurement and utilisation of funds of the retail business. It means the retailer has to apply general management principles to the financial resources of the enterprise.

Budgeting is the process of calculating how much money the retailer must earn or save during a particular period of time and of planning how he or she spends it. Thus, budgeting is the process of designing, implementing and operating budgets. It is the managerial process of budget planning and preparation, budgetary control and related procedures. Budgeting is the highest level of accounting in terms of the future which indicates a definite course of action and not merely reporting. It is an integral part of managerial policies such as long-range planning, cash flow, capital expenditure and project management.

Budgeting helps to determine how to use the funds. Budgeting is the process of generating a plan to spend or invest money. This plan is called a budget. It certifies to choose in advance whether business has sufficient money or cash to do the things required to do. It is balancing the investment with income.

This unit of financial management and budgeting is classified into four sessions. The first session provides sources of funding and cash flow management, the second session describes control cost and budgeting, the third session focuses on financial statements and reports and the last session deals with implementing security procedures and preventing losses.

Learning Outcomes

After completing this module, you will be able to:

- Identify and assess sources of funding and manage cash flow
- Control cost & budgeting
- Find out Profit and Loss Accounts
- Identify implementation of security procedures with respect to monetary transactions

Module Structure

Session 1: Sources of Funding and Cash Flow Management

Session 2: Control Cost and Budgeting

Session 3: Financial Statements and Reports

Session 4: Security Procedures to Prevent Losses

Session 1: Sources of Funding and Cash Flow Management

Sources of funding play an important role in financial management. It includes grants, savings, capital, credit, subsidies, and taxes. Soft funding or crowdfunding needs no direct requirement for a return on investment.

SOURCES OF FUNDING

Various sources of funding are loans, equity, debt capital, retained earnings, grants, factoring, etc. Organisations can also gain funding from joint venture partnerships, licensing arrangements, and various other options. Following guidelines help while selecting the sources of funding:

1. Addresses the business objectives
2. Meet the needs and priorities of the organisation
3. Select the sources which have realistic and measurable results.
4. Ensure long-term benefits.
5. Do not exceed the overhead costs.
6. Spend funds on the principle project.
7. Assessment of proper requirements of resources.

After deciding on the purpose and requirements of funding next thing is to decide about the criteria for the following sources.

Sources based on Period

- **Long-term Sources:** This fulfills the business requirements for more than 5 years, for example, debentures, long-term borrowings, shares, and loans from financial institutions. This source is used for buying fixed assets.
- **Medium-term Sources:** When the business requirements are for more than one year then select the medium-term sources, for example, public deposits from financial institutions, lease financing and loans.
- **Short-term Sources:** This is used when the funding requirement is for a period not more than one year, for example, deposits from commercial banks, or commercial papers.

Sources based on the Ownership

Owner funds are acquired by the owners of a business which are sole- entrepreneur or shareholders. Sources of funds based on ownership such as issues of shares, issues of debentures, term loans, funds from operations, sale of fixed assets, sales of other assets, decrease in working capital, receipt of interest dividend and refund of tax etc., (Fig. 3.1).

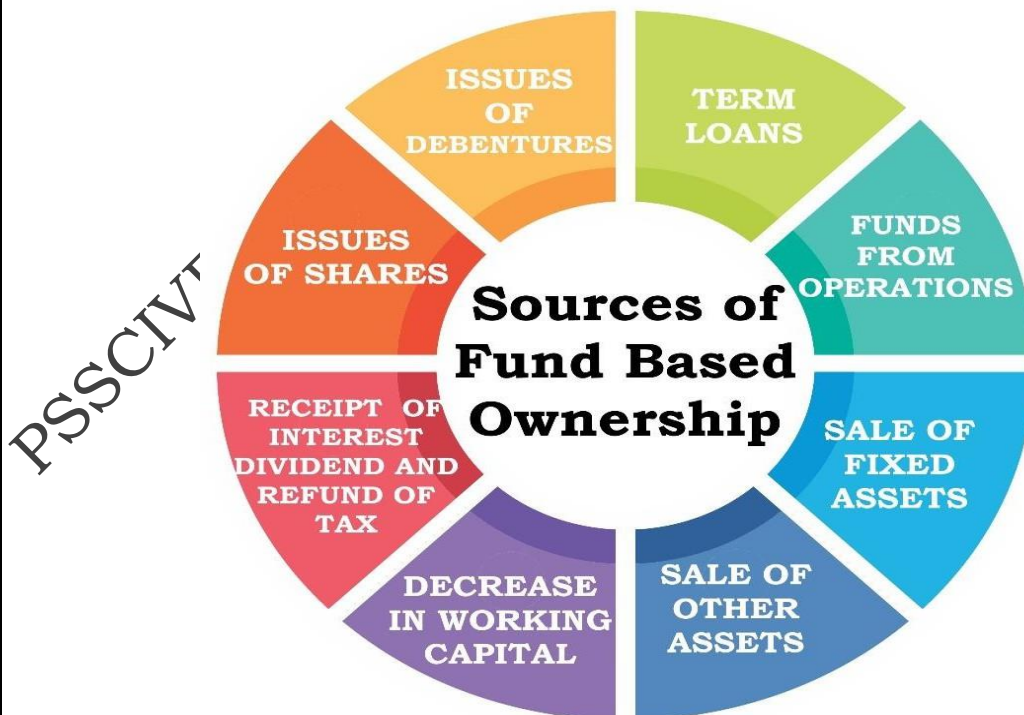


Fig. 3.1: Sources of Fund-based on ownership

Issues of shares - Equity shares are long-term funding sources for any organisations. These shares are issued to the public and are non-redeemable. Investors in such shares hold the right to vote, stake profits and are privileged for assets of a company.

Issues of debentures - A debenture is a marketable security that any businesses can issue to gain long-term funding and no need to dissolve their equity. A debenture is a type of long-term business.

Term loans - Term loans are fast and immediate, these are up front funding sources for homegrown and minor businesses that extend over a long time. These loans are long-term debts raised by businesses that come with a schedule for payments and interests paid in installments at fixed or variable rates.

Funds from operations - Funds from operations comes from the in-house working operations such as selling of products and services.

Sale of fixed assets and other assets - The sale of assets is another source of fund such as fixed assets and other assets. Whenever a business sold its assets whether fixed or other assets hence, the cash generated is used for funding the capital needs, these known as sale of fixed assets and other assets such as land, infrastructure, machine, tools etc.,

Decrease in working capital - An increase in working capital is considered as an increase in net current assets or an application of funds whereas a decrease in working capital is considered as an increase in current liability or a source of funds.

Receipt of interest dividend - In a firm, the cash receipts generated from interest and dividends are classified as investing activities because they are received from investments made in stocks and bonds of other corporate or institutions.

Refund of tax - Income tax refunds are possible when you have been paying the compulsory advance tax or have TDS deductions on your income.

SOURCES BASED ON GENERATION

- i) **Internal sources** - Money that comes from within a business including owners' capital, selling assets, and retained profit etc. Internal sources are for the limited needs of the business (Fig. 3.2).
- **Owners Capital** - Internal sources of owners capital are those that are generated from within the business through reinvestment of profits, it is also referred as owner's investment.
 - **Retained Profit:** The main aim of a business organisation is to make a profit. They gain profit by selling products or services to customers. This is the fundamental source of funds. These funds are utilised to give rewards in the form of dividends and re-investments in the business.
 - **Selling assets** - The sale of assets is another source of internal funding. Whenever a business sold its assets whether fixed or other assets to generate cash, that is used for funding the capital, these known as sale assets such as land, infrastructure, machine, tools etc,
- ii) **External sources** - These large amount of funds comes from external sources such as lenders, investors, and suppliers. external sources of funding are as follows (Fig. 3.2).
- **Lenders** - Funds comes through several external sources and these sources known as lenders, includes lending money from family and friends, bank loans etc.,
 - **Suppliers** - Trade credit is an external source of finance because it comes from suppliers who are a third party from the perspective of a company.
 - **Investors** - An investor is an individual that puts money into an entity such as a business for a financial return. The main goal of any investor is to minimize risk and maximize return.



Fig. 3.2: Internal and External Sources of Fund

PUBLIC DEPOSIT

When deposits are raised by a firm directly from the public, called public deposits. In public deposits, Interest Rates offered are higher than in bank deposits. However, the risk is higher in public deposits than the bank deposits. Public deposits serve both short-term and medium-term finance requirements.

LEASE FINANCING

The vital source of medium and long-term financing is Lease financing. In this, the owner of an asset authorizes the right to use that asset against periodical payments to another person. The owner of an asset is called the lessor and the user is called the lessee.

CASH FLOW MANAGEMENT

The amount of money coming and going from the business is known as cash flow management. It is the term that is used to explain the changes in how much funds or money a company has and how much moving from one place to another. This helps to predict how much money is available to businesses in the future. It also explains how much money is needed by the business to cover the debts like payments to employees and suppliers. Thus, it helps to maintain enough money to keep running the business.

Plan Monitor and recorded the Cash Flow When deposits are raised by a firm directly from the public, called public deposits. In public deposits, Interest Rates offered are higher

than in bank deposits. However, the risk is higher in public deposits than the bank deposits. Public deposits serve both short-term and medium-term finance requirements.

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Plan Monitor and recorded the Cash Flow

Every business wants strong financial standing. Steps to measure, monitor, and manage cash are explained below:

- 1. Know the Present Position of the Business:** Know accurately the cash-flow statement. The income statement shows sales, expenses, and profits for a particular period. A cash flow statement represents the movement of cash or money over a particular duration of time i.e., weekly, monthly, quarterly, or yearly. The cash flow show represents cash available to business organisations.
- 2. Search and Move for Source:** Cash flow problems are necessary to understand. It arises from the business cycle. It is essential to understand the time of company growth and investment in types of equipment, labor, and supplies. Money or cash flow should be steady and continuous. Before a problem arises, it is a prerequisite to finding out the solution to the issue.
- 3. Continuous Cash flow:** An organisation should have adequate funds or cash to invest in the business. They

should find out ways to fulfill their cash requirement. They should also avoid unnecessary expenses, for example, do not recruit unnecessary workers or labor and do not overstock, or negotiate with the vendors and suppliers. Manage accounts receivables for healthy cash flow.

- 4. Have a Plan:** There is sometimes a business that faces a situation in which there is a need for extra cash. To tackle the situation, they have to make ready with various sources of financing in advance.
- 5. Use credit availability limit wisely:** A credit card is one of the most convenient payment methods. If used correctly, you will enjoy interest-free credit, many bonuses, and cash freedom.
- 6. Growth Management:** Business growth should be well planned. Proper planning is required for making the right decision in the business. There must be fixed but flexible goals and how to reach those goals and in what way to pay the debt. The equipment is the investment that a business has to make to get a return. They also need to focus on how to collect them. There are challenges in the business and they have to focus on the cash flow movement. It is also necessary to avoid bad times by managing cash flow.

SUMMARY: This session describes the financial sources based on period, including long, medium, and short-term sources, and generation which are internal and external sources. It also deals in public deposit, lease financing, and cash flow management in business. This session gives a brief knowledge about public deposit and Leasing.

Activities

Activity 1: Group activity to learn sources of funding.

Material required: Notebook, paper, Pen

Procedure:

1. Make a group of five students in each group.
2. The first student writes the meaning of funding.
3. The second student writes the sources of funding.
4. The third student writes, why funding is important for the

business.

5. The fourth student collects all the written notes of other students and prepares a common note and discusses it with the teacher.
6. The fifth students become a leader to lead the group discussion.
7. Present the short presentation in the class and handle the queries.
8. Teacher evaluates the presentation on the sources of funding and guide for improvement.

Activity 2: Prepare a chart on cash flow management.

Materials Required: Pen/pencil, notebook, drawing sheets colour, white drawing sheet.

Procedure:

1. Prepare notes on cash flow management.
2. Take a white drawing sheet and write down the main points of cash flow management.
3. Use colour sheets to represent different points of cash flow management.
4. Take an example from the internet and add it to the sheet.
5. Make a clean and attractive chart with colourful pens.
6. Submit it to the teacher for evaluation and suggestions.

Activity 3: Role-play on opening and managing the bank account.

Materials Required: Pen/pencil, notebook, drawing sheets colour, bank account opening form, cash, cheque, Aadhar card, PAN number

Procedure:

1. Make a group of 4 students.
2. All of the students play the following roles:
 - a) The first student plays the role of the customer.
 - b) The second student plays the role of a bank manager.
 - c) The third student plays the role of a bank employee.
 - d) The fourth student plays the role of bank cashier at the counter.
3. Create a bank environment in the classroom.
4. All three students work in the bank.

5. The first student (customer) visits the bank.
6. The first student (customer) meets the third student (bank employee) to open a savings bank account.
7. The third student gives all the information about the saving bank account opening (refer to the documents like PAN card, Aadhar, etc.) and ask to submit the documents and photographs. And he/she gives the bank account opening form.
8. First students (customers) filled out the form and submit it to the employee.
9. After that third student (employee) sends the form and documents to a bank manager.
10. The bank manager put a stamp and signature on the form and verified it.
11. The third student asks the first student to credit some amount in the account in cash or cheque form.
12. The first student goes to the fourth student (bank cashier) and deposits some amount to the account number given by the third student.
13. The third student says thanks to the first student (customer).
14. The teacher observes the role-play and gives suggestions to improve the script actions of the roles played.

Check Your Progress

A. Fill in the Blanks

1. Long-term borrowings, shares and loans are the _____ term sources of funding.
2. Business organisation main objective is to make _____.
3. Organisations sell their shares to investors which is called _____ funding.
4. _____ is the term that is used to explain the changes in how much funds or money a company has and how much moves from one place to another.
5. _____ should be steady and continuous.

B. Multiple Choice Questions

1. Long-term sources of funds are

- a) Long-term borrowings
 - b) Shares
 - c) Loans
 - d) All of the above
2. Medium-term sources of funds are
- a) Public deposits
 - b) Financial Institutions
 - c) Lease
 - d) All of the above
3. Sources based on ownership are
- a) Debentures
 - b) Commercial paper
 - c) Trade credit
 - d) All of the above
4. External sources are from the outsiders such as
- a) Lenders
 - b) Investors
 - c) Suppliers
 - d) All of the above

C. State whether the following statements are True or False

- 1. Organisations are not seeking how to raise funding to grow their business into new markets.
- 2. Organisations sell their shares to investors which is called equity funding.
- 3. Organisations sell products and services to generate profit.
- 4. Cash flow problems are not necessary to understand.
- 5. There is sometimes business faces a situation in which there is a need for extra cash.
- 6. There are not many challenges in the business and they have to focus on the cash flow movement.

D. Match the Columns

	Column A		Column B
1	Long-term sources	A	This fulfills the business requirements for more than 5 years, for example, debentures, long-term borrowings, shares, loans from financial institutions

2	Medium-term sources	B	When the business requirements are for more than one year then select the medium-term sources, for example, public deposits from financial institutions, lease financing, and loans.
3	Short term sources	C	This is used when the funding requirement is for a period not more than one year, for example, deposits from commercial banks or commercial Papers.
4	Equity funding	D	Organisations sell their shares to investors.

E. Short Answer Questions

1. Define growth management.
2. State the meaning of cash flow management.
3. What are the sources of funding?
4. What do you understand by internal and external sources of funds?
5. What do you mean by cash flows?

F. Long Answer Questions

1. Elaborate on the sources of funding with each aspect.
2. Explain the plan, monitor, and record the cash flow.

G. Check Your Performance

1. Prepare a chart on the identifying sources of funding.
2. Demonstrate the measures to monitor and manage the cash flow in the retail business.

Session 2: Control Cost and Budgeting

Cost controlling is an important way to maintain the profitability of the business. Cost control initiates with the budgeting procedure. It identifies and reduces expenses. Therefore, it increases profits. In cost control, budgeting plays a vital role. The budget is prepared to finalise the expenses. A business owner should have to keep in mind that the organisation is spending money according to budgeting. If not, then they have

to take action for it. If the actual expenses are not according to the budgeted expenses, then it is called deviations and required actions to rectify the error.

For example, an organisation can ask for quotations from different suppliers to purchase any products so that it can lower the cost of purchasing. Features of cost control are:

- It is to identify the expenses
- It is the practice of reducing the expenses of the business.
- It increases profitability.
- It starts with budgeting.
- Outsourcing is a popular method to reduce or control costs.

For target net income controlling costs is the best method to plan.

The formula for the net income is

Target net income = Sales (sales of products or services) - fixed cost (a cost that is fixed) - variable costs (a cost that varies according to output)

Cost Allocation

Today organisations are working in a complex environment. This increased uncertainty for the business. Timely decisions and the right decision are very important to do business effectively. Management needs to understand resource allocation, sources of capital, policy formulation, cost control, etc.

The process of identifying, assigning and aggregating costs to objects is known as cost allocation. Objects, such as products, customers, regions, departments and projects can be an activity or item. Cost information is used for financial purposes. It is also used to measure profitability. The word allocation is charging the cost to the object. The organisation allocates a cost to various activities, expenses and taxes.

Cost allocation is used to produce goods, inventory assets, and the cost of goods sold. Improper use of cost allocation can result in incorrect management decisions. Assigning and handling assets in a way that helps the organisation to attain goals is known as resource allocation. It includes management of tangible assets, for example, steel to make the chairs, and human capital to produce goods like chocolates, biscuits, dairy products etc.

MEANING OF BUDGETING

Budgeting is the process of designing, implementing and operating budgets. The budget is the basis for utilising accessible resources. Budgetary controls provide certain conditions to get. A clear to facilitate the development of a united plan a budget converts the effects of all actions at a common platform. A Budget gives a clear statement of goals and objectives for providing direction and motivation to the professionals. The short-term budget gives direction to achieve long-term goals and objectives.

A budget has to be recognised to have an operative control system for the fulfilment of assigned responsibilities. Ask the different departments in the institute and offices i.e., the library, computer central stores, and research programs, are examples who are maintaining a budget of their own. The costs of the organisations can be controlled. Engineering costs can be measured with a high degree of reliability and discretionary costs is depends upon the management judgment.

Accounting system controls as an integral part of the budgetary system whose efficiency rests on timely accessibility and supply of information. There is a need for clear communication for budget information in the following ways:

- Clear communication of goals and objectives.
- Clear communication for implementing the budget.
- Heads take the responsibility of each department to control the budget.
- Focus on the need for an accurate flow of information.
- Emphasize the conflicts in resource allocation.
- Discuss how the conflicts can be resolved.
- Coordination for the proper budget control system.

A joint effort is required for the preparation of the budget. It can be achieved with the committee, probably for budget or planning or for both. The committee could adopt responsibility for all features of budget administration.

Exhibit 7: Budgeting

A budget is an estimation of revenue and expenses over a specified future period of time and is usually compiled and re-evaluation on a periodic basis.

Prepare a Budget for Planning and Management of Finances

Functions of all departments of the organisation help to achieve the aims of the organisation. Proper planning impacts the successful implementation of goals and objectives. To achieve the aims organisation should have to:

- State the objectives of the organisation
- Prepare budget
- Good communication and coordination of activities
- Control the activities for deviations

Budgeting is the process that indicates the coordination of planned financial activities. All activities represent the monetary values to make easy the development of the plan. A budget gives the basis to use scarce resources and the direction of organisational operations to achieve goals or objectives. The objective of the budget is to focus on activities that are a priority of the business.

Controlling and Monitoring of Financial Elements

Financial control is the analysis of the organisation's actual results from various perspectives and at different times. Analysis needs adjustment and control of the business processes that are followed by the plan. Financial control is an important part of any business. The objective and benefits of financial control help to identify the steps to implement the budget correctly.

- 1. Check the Business Activities:** Financial control checks the activities of the business. Is it according to plan? If it is not according to plan, then changes are required in the activities.
- 2. Find out the Errors:** Irregularity in the organisation's finances may affect the goals of the business. Therefore, it is necessary to check the irregularities speedily.
- 3. Prevent Deviations:** Financial control also helps to implement measures to prevent deviations. Diagnosis of the problems at an early stage makes corrective actions at the right time. Effectively communicate with the employees and motivate them. Take the action to detect problematic situations and solve them.

Common steps of financial strategies implementation are:

Step 1: Analysis of the Present Situation: This is the first and most reliable analysis of the organisation's situations in different areas i.e. cash, sales, etc.

Step 2: Preparation of Forecasts: Set parameters of forecast and simulations.

Step 3: Detect Deviations: Financial documents are the Balance Sheet, Profit and Loss account, and cash flow statement created by the organisation. They show the errors, deviations of the financial budgeting.

Step 4 Correction of the Deviations in the Financial Control: Right decisions relating to corrective actions should be taken to get the organisation's accounts in the right direction as previously set by it. Hence, income/expenditure and profit/loss should be reviewed.

Income and Expenditure: The Income is the money business takes in whereas expenses are money what it spends (Fig. 3.3). Your net income generally is revenue, or all the money coming into business, minus all of the expenses.

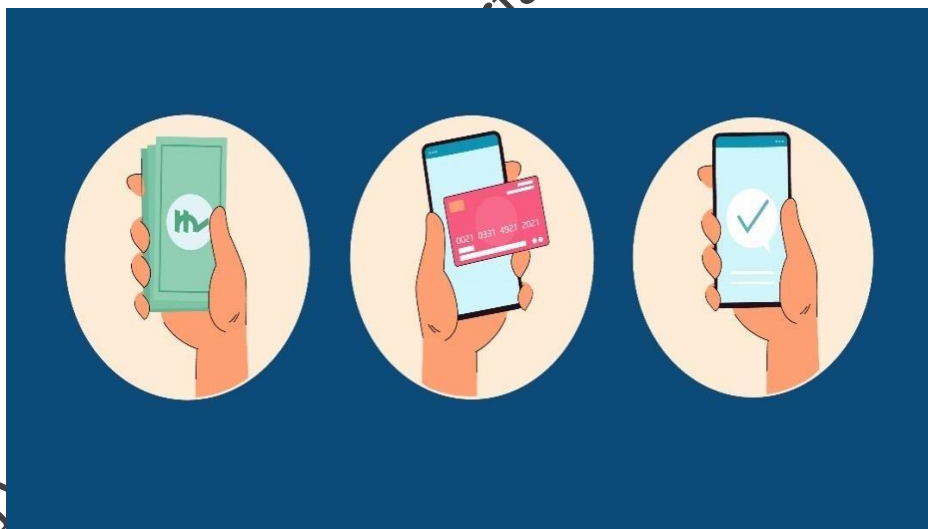


Fig. 3.3: Income and Expenditure

Profit or Loss: The profit and loss account represent the yearly net profit and loss of the business. It determines the net profit or loss of the business.

Items on the debit and credit side of profit and loss A/C are given below:

Debit side

1. Gross losses

2. Indirect expenses

Credit side

1. Gross profits
2. Indirect revenues

Net profit or loss = Total revenue - total expenses of a certain period.

Step 5 Correct Deviations: Corrective actions should be taken at right time. Proper decisions are required to correct the actions. Corrective actions are required when there are deviations from the actual activity from the planned activity.

SUMMARY: This session deals with the basic knowledge of cost controlling and budgeting, and explains the cost allocation and budgeting procedure. It also describes for a retailer how prepares a good budget plan for business. Controlling and monitoring of Financial elements and to generate revenue implementation of financial strategies. It explains the basics of income and expenditure concepts.

Activities

Activity 1: Visit a retail store to identify the assessment and interpretation of cost and resource allocation.

Materials Required: Notebook, pen, pencil,

Procedure:

1. Make a group of two students.
2. Visit the mall which is nearby the school.
3. Take the permission of the manager.
4. Give your introduction to the manager and ask about how to identify the assessment and interpretation of cost and resource allocation in the retail shop.
5. Write down the main points in your notebook.
6. Discuss with the manager and clarify the doubts.
7. Write a brief report and submit it to the concerned teacher.

Activity 2: The group activity to learn financial budgeting.

Materials Required: Notebook, pen, pencil, paper, rubber

Procedure:

1. Make a group of five students

2. Search case studies on financial budgeting from newspapers, the internet, and magazines.
3. Collect the case studies and read them properly for understanding the budgeting.
4. Select at least two case studies and summarize them in your own words.
5. Analyse and discuss the case study in the group and handle the queries.
6. Present the case studies in the classroom.
7. Finalise the case as per suggestions.
8. Submit the final case to the concerned teacher.

Check Your Progress

A. Fill in the Blanks

1. The process of identifying, assigning, and aggregating costs to objects is known as _____.
2. _____ is the process that indicates the co-ordination of planned financial activities.
3. Cost control identifies and reduces the expense _____.
4. If _____ should have to keep in mind that the organisation is spending money according to budgeting.
5. _____ starts with the budgeting.

B. Multiple Choice Questions

1. Features of cost control are
 - a) To identify the expenses
 - b) The practice of reducing expenses of the business.
 - c) Increases profitability.
 - d) All of the above
2. Target net income = sales - fixed cost = ____
 - a) Control cost
 - b) Variable cost
 - c) Short-term cost
 - d) None of the above
3. To achieve the objective of the organisation it should have to-
 - a) State the objectives
 - b) Prepare budget

- c) Good communication
- d) Control deviations
- 4. The budget is to prepare to finalise the _____
 - a) Income
 - b) Profit
 - c) Expenses
 - d) None of the above
- 5. Features of cost control is/are not:
 - a) To identify the expenses, the practice of reducing expenses increases profitability starting with budgeting and outsourcing.
 - b) To achieve the objectives
 - c) To treat customers badly
 - d) All of the above
- 6. If the actual expenses are not according to the budgeted expenses, then it is called as.
 - a) Controlling
 - b) Budgeting
 - c) Deviations
 - d) None of the above

C. State whether the following statements are True or False

- 1. Financial control is the analysis of the organisation's actual results from various perspectives and at different times.
- 2. Today organisations are not working in a complex environment. This increased uncertainty for the business.
- 3. The process of identifying, assigning and aggregating costs to objects is known as cost allocation.
- 4. Cost control initiates the budgeting process.
- 5. Outsourcing is not a popular method to reduce or control costs.

D. Match the Columns

	Column A		Column B
1	Controlling	A	Sales –cost (fixed and variable)
2	Deviations	B	Indicates planned financial activities

3	Budgeting	C	Expected-actual performance
4	Target net income	D	Correct deviations

E. Short Answer Questions

1. What do you understand by cost controlling?
2. Discuss budgeting.
3. What is resource allocation?
4. What do you mean by financial control?
5. What are the components covered under the short-term budget?

F. Long Answer Questions

1. Explain the controlling and monitoring of financial elements.
2. What is the need for the assessment and interpretation of information on cost and resource allocation explain in detail?

G. Check Your Performance

1. Prepare a chart on the steps of financial strategy implementation.
2. Search the financial statements from the internet and prepare a chart and present the income or expenditure and profit or loss statements.
3. Demonstrate the financial statement process and its implications.

Session 3: Financial Statements and Reports

Financial statements are written records that convey the business activities and the financial performance of an enterprise. They include a balance sheet, income statement, and cash flow statement. The process of formulating financial statements by the company or organisation is called financial accounting. It represents the performance and position of the people who are working outside the organisation which is creditors, suppliers, customers, and investors.

ELEMENTS OF BASIC FINANCIAL ACCOUNTING

Financial Statements

Various organisations prepare quarterly and annual statements that they put jointly to make accessible to shareholders and investors. Four basic financial statements

are used to represent an organisation's financial situation or performance.

- 1. Income Statements:** An income statement is also known as a profit and loss statement over a specified time (quarterly or yearly). It focuses on revenue and expenses during a particular period.

In the income statement:

Revenue-Expenses=Net income

- 2. Balance Sheet:** The statement of assets and liabilities at the end of the period or a financial snapshot at a specified period is known as a balance sheet. It provides an overview of assets, liabilities, and stockholders' equity at a given point in time. It provides an overview of assets liabilities and stockholders' equity at a given point in time.

Assets=Liabilities + stockholder's equity (retained earnings not distributed and by stockholders who reinvest by contributed capital)

- 3. Cash Flow Statements:** These statements represent the actual cash flow into and out of an organisation over a specified period. It also includes cash flows from various activities, like operating activities, financing activities and investing activities. Thus, these statements measure how well an enterprise generates cash to pay its debt obligations fund its operating expenses and fund investments. Thus, these statements measure how well an enterprise generates cash to pay its debt obligations fund its operating expenses and fund investments.

- 4. Retained Earnings:** These include the dividends paid from earnings to the shareholders and earnings retained by the company.

A financial statement must conform according to accounting standards and legal requirements. The financial accounting standards board (FASB) and International Accounting standard Board (IASB) are different in some areas and focus to align the standards across the border.

CREATE AND MAINTAIN REPORTS

Financial reports are set of documents that show the financial situation of an enterprise at the end of a particular period of time. Financial reports (Fig. 3.5) are tools to employed for communicating an organisation's key information related to

financial affairs to internal and external stakeholders that improve efficiency as well as financial performance. Business activities, shown in the report weekly, monthly, and daily will give an overview to the investors, creditors, and decision-makers.

Financial reports are set of documents that show the financial situation of an enterprise at the end of a particular period of time.

- These reports give the business the ability to track revenue, profitability, and expenses, make predictions for the future, plan the budget effectively, improve performance, and create standard reports. It also gives an idea to determine how businesses generate cash and how to utilise it, transaction details, potential issues related to profitability, developing financial ratios, and evaluating the company's pays off of debts.
- Financial reports include a balance sheet, income statements, and cash flow. The income statement shows revenue earned by the business over a specific period. The balance sheet shows the status of the business for a specific period.
- The cash flow statement represents cash flows during a specific time period.

TYPES OF FINANCIAL REPORTS

The various types of financial reports used in an organisation are daily financial reports, weekly financial reports, monthly financial reports, and annual financial reports.

- 1. Daily Financial Report:** The way to track the previous day's activities is a daily report. It makes an impact on the financial activities and status. It helps to manage data and measure potential internal production, potential errors, and revenue losses. This report is limited to showing the result that is required but it is effective in monitoring employees, productivity and understanding their problems. This report is also key to tracking organisational performance. This report can find out the number of employees absent every day. It also analyses work quantity and measures revenue loss.
- 2. Weekly Financial Report:** The weekly financial report is a report that helps business people to monitor short-term financial activities. Some of the examples of financial

statements tracked in weekly intervals are,

a) **Operating Cash Receipt:** Operating cash receipts is a part of the budgeting process that includes cash receipt and disbursements. The weekly report helps organisations add insights from reporting based on cash receipts and disbursement. Operating activities affect cash flows.

b) **Generated Current Receivables:** Weekly financial reports help businesses in various activities like billing procedures, invoicing, cash basis of accounting, and accounting records.

3. **Monthly Financial Report:** This report represents the way of obtaining an overview of the financial status. It also gives up-to-date reporting of the Profit and Loss statement and cash management. This report gives insight into the following areas:

a) **Cash Management:** The monthly report gives an overview of the liquidity and current cash flow. Financial reports keep track of the financial flow.

b) **Profit and Loss:** Gross profit margin enables the business to measure total revenue minus the goods sold divided by the total sales revenue. Operating profit allows a business to monitor what amount of profit is generating. Net profit measures the business profit minus operating expenses, interest, and taxes that is divided by the total revenue. This report gives the idea of the income statement. The report also gives an overview of the company's core cash flow.

4. **Annual Financial Report:** It is a report which represents the yearly financial status.

SOURCES OF PROFIT AND CAUSES OF LOSSES

Every organisation with an income has a profit. Profit means the reward to the business owners. In small companies, it is paid as income and in corporations, it is often paid in dividend form.

Types of Profit

There are three kinds of profit determined by various firms gross profit, operating profit, and net profit.

- **Gross Profit:** Gross profit subtracts the variable cost from

revenue for each product line. Variable costs are required that produce each product.

- **Operating Profit:** It includes the variable as well as the fixed costs. It is not comprised of various financial costs; it is also called EBITA which means Earning Before Tax Depreciation and Amortisation.

Net profit: The Net Profit of a company is the sum of money a firm earns after deducting interest, operating expenses, and tax over a defined period. Net Profit is also called Profit After Interest Tax (PAT). Net Profit determines the financial health of the business. It shows if a company makes more money than it spends. When investors want to invest in a business, they check the company's Net Profit. The objective of the business is to increase profit. This is the driving force of doing good business.

Sources of Profit

- **Increase in Revenue:** Revenue is increased by increasing prices, and several customers or expanding the number of products sold to each customer. Sources of profit are to work on the profitable product line. Price rise generates revenue if there is sufficient demand. Increasing customers generate profit. The trick to generating more profit is to understand the customer in a good manner. Expanding the product line to each customer is less expensive in business activity. Increasing marketing and sales generates more and more profit.
- **Cost-cutting:** Another source of profit is to reduce the cost. Cost-cutting is a good method to make a company well efficient and competitive. Sometimes, organisations that want to increase profit will lay off workers. It may be dangerous. It also lost valuable skills and knowledge.

Sources of Losses

- Space should be taken according to the requirements, for example, buying or renting an office can make business dreams more physical. Whereas unnecessary office space being unused leads to loss.
- There must be only one person handling the expenditure account, two holders of one expense account create unnecessary ambiguity and create difficulty in record

maintenance of income and expense account.

- Waste of company time. Saving time is the right investment.
- Merchandise loss is also a source of loss. Merchandise damaged, stolen, and lost are the reasons for the loss. This is common in the retail sector. Handling stock is a very essential part of the business.
- Hiring, interview, and training increasing are the expenses of the business. This should be minimized by lowering the employee turnover rate.
- Poor financial management is a major part of the loss. For this, there is a need to do proper tracking of the business's financial activities.

SUMMARY: This session explains the financial statements. It represents the performance and position of the people who are associated with or working outside the organisation like creditors, suppliers, investors, etc. During this session, a student will get to know about the three activities of financial statements. The Profit & Loss report shows information about the net profit or loss based on the revenues and expenses. It also explains the ability of a business to manage its profits by cutting costs and driving revenue.

Activities

Activity 1: Role-play on the profit-loss account.

Materials Required: Notebook, pen, pencil,

Procedure:

1. Make a group of three students.
2. First student work as an accountant.
3. The second student plays the role of the company owner.
4. The third student plays the role of clerk.
5. The company owner (second student) gives instructions about how to prepare the profit and loss account of the company to the first student (accountant)
6. The first student starts working on his or her seat and calls the clerk (third student) and asks for all the account details of the company required to prepare a profit and

loss account.

7. The first student writes in the notebook and prepares a profit and loss account of a company.
8. After preparing the profit and loss account, discuss it with the teacher.

Activity 2: Visit a retail outlet and survey sources of profit and causes of losses.

Materials Required: Notebook, pen, pencil

Procedure:

1. Select five students from the class and make a group.
2. Visit a retail outlet and take the permission of the manager.
3. Ask the following questions to the manager:
 - a) what are the sources of profit in your company?
 - b) What is the major cause of losses to the business?
 - c) Is your company aware of how to prevent losses?
 - d) What is the value of time in your company?
 - e) What is the turnover of your company?
 - f) To what extent you are increasing the product line in the company?
 - g) Could you give a percentage of yearly sales?
4. Write down the answers and present them to the class.
5. All of the students discuss with the teacher and asked to clarify.

Activity 3: List out the monitoring of various financial elements and prepare a chart.

Material required: Notebook. Drawing sheet, colours, pen, pencil, rubber

Procedure:

1. Make a group of three students.
2. The first student writes down the main financial elements in their notebook.
3. The second student writes down notes on how to do mentoring of various financial elements.
4. The third student draws a chart with the help of other students to prepare a chart on the drawing sheet.
5. Present the charts to the class.
6. Handle the queries from other students.

7. Prepare the final charts to incorporate the suggestions.
8. Display of final charts in the classroom and the lab.

Check Your Progress

A. Fill in the Blanks

1. _____ is increased by increasing prices, number of customers, or expanding the number of products sold to each customer.
2. _____ subtracts the variable cost from revenue for each product line.
3. _____ is also called EBITA which means Earning Before Tax Depreciation and Amortisation.
4. The accurate representation of the money the business is producing is _____ Profit.
5. Tool employed for communicating an organisation's key information is known as financial ____.

B. Multiple Choice Questions

1. Which report is a tool employed for communicating an organisations key information?
 - a) Case report
 - b) Marketing report
 - c) Finance report
 - d) None of the above
2. Financial reports include
 - a) Balance sheet
 - b) Income statement
 - c) Cash Flow
 - d) All of the above
3. Which out of the following increases the expenses of the business
 - a) Poor management
 - b) Hiring
 - c) poor stock handling
 - d) All of the above
4. Buying or renting the office can make business more
 - a) Intangible

- b) Tangible
- c) Both a and b
- d) None of the Above

C. State whether the following statements are True or False

1. Expanding product line to each customer is less expensive in a business activity.
2. When Cost-cutting is a good method to make the company well efficient and competitive.
3. Saving time is not the right investment.
4. Buying or renting an office can make business dreams more intangible.
5. Gross profit margin enables the business to measure total revenue minus the goods sold divided by the total sales revenue.

D. Match the Columns

	Column A		Column B
1	Poor financial management	A	Increases customers and products
2	Cost-cutting	B	Poor handling of stocking
3	Merchandise loss	C	A major part of the loss
4	Increase in Revenue	D	Method to reduce cost

E. Short Answer Questions

1. What is financial accounting?
2. What are the types of financial reports?
3. Explain financial accounting process.
4. What do you mean by financial report?
5. What do you understand by financial statement?

F. Long Answer Questions

1. How do you create and maintain reports?
2. What are the elements of basic financial accounting? Explain in detail.

G. Check Your Performance

1. Prepare a financial report.
2. Presentation on elements of financial accounting.
3. Demonstration on sources of profit and loss.

Session 4: Security Procedures to Prevent Losses

Fraud is a deliberately misleading action planned to provide the perpetrator with an illegal gain or to deny a right to a victim. Fraudulent can be anywhere, it can be in finance, investment, insurance and real estate. It may happen in the sale of real property, for example, land, personal property, such as art and collectibles, as well as intangible property, such as bonds and stocks.

TYPES OF FRAUDULENT ACTIVITIES

Types of fraud comprise tax fraud, wire fraud, credit card fraud and bankruptcy fraud and securities fraud. Fraudulent activities (Fig. 3.4) can be occurring by one individual or multiple individuals or a business firm as a whole. Fraud comprises the false representation of data or facts, whether by intentionally maintaining important information or providing false statements to another party for the definite purpose of gaining something that may not have been provided without the deception.



Fig. 3.4: Fraudulent Activities

INSTRUMENTS USED IN FRAUD

Following are the various instruments used in monetary transaction frauding:

1. **Bartering:** Bartering is a process of goods and

services exchange in which there is no need for cash. Normally, the products that are bartered are of the same value. For instance, someone might switch a computer for a television set or computer repair services for a dental exam. Bartering is an old concept and was experienced before the invention of currency. It can happen through face-to-face discussions or via bartering websites, and online sales. A key benefit of bartering is that neither party to the barter arrangement has to spend any money. With this, people don't have to sell their possessions to make money from them. A drawback is the likelihood of conflicts if exchange relationships do not work out (e.g., defective products and shoddy services). One more disadvantage is the impact of income taxes. Although cash is not exchanged in a barter arrangement, technically taxpayers need to include in their gross income the fair market value of goods or services received from bartering.

- 2. Cashier's Cheque:** It is a cheque issued by a financial institution such as a bank or credit union. People who employ cashier's cheques purchase them by paying the sum of the cheque plus a fee. Cashier's cheques are frequently used for huge purchases with strangers. An example is when people purchase used cars from someone selling their car. Cashier's cheque received from the buyer from the seller assures that it will not bounce for insufficient funds.
- 3. Certified Cheque:** Certified cheque is an individual cheque that is certified by a bank or union to have enough funds on deposit to guarantee payment. The cheque writer's account stability is verified by the financial organisation and the sum of the cheque is subtracted from the balance. It is not considered as protected as a cashier's check, though, because it is drawn against an individual account (rather than an organisation itself) with more opportunity for faking or disputes among the parties to a transaction.
- 4. Cheque Accounts:** A cheque account (a "demand account," as consumers can demand cash upon request) is characteristically a consumer's most active monetary deal tool. Available at banks and credit unions, cheque accounts offer revenue to make periodic deposits (e.g., direct deposit of a worker's bi-weekly pay check) and withdrawals. Withdrawals can be completed by writing cheques or using

a debit card, electronic debits, automatic teller machine (ATM). Various cheque accounts necessitate a definite minimum balance to evade service charges. Few also charge a fee for each transaction (i.e., check or deposit). Interest may or may not be paid on a depositor's account balance. This cheque account is also called as special serving's bank account.

- 5. Credit Card:** A credit card permits an individual to use the loan or borrowed funds to build a purchase. Credit cards can be distributed by banks and credit unions (Visa, MasterCard), gasoline companies, department stores, and specialty clothing stores (e.g., Ann Taylor). A type of open-end credit, credit cards allow borrowers to induce against a maximum limit accepted by the card issuer. Payment in full must be made within 30 days to circumvent interest charges and at slightest the minimum payment (often 3% of the outstanding balance) must be paid by the due date to evade late fees (Fig.3.5).



Fig. 3.5: Credit card

- 1. Debit Cards:** A debit card (Fig. 3.6) automatically deducts money from a person's account to pay for products or services. It is the corresponding of writing a cheque or making a savings account withdrawal to pay for something. Withdrawals occur instantly without any "float" time (i.e., the time between when a transaction is completed and when funds are debited from a person's bank account).



Fig. 3.6: Debit Card

- 2. Electronic Funds Transfer:** Electronic Funds Transfer or EFT refers to a computerised transfer of money from one bank account to another without an exchange of paper money. Examples comprises the use of a credit or debit card, direct deposit of a worker's pay check, direct debit payments to pay bills, payroll cards (e.g., a monthly car loan payment), electronic bill-paying, wire transfers, and online banking (Fig.3.7).



Fig. 3.7: Electronic fund Transfer

3. Gift Card: Some gift cards permit consumers to reload the balance (i.e., add additional funds) while others do not and cards are insignificant when spent down. Some have opening fees payable at the time of buy (Fig. 3.8).



Fig. 3.8: Gift Card

4. Money Order: It is a cheque like financial transaction



tool that is used to make payments for goods and services (3.9). It can be acquired, for a fee, at banks or credit unions, cheque-cashing outlets, post offices, Western Union, and retailers and some grocery stores and drug stores (e.g., CVS).

Fig. 3.9: Money Order
Source: shorturl.at/exENU

5. Prepaid Debit Cards: A prepaid debit card is a debit card that is loaded with a specific amount of money that is accessible for spending. It is unlike a conventional debit card that is connected to the balance accessible in a cheque or savings account. In various cases, consumers are not capable to use up more than the preloaded amount. Consumers should pay consideration to fees that are charged for activation, loading, reloading, and purchase transactions as numerous prepaid debit cards have high fees. Debit card payment by Swipe machine helps to make payment immediately (Fig. 3.10).



**Fig. 3.10: Debit Card Payment by
Swipe Machine Source:
<https://rb.gy/fu4rhl>**

IMPLEMENT SECURITY PROCEDURES AND CHECK TO PREVENT LOSSES

In order to prevent losses by the retailer in his or her retailing business, he or she has to implement the following security procedure:

- 1. Signage:** Installing security signs in a retail store is a low-cost way to deter shoplifters and shady characters (Fig. 3.11). Anti-theft signs should be fitted close to the entrance and near the fitting rooms. Here's a tip. Walk into the store and ask yourself: If you were a shoplifter, where would you go? The answer to that should help you determine the best places to install your signs.



Fig. 3.11: Security Signage

Source: shorturl.at/kmoz

2. Cameras: If eager to invest a bit of additional in-store

security, consider installing surveillance cameras in your stores. It allows the monitoring of store activities 24-7, and it'll give recordings that the store manager can re-enter if essential. Depending on the store and the safety and security system the store assistant previously has in place, he or she may be capable to integrate cameras with the POS, foot traffic solutions, and other loss prevention programs. The clothing retailer united its foot traffic management and loss prevention tools in one scheme. Next searchable video solution to track how people moved around in their retail stores and combined

that with foot traffic insights (Fig.3.12).



Fig. 3.12: Camera in Store

3. **Mirrors:** If not sure about using a camera in-store, then stores use mirrors. These serve as an inexpensive but effective tool for shoplifting, spotting and other activities. Watch the store if there are any blind spots. If you find some spots they may want to install mirrors to monitor those areas. Typical blind spots comprise corners that aren't too noticeable from the cashier's side, as well as spaces that are blocked by fixtures or shelves.

4. **Point of Sale:** Also known as point of purchase, PoS is the time and place at which a sale is done. At the point of sale, the merchant prepares an invoice with the amount owed by the customer. A POS transaction may occur in person or online, with receipts generated either in print or electronically (Fig. 3.13). Cloud-based POS systems are becoming increasingly popular among merchants such as UPI and Paytm.



Fig. 3.13: POS system

5. Inventory Management Tools: Staying on top of your inventory is critical to loss prevention. Poor stock control leads to more out-of-place products and unchecked inconsistencies, which is why it's important to arm yourself with a healthy inventory management system that'll make it easy for you to track merchandise. One thing to look for when selecting inventory management tools is the ability to bear full and incomplete stock counts (Fig.3.14).



Fig. 3.14: Inventory Management Tools
Source: shorturl.at/gzCT3

6. Inventory Counters: Speaking of inventory counts, you'll want to have a reliable tool for conducting stock-takes. Evade using a pen and paper when totaling inventory (Fig. 3.15).



Fig. 3.15: Inventory Counters
Source: shorturl.at/jopDU

7. RFID: Radio Frequency Identification (RFID) appears in the type of chips rooted in product tags or packages. These chips include product information and allow retailers to track substances using their stock control scheme, so merchants can gain real-time inventory visibility and accuracy (Fig. 3.16).

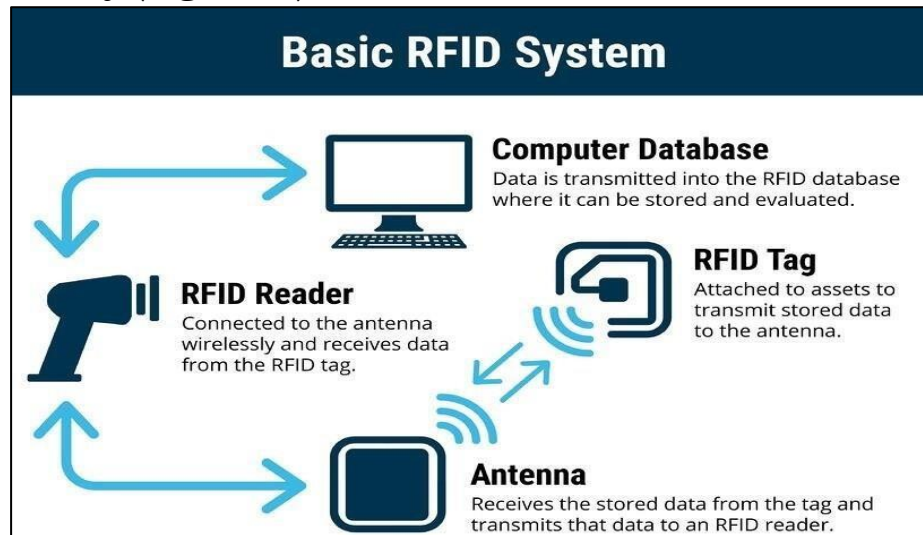


Fig. 3.16: Radio Frequency Identification (RFID)

Source: shorturl.at/gkqtL

When used properly, RFID technology can assist you to stop harm in many stages of the supply chain as well as combat theft and misplaced products in-store. Retailers that attach these tags right after manufacturing can follow products as they move from one phase of the supply chain to the subsequent phase. This permits them to avoid losses during the distribution process.

SUMMARY: Security loss prevention is an essential commercial function that helps companies to minimize risk, prevent theft and increase overall safety. It explains the fraudulent activities and instruments. The main responsibility of loss prevention associates is to provide maximum safety at the workplace. In this session, security procedure has been taught for the implementation and to prevent losses.

Activities

Activity 1: Visit a retail store and identify various fraudulent activities related to monetary transactions and the implementation of security procedures.

Materials Required: Notebook, pen, pencil, rubber, questionnaire form

Procedure:

1. Make a group of three students.
2. Visit a retail store.
3. Greet the retail manager.
4. Take the permission of the manager to ask some questions regarding fraudulent activities.
5. Ask the following questions to the manager:
 - a) What are the possible fraudulent activities in the retail shop?
 - b) How are you implementing security procedures?
 - c) What are the steps followed by your retail shop to prevent losses?
 - d) Do you want to give any suggestions to prevent a business from fraud activities?
6. Write down the answers in your notebook.
7. Submit a brief report to the teacher.
8. The teacher gives a remark to the assignment.

Check Your Progress

A. Fill in the Blanks

1. _____ is a deliberately misleading action planned to provide the perpetrator with an illegal gain or to deny a right to a victim.
2. A _____ check is an individual check certified by a bank or credit union to have sufficient funds on deposit to guarantee payment.
3. A _____ account (as known as a “demand account,” as consumers can demand cash upon request) is characteristically a consumer’s most active monetary deal tool.
4. Full form of ATM is _____

B. Multiple Choice Questions

1. Full form of RFID is

- a) Rate frequency identification
 - b) Radiofrequency Identification
 - c) Red frequency disturbance
 - d) None of the above
2. POS system means
- a) Point of sale system
 - b) P sale system
 - c) Pin operating sale
 - d) None of the above
3. A prepaid debit card is a debit card that is
- a) for selling
 - b) sale system
 - c) loaded with a specific amount of money
 - d) None of the above
4. Full form of EFT
- a) Electronic fund transfer
 - b) Electro fund training
 - c) Electric fund transfer
 - d) None of the above

C. State whether the following statements are True or False

- 1. Fraudulent activities cannot be occurring by one individual or multiple individuals or a business firm as a whole.
- 2. Fraud comprises the false representation of data or facts, whether by intentionally maintaining important information or providing false statements to another party for a definite purpose.
- 3. Bartering is a process of goods and services exchange in which there is a need for cash.
- 4. Modern point-of-sale systems do not allow you to set user permissions to enable or restrict certain tasks from being carried out.

D. Match the Columns

	Column A		Column B
1	EFT	A	Appear in the type of chips rooted in product tags or packages.
2	POS	B	Withdraw money

3	ATM	C	Systems allow you to set user permissions to enable or restrict certain tasks from being carried out
4	RFID	D	Computerised transfer of money

E. Short Answer Questions

1. What do you understand by RFID?
2. What do you understand by credit card?
3. What is the signage?
4. What do you mean by cashiers' cheques?
5. Define concepts of debit card and credit card
6. What do you understand by EFT?
7. What is the meaning of money order?
8. What do you mean by prepaid debit card?
9. State the inventory management tools.
10. What do you understand by point of sale?

F. Long Answer Questions

1. Explain fraudulent activities in detail.
2. How to implement security procedures and check to prevent losses? Elaborate.

G. Check Your Performance

1. Demonstrate how to prevent fraudulent activities.
2. Presentation on how to prevent losses.

MODULE 4 RETAIL PRODUCTS AND SERVICES

Module Overview

Almost everything that we come across in our daily life is a product. In retailing business, we find various products which are used by consumers in their routine life. Retailers typically don't manufacture their items for carrying the business. They purchase goods from a manufacturer directly or through wholesaler and sell them to the consumers in smaller quantity to suit their needs. Therefore, retailing is a distribution process of a retailer obtaining goods or services and selling them to customers for use.

A retail organisation can retain their customers by providing information and advice to the customer, by handling customer complaints, creating a positive image of self and organisation in the customer mind and by satisfying the customer through teamwork. The products and services segment should focus on the benefits offered by the organisation. It also highlights the features of the products and services.

A retailer has to be focus on selling the products and services that worth to customers. They need to contact suppliers to know the value of products and services and who the target customers are. A supplier must have all the information about what is the value of products and services to the customers. Customer value in business is the value in exchange for the charge pay for a market offering. However, customers also have perceived customer value which is worth what they feel while buying the products and services from the retailer shop.

This unit is divided into four sessions. The first session describes products and services involved in retail business. The second session focuses on data and processing. The third session explains retail services and the fourth session deals with the equipment used in retail operations.

Learning Outcomes

After completing this module, you will be able to:

- Describe information related to products/services relevant to business
- Identify sourcing and Processing product and service data
- Describe competitor analysis
- Demonstrate relevant equipment required for daily operations and identify new technologies to reduce risk

Module Structure

Session 1: Products and Services Involved in Retail Business

Session 2: Data Sources and Processing

Session 3: Retail Services

Session 4: Equipment Used in Retail Operations

Session 1: Products and Services Involved in Retail Business

Product is any tangible offering from the market. It is used for acquisition, attention, or consumption. Service is intangible in nature that arises from the output of one or more individuals. Products and services are closely related to each other. In this session, you will learn about the products and services.

A product is anything that can be offered to a market for attention acquisition use or consumption that might satisfy the consumers wants or needs. Most products we think of are physical in nature such as books, newspapers, fruits, vegetables, milk products etc. But products also include services such as medical treatment, legal advice, transport services education etc. Thus, we can infer that product consists broadly of anything that can be marketed including physical objects services that satisfy the wants and needs of the consumers.

CONCEPT OF PRODUCTS AND SERVICES

Products are tangible and services are intangible. Various products are available with the service required after purchase. For example, if a consumer purchases a cooler the product also needs maintenance service every year.

Assessing the quality of a product is very easy. We can touch various products which are countable, touchable and visible. Thus, it is calm to assess the durability. For example, while purchasing a scooter an individual can check every part of it. Service can be felt by the individual. For example, patients need a doctor to identify the disease. A client has little knowledge about service professionals. They feel and take the experience of the service.

Some products are perishable in nature, for example in the restaurant individual should understand the notion of spoilage and waste reduction. Items of imperishable products are jewellery, autonomous parts, canned corn etc. services are perishable in nature. Perishable means are short-lived. Products can be stored for a long time that does not the case with the services. Examples of perishable services are auto repair, theatre, entertainment etc.

Products involved various processes in the business that as manufacturing, transportation, storing, selling and advertising. Products and services are different based on various factors like tangibility, variability, perishable and heterogeneity.

RETAIL BUSINESS

The retail business comprises the sales of merchandise from a solitary point of purchase directly to a customer who aims to use that product. It can be a physical retail store or an internet shopping website or a catalog.

MEANING OF RETAIL PRODUCTS

Retail products are those products that are sold by the retail industry. Retail is a very wide-ranging term that includes a huge industry, employing millions of people.

LEVELS OF PRODUCTS

There are five product levels which are

1. **CORE BENEFIT:** This is a fundamental need that consumers satisfy by using the product or services for example-vehicle for transportation.
2. **GENERIC PRODUCT:** Those characteristics or attributes required for it to work for example- wheels, steering, seats, etc.

3. EXPECTED PRODUCT: This is a set of characteristics that purchasers expect and agree to buy a product. For example-feature, good performance, working lights, quite an engine.

4. AUGMENTED PRODUCT: This is additional benefits, attributes, or related services for example- after the sale, free services, free four- wheel change, wheel alignment, and car wash. etc.

5. POTENTIAL PRODUCT: This includes all the transformations and augmentations a product might experience in the future for example- self-driving cars etc.

CATEGORIES OF RETAIL PRODUCTS

In the retail sector, there are various categories of products, which are:

- Electronics
- Automotive
- Toys and Games
- Beauty
- Cell phones and accessories
- Health and Personal care
- Baby care
- Grocery
- Clothing
- Appliances

MARKET TRENDS CONCERNING SALES PATTERNS

Sales trend analysis gives an indication of the business working. Salespersons used their data and decisions taken by the owner regarding what to do about pricing. A market trend concerning sales patterns is the right decision-maker guideline. It represents opportunities and potential problems. When a particular product is increasing in sales then it is required more quantity in stock due to high demand.

For example, in the retail store if the quantity of sale of sugar is increasing then the salesperson keeps it in large quantity and keeps the price according to the demand. If the item sales are declining, then the owner decides to cut the price or discontinue the product from the supplier. Sales trend analysis is one of the best ways to meet sales goals. Retailers should have to take the right decision on time and keep track of data-driven business. To perform the sales trend, first, analyse the sales data. For this, the manager should use software or excel that helps to analyse the data. Various managers are using excel data for sales trend analysis. Paperwork

is very lengthy and therefore use of the software is very easy. Capabilities required for sales trend analysis are:

1. Keep a centralised location to view all orders, inventory by product, sales, and more. When there is no unified view then it becomes difficult to see the impact of one of the sales channels on the entire business. This makes you take timely and accurate decisions.
2. Sales update at right time records daily sales. It also helps to track sales based on day-by-day.
3. Data visualisation tools make it easier to analyse the data of the sales trend. The use of dashboards and interactive charts, and graphs make it possible to analyse information quickly.
4. It is not sufficient to view sales trends only, the retailer needs to narrow down it to a specific location, sales channel or product line. In this way, the retailer understands every aspect of sales.
5. The period is very important to analyse sales. Sales trend analysis should be at a specific period.
6. Right integration of the system helps the process to perform so that it helps to meet customer's expectations. Right integration of the system makes it possible to pass sales information which is accurate, timely for individual sales professionals and management teams.

RELATED PRODUCTS OR SERVICES AND POSSIBLE OPPORTUNITIES

Today's business environment is focusing on business environment, profitability, and sustained growth which is not guaranteed. Technology and scientific advances have shortened the life period.

1. **Segmentation:** To identify the consumer segments that have common characteristics. These variables of common characteristics are age, gender, education level, occupation, level of income, or soft variables for example lifestyle, values, attitudes, purchasing, and motivations.
2. **Situation Analysis:** Situation analysis helps to uncover expansion opportunities. To analyse the purchase organisation has to understand when people buy the product, when they required it, where do people buy the product and how they will pay for it?

3. Competitor Analysis: It is necessary to look at the competitors in the market. There are two types of competitor analysis one is direct and the other one is indirect. For a retailer shop, there are various competitors in the market i.e., neighbour retailers, malls, and other stores. The individual sales professional has to understand what are products of the industry are growing and why they are growing and what are the value proposition and what the competitive advantage is.

4. Analysis of Complementary Products and Services: Retailers should monitor the act and strategy of the other retailer's products which are complementary to their product. for example, if the retailer is selling fruit juice, then he/she should analyse the prices of fruits.

Environment Analysis: Analyse the changes in the market and identify the technological changes and market opportunities available. Changes in the market environment, changes in the fashion of the customer, and changes in the interest of the customer should be kept in mind by the retailer. They should also see the opportunities accessible in the market.

SUMMARY: This session deals with basic knowledge of products and services. It gives information about the levels and types of products such as perishable, non-perishable, fragile, daily need products, tangible, and intangible. Whereas the levels of products deal with the product attributes. In this session, a student will get to know about the types of services customers receive from the retail store.

Activities

Activity 1: Visit a retail outlet and observe the products and services involved in the business.

Material required: Notebook, paper, Pen, Pencil

Procedure:

1. Make a group of five students in each group.
2. Visit a retail outlet.
3. Greet the manager and take permission to ask questions.
4. Ask the sales associate or retailer about various products and services involved in the business.

5. Note down the products and services of the retail outlet.
6. Prepare a list.
7. Make a brief report on the products and services involved in the retail business.
8. Submit the report to the teacher.

Check Your Progress

A. Fill in the Blanks

1. Product is any _____ offering from the market.
2. Products are _____ and services are _____
3. Some products are _____ in nature, for example in the restaurant individual should understand the notion of spoilage and waste reduction.
4. _____ is to identify the consumer's segments that have common characteristics.
5. _____ business comprises the sales of merchandise from a solitary point of purchase directly to a customer who aims to use that product.

B. Multiple Choice Questions

1. There are _____ product levels.
 - a) two
 - b) five
 - c) six
 - d) seven
2. _____ is fundamental need that consumers satisfy by using the product or services.
 - a) Core benefit
 - b) Generic
 - c) Potential
 - d) None of the Above
3. _____ is set of characteristics that purchasers expect and agree to buy a product.
 - a) Expected product
 - b) Augmented product
 - c) Generic product
 - d) None of the above
4. _____ includes all the transformations and augmentations a product might experience in the

future.

- a) Tangibility
- b) Core benefit
- c) Potential product
- d) Generic

C. State whether the following statements are True or False

1. A product is anything that can be offered to a market for attention acquisition use or consumption that might satisfy the consumers wants or needs.
2. Retail business comprises the sales of merchandise from a solitary point of purchase directly to a customer who aims to use that product.
3. There are six product levels.
4. Sales trend analysis gives the indication of the business working.
5. Situation analysis does not help to uncover the expansion opportunities.

D. Short Answer Questions

1. What do you mean by product and services?
2. What are the capabilities required for sales trend analysis?
3. What do you understand by retail business products?
4. What are the levels of products?
5. What do you mean by market trend?

E. Long Answer Questions

1. What are the different categories of retail products?

F. Check Your Performance

1. Prepare a chart on the related products/services and possible opportunities.
2. Demonstrate retail products.

Session 2: Data Sources and Processing

Data is a collection of distinct values that convey information, describing the quantity, quality, fact, statistics, and other basic units of meaning. There are two main sources of data i.e., primary and secondary data. Every business requires to collect data and process it into meaningful information. It is

necessary to use the information for the future growth of the business as well as take the necessary actions if required to achieve the business goals.

Primary Data: Primary data are the data that are collected directly from the persons. Sources of primary data are observation, experimental, and survey methods. Various types of experimental designs are used in carrying out experiments. The survey method is used to predict sales, analyse current sales, forecasting, etc. observation is through the day-to-day operational activities of the business.

Secondary Data: Secondary data is the indirect source of data that is collected from reports, books, journals, etc. Sources of secondary data are internal sources and external sources. Internal sources are the sources that are collected within the organisation. External sources are the data collected outside the organisation.

Internal sources of data are salesforce reports, internal experts, accounting resources, and other miscellaneous reports. Accounting resources provide information about the internal factors that are used by marketing researchers. The salesforce report is the report of product sales information. Internal experts give the best idea about how work is going on and how to finish it.

External sources of data can be categorised into government publications which include Registrar General of India, Central Statistical Organisation, Director General of Commercial Intelligence, Ministry of Commerce and Industries, Planning Commission, RBI, Labour Bureau, National Sample Survey, department of economic affairs and state statistical abstract. Government publications are a rich pool of data for market researchers. These data are easily accessible on internet websites. Non-government publications are the publications of various industries and trade associations, for example, the Indian Cotton Mill Association, Chambers of Commerce, Bombay Stock Exchange, various associations of press media, Export Promotion Council and Confederation of Indian Industries.

Syndicate services are the services offered by various organisations that collect and tabulate marketing information daily to sources, and their clients who subscribe to these

services. For collecting data from local three approaches are used which are survey, mail diary panel, and electronic scanner services. They collect information from a wholesaler, retailers, and industrial firms. The survey helps to get information about lifestyle, sociographic and general topics related to customers. The main diary panel is related to purchases and media. To produce data on a volume basis electronic scanner services are used. Operations Research Group (ORG) and the Indian Marketing Research Bureau (IMRB) are the syndicate services.

METHODS OF DATA COLLECTION

Primary data is collected directly from first-hand sources through surveys, experiments, or observations. Some of the methods of data collection are:

1. **Observation Method:** This is used when the study links to behavioural science. Various observations are structured and unstructured, controlled and uncontrolled, and participant and non-participant.
2. **Interview Method:** This is in terms of verbal responses. There are two ways of interview 1) Personal interview 2) Telephonic interview
3. **Questionnaire Method:** The set of questions is developed. The questions are printed in the form and the survey is conducted.

Secondary Data Collection Methods

In this method, data already exist or are printed. It includes magazines, books, journals, etc.

Various published sources are

- Government publications
- Business documents
- Journals
- Books
- Public Records

DATA PROCESSING SYSTEM

Data means the collection of facts that comprises personal data, web data, sensors, data, etc. Data processing is the procedure of converting raw data into expressive information through a proper process. Data processing systems analyse a huge

amount of data into meaningful information (Fig. 4.2). Proper data processing system makes a positive impact on customer retention, operational efficiencies, quality development and gaining a competitive advantage.

The data processing system includes machines, processes, and people that are the set of inputs to produce output. Input and output are related to each other. Data, facts and information are interrelated with each other which depends on the interpreter's relation to the system. An information system is commonly exchanged with the word data processing system. When using an electronic system, the concept becomes electronic data processing (Fig. 4.2).



Fig 4.2: Electronic Data Processing System Source: <https://rb.gy/fpvxad>

The data processing system includes sorting, conversion, validation, aggregation, summarisation, analysis and reporting.

- Validation means ensuring that supplied data is correct and useful.
- Sorting means arranging items systematically.
- Summarising means reducing data and keeping key points.
- Aggregation means a combination of all parts of data.
- Analysis means to organise, combine, analyse, interpret and present the data.
- Reporting means the summary of data or aggregated information.

STEPS OF DATA PROCESSING

Data processing includes the following steps:

1. **Collection:** Collection is the first step in the data processing system. Data is collected from various sources like web data, sensor data, surveys, day-day transactions, etc. Quality and quantity of data are very important for decision-making.
2. **Preparation:** This step removes unwanted data. It is the process of sorting and filtering collected data.
3. **Input:** Collected data converted into a machine by using inputs like a keyboard, scanner, data entry, digitiser and then converted into the format called input.
4. **Process:** This step transforms the input data into output data. Today various processes and systems are available which give quick decisions.
5. **Output:** Processed information is presented in the form of output. It is printed reports, a video screen, and audio.
6. **Storage:** This is the final step of data processing. It stores the data and application for further use. Specific Relational Database Management Systems such as Oracle, SQL Server, and MySQL, can be used to store the data.

MAINTAIN ACCURATE AND CURRENT DETAILS OF PRODUCTS AND SERVICES IN PRODUCT DATABASES

To keep updated information, it is important to track and maintain a customer database. It builds loyalty, and access to clients, and inspires repeat purchases.

MEANING OF CUSTOMER DATABASE

Customers of a business are the most important asset of a firm. Depending on the kind of retail products and services the retailer might sell to similar customers over and over. There are other kinds of businesses that trade to a customer rarely and are continually looking for new customers.

For instance, a surgeon might do surgery on a person the first time, and that patient may not ever require another surgery. Conversely, a dentist sees their patients one time or two times a year on an ongoing basis. The way they interact with their customers will be different because of the need for their

services. As a consequence, the way a retailer uses customer information can be very important. The customer database comprises contact information, person's full name, address, phone number, and mail address. It is the gathering of information from each person. This database also includes the past activity of the customer and which will guide future requirements.

Benefits of a Customer Database

Customer data provides benefits to the organisation in many ways. Let's see at once a glance at these benefits.

1. It provides an opportunity to offer better service to the customers.
2. The buyer database not only keeps important information about the customer, but the database can also help the retailer to regulate, and improve his or her professional services to satisfy the retailer to regulate and needs of consumers.
3. The database helps business persons to keep in touch with customers. This builds loyalty and repeats purchases. Repeat purchase customers are identified and contacted for the special offers that are targeted to lively customers.
4. The database also aids identify one-time customers to repeat the buying.
5. These aids single out groups of customers that can be promoted and marketed with definite offers to inspire customers to come back.
6. The retailer can provide offers, special discounts, or programs to stimulate the consumers to buy the goods and services.
7. Having a customer database make obtainable access to contact information. This permits appointments to be established, customers to be followed, and clients to be communicated.

Summary: This session taught the students importance of information and data in the retail market. It also explains the core market research process such as data collection methods, processing, analysing data, finding, and conclusions. This market research is important to introduce new products, changes in existing products, adopt advancing technology and be indifferent to a competitor.

Activities

Activity 1: Visit a Mall and identify the sourcing and processing of product and service data. And prepare a report on it.

Materials Required: Notebook, pen, pencil, rubber

Procedure:

1. Visit the mall which is nearby you.
2. Greet the manager and take permission.
3. Ask the manager the following questions:
 - a) What are the sources of product and service data in your business?
 - b) In what way you are processing the data for producing meaningful information?
 - c) What is the impact of various sources of data on your business?
 - d) Give suggestions to improve the data processing system
4. Note down the main points of all answers.
5. Prepare a brief report and submit it to the concerned teacher.

Activity 2: Identify the data collection methods.

Material required: Notebook, pen, pencil, computer with internet

Procedure:

1. Make groups of five students in each group.
2. Ask them to use the internet and find out the customer data collection methods.
3. Ask them to write down the methods in their notebook.
4. Allow group discussion for five minutes to find out the data collection methods.
5. Ask all the groups to give the presentation in the class.
6. The teacher evaluates the presentation of all the groups.

Activity 3: Prepare a chart on the steps of data processing.

Material required: Drawing sheet, colour, pen, pencil

Procedure:

1. Ask the students to learn about the steps of data processing.

2. Distribute drawing sheets and colour pens to all students.
3. Ask them to prepare a chart on the steps involved in the data processing.
4. The teacher takes the oral presentation of all students on the steps of data processing.
5. The teacher evaluates the performance of the students.

Check Your Progress

A. Fill in the Blanks

- a. _____ includes machines, processes, and people that are the set of input to produce output.
- b. _____ means ensuring that supplied data is correct and useful in the data processing system.
- c. Collection of facts that comprises personal data, web data, sensor data, etc., is called _____
- d. Keyboard, scanner, data entry, digitizer is converted format is called _____.
- e. _____ is the collection of information that is collected from each person.

B. Multiple Choice Questions

- a. Sources of data are:
 - i. Primary data
 - ii. Secondary data
 - iii. Both A and B
 - iv. None of the above
- b. Data that are collected directly is called.....
 - i. Primary data
 - ii. Raw data
 - iii. Secondary data
 - iv. Tertiary data
- c. Which of the following is/are internal sources of data?
 - i. Salesforce report
 - ii. Internal experts
 - iii. Accounting resources

- iv. All of the above
- d. Which of the following is/are external sources of data?
 - i. Central statistical organisation
 - ii. Director-General of commercial
 - iii. RBI and Labour Bureau
 - iv. All of the above
- e. Features of cost control are/are not:
 - i. To identify the expenses, the practice of reducing expenses increases profitability starting with budgeting and outsourcing.
 - ii. To achieve the objectives
 - iii. To treat customers badly
 - iv. All of the above
- f. Services that are given by various organizations that collect and tabulate marketing information daily for a various number of clients who subscribe to these services are called as
 - i. Client Services
 - ii. Syndicate services
 - iii. Management services
 - iv. None of the above

C. State whether the following statements are True or False

- a. There are two main sources of data one is primary and the second is secondary data.
- b. Maintaining a customer database is not an important way to keep up- to-date on customer information and data.
- c. There are not having various types of experimental designs that are used in carrying out experiments.
- d. Sources of secondary data are internal sources and external sources.
- e. The data processing system includes conversion, sorting, validation, summarisation, aggregation, analysis, and reporting.

D. Match the Columns

	Column A		Column B

1	Primary data	A	Indirect source
2	Secondary data	B	Conversion of raw data into meaningful information
3	Data Processing	C	Direct source
4	Customer database	D	Collection of information

E. Short Answer Questions

- What do you understand by sources of data?
- What is the need for a customer database?
- State the main difference between primary and secondary data.
- What do you mean by data processing?
- What is the meaning of syndicate services?

F. Long Answer Questions

- Explain the data processing system in detail.
- Elaborate on the benefits of a customer database.

G. Check Your Performance

- Prepare a chart on the data processing system.
- Prepare a list of various primary and secondary sources of data.
- Demonstrate steps involved in data processing.

Session 3: Retail Services

Products and services of the business plan are more than the list of offerings provided by the business organisations. Products and services need to show the quality, and benefits provided by the business. Business plan summaries about the products and services, why it is required, and how they will struggle with other business selling. Products and services unit of retail business should include a description, comparison, marketing information, sales effort, intellectual

property, how to fulfil order requirements and future products and services.

MEANING OF RETAIL SERVICES

Products and services are interrelated. When deciding on any product to purchase a buyer can check it but when the seller provides service to show the product it is a matter of interaction between the seller and the buyer. The seller or individual salesperson should be well-informed, courteous, and interested to negotiate.

CLASSIFICATION OF SERVICES

Services refer to processes and not physical products. Examples of services like hair salons, restaurants, public transportation, theatre, education, etc. Services also include repairs and maintenance, legal services, dry cleaning, insurance, banking, etc.

Classification of services is based on two points. These are subdivided into two further variables.

1) Classification based on the Tangibility

- a) **Services for People:** Health care, saloons and restaurants where services are provided by people to people.
- b) **Services for Goods:** Repair, maintenance, transportation and others. Services are given by people for goods or objects.

2) Classification based on Intangibility

- a) **Services Directed People's Minds:** Services that are sold through influencing the creativity of humans.
- b) **Services Directed at Intangible Assets:** Legal services, banking, and insurance services which are difficult to quantify and price.

The most intangible aspect of service output is shown by information processing. There is no need for customer involvement such as consultancy service.

The general classification of services based on the kind of function is as follows:

1. Communication services.
2. Distribution services.
3. Constructions services.
4. Environmental services.
5. Financial services.
6. Educational services.
7. Health-related and social services.
8. Transport services.
9. Recreational services.
10. Other services.

CHARACTERISTICS OF SERVICES

Characteristics of services are as follows:

- 1) **Fluctuating Demand:** There is a high degree of fluctuations in service demand. The changes can be seasonal, or by hours, weeks or days.
- 2) **Perishability:** Service is extremely perishable and the time element has boundless significance in service marketing.
- 3) **Intangibility:** Services cannot be touched or sensed therefore called intangible in nature.
- 4) **Inseparability:** Personal services are created and consumed, simultaneously.
- 5) **Heterogeneity:** Services are not uniform in nature. It may vary.
- 6) **Pricing of Services:** Pricing decisions are influenced by perishability, fluctuation in demand and inseparability.
- 7) **Service Quality is not Statistically Measurable:** It is explained in form of responsiveness, empathy and reliability which are in control of the employee's direction in cooperating and interacting with customers.

UP-SELLING AND CROSS-SELLING

Up-selling is the process or practice of encouraging customers to buy high- end or costly products. Cross-selling is the practice to request customers to buy related items or complementary. Cross-selling and up-selling are mutually useful when implemented properly.

Up-selling and cross-selling (fig 4.3) both are important to improve the business. These strategies are easy to generate revenue. Cross-selling is the practice to identify the products that satisfy complementary needs, and additional needs that are unfulfilled. For example, a face cream could be cross-sold to a purchaser buying a face wash. This technique is working in all types of commercial businesses and insurance agencies. Car insurance is cross-sold to people buying a car. Cross-selling helps to make alert customers to buy products that are not purchased previously. It also makes customers satisfied.

It offers value to the customers and raises income without the price or cost of different marketing channels. Up-selling is a sales technique where a seller offers the customers to purchase an extra high-end product (Fig. 4.3). It upgrades in an attempt to make a more profitable sale. Business usually unites up-selling and cross-selling techniques to increase revenue. It makes the customers satisfied. Cross-selling is the technique of selling a supplementary product or service to the present customer at the shopping time. Cross-selling is used to increase profit by showing products related to the purchased product to the present or existing customers.



Fig. 4.3: Up-Selling and Cross-Selling

Source: shorturl.at/msMN9

Upselling regularly utilises comparison charts to market higher-end products or high quality to customers. Up-selling helps the customers to visualise the value they will get. Cross-selling and up-selling are the same in the sense that both focus on providing extra value to the customers. The solution to

success in both is to truly recognise what your customer value and fulfil those needs.

USE OF UP-SELLING AND CROSS-SELLING STRATEGIES

There are various ways of up-selling and cross-selling strategies. To get success in the business, a marketer should have to follow these strategies.

1. **Offers Discount:** Provide a special discount to the customers in the form of coupons or offers like free services if they buy the product from the store. Before deciding on any offer discovers the Return-on-investment rate of the offer (Fig. 4.4).



Fig. 4.4: Offers and Discounts

2. **Identify Loyal Customers:** Identify the customers who purchase products regularly from the store. Take feedback from them. Follow the suggestions of the customers to target new customers.
3. **Business Reviews:** Find out the profitability of the business they offer for cross-selling and up-selling the current customer. Cross-selling and up-selling tall about customer needs. This is not possible without a business review from customers.
4. **Inform Customers Why They Need:** Inform customers about the up- selling and cross-selling tactics.

The advantages of Cross-selling and Up-selling are:

- It keeps the relationship with existing as well as new customers.
- It increases conversion rates.
- It generates a lead.
- It makes loyal customers.
- It improves customer service.
- It makes it easy to sell unwanted products.
- It offers flexibility.
- It makes selling convenient.
- It promotes innovation

Disadvantages of using cross-selling and up-selling strategies

Cross-selling always has one element of risk that is ruining the relationship with the existing customers. The customer might not be interested in the offers and they feel that the marketer is forcing them to buy. Up-selling offers a high range of products or higher quality of the existing products or services. Convincing customers to a higher quality product are difficult in comparison to the low-priced product.

NEED OF COMMUNICATING INFORMATION TO CUSTOMER

Retailers need to communicate with the supplier in addition to the consumer. From the manufacturer, the retail store should identify the subsequent:

- Retailers or owners should be familiar with when a unique product is launched or else whether the manufacturer or producer is starting a new alternative for the current or existing product.
- Retailers should get the usual training from the producer or manufacturer about brand original or new products and fresh technology.

Retailers should have information well in advance about any impending pricing change. The retailer should also know about the sales forecast from the producer for a given line of products.

EXPANSION OF BUSINESS

Good products or services are the easy facts that no one will purchase if they don't need or want this or consider they don't want it. And customers won't encourage anyone that they want to purchase what they're offering unless the retailer clearly

understands what it is their customers want. But every customer wants or needs information about the different aspects of the product. The customer needs information about the:

- Product design and quality
- After-sales services
- Availability of product
- Price of the product
- Product Variety

It is the sole duty of every retailer to provide clear and accurate information about the products whenever it is demanded by the customer. The retailer also checks whether customer understanding of the product or service is the right way, and they expand the business (Fig. 4.5).



Fig. 4.5: Expansion of Business

Source: shorturl.at/aezEV

Activities

Activity 1: Visit a retail store to observe activities on Up-selling and Cross-selling.

Materials Required: Pen/pencil, notebook, checklist

Procedure:

1. Make a group of six students in each group.
2. Ask them to visit a retail store and observe up-

selling and cross-selling activities.

3. Make a note on up-selling and cross-selling in the notebook.
4. Ask them to discuss upselling and cross-selling in class.
5. The teacher evaluates the group discussion.
6. The teacher gives marking to all the students involved in the group discussion.
7. Evaluate the outcome of the group.

Activity 2: Presentation on retail services.

Material required: drawing sheet, paper, pen, colour

Procedure:

1. Ask students to take a drawing sheet and all the necessary materials.
2. Prepare a chart on retail services.
3. Highlight the main points.
4. Use colors and make them attractive.
5. Take sufficient time to make a neat and clean chart.
6. Present the chart in the classroom.
7. Ask students to give a presentation for 5 minutes.
8. The teacher evaluates the presentation.

Activity 3: Role play to show up-selling and cross-selling

Procedure: Tell your students to make a pair and do role play of shopkeeper and customer to show up-selling and cross-selling

Assessment: Tell students to note down the difference in both selling and cross-selling after the role play.

Check Your Progress

A. Fill in the Blanks

1. Products and services are _____.
2. _____ refer to processes and not physical products.
3. Service is extremely _____ and time elements have boundless significance in service marketing.
4. It is the sole duty of every _____ to provide clear and accurate information about the products

whenever it is demanded by the customer.

5. Up-selling and _____ both are important to improve the business.

B. Multiple Choice Questions

1. Which of the following is/are the strategies of up-selling and cross-selling?
 - a) Offers discount
 - b) Identify loyal customers
 - c) Business reviews
 - d) All of the above
2. The advantages of cross-selling and up-selling are
 - a) Improves relationships with customers
 - b) It makes loyal customers
 - c) Generates leads
 - d) All of the above
3. Disadvantages of using cross-selling and up-selling strategies are
 - a) Customers may not be interested in the offers
 - b) Up-selling offers a high range of products therefore difficult to convince customers
 - c) Both a and b
 - d) None of the above
4. Products and services are different based on various factors like
 - a. Tangibility
 - b. Variability
 - c. Perishability
 - d. All of the above

C. State whether the following statements are True or False

1. Products involved various processes in the business that as manufacturing, transportation, storing, selling, and advertising.
2. Products and services are not interrelated.
3. Sales trend analysis does not indicate the business's working.
4. Cash flow problems are not necessary to understand.
5. Today's business environment is not focused on the business environment.
6. Situation analysis helps to uncover expansion

opportunities.

D. Short Answer Questions

1. What are Up-selling and Cross-selling?
2. Discuss the advantage of cross-selling and up-selling.
3. What are the capabilities required for sale trend analysis?
4. Explain the characteristics of services.
5. What do you understand by the expansion of business?

E. Long Answer Questions

1. What is the meaning of services? and explain its classification.
2. Explain the strategies of upselling and cross-selling.

F. Check Your Performance

1. Demonstrate how to use up-selling and cross-selling strategies.
2. Demonstrate any retail services.

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Session 4: Equipment Used in Retail Operations

There are various problems in which retail stores can become unsafe including non-attention to floor checks, which can lead to injury. A retail store is as safe as the retailer manages it. There is a range of factors to put in mind when assessing the safety of a retailer's store. Creating a conducive environment requires the participation of all employees and management and is not an easy task. It is because the service associates are often taken care of day-to-day operations in a retail store (Fig. 4.6).



Fig. 4.6: Arranging day-to-day Operation in Store

Source: <https://rb.gy/p1z408>

There are many securities and safety-related responsibilities of individual sales professionals. The size of the retail shop determines the level of store security required and the level of operations. A smart independent retailer sometimes not required a real need of security for his or her premises; a large departmental retail store may consider security required. Security of the store premises is necessary to safeguard so that troublemakers do not pamper the store. Security of the merchandise is required to protect it from thieving or shrinkage. Inventory shrinking may arise due to theft by employees, customers, or by the error of the store at the time of receiving the merchandise.

VARIOUS EQUIPMENT INVOLVED IN THE BUSINESS

In business, the amount of data and information that is created has blown up with the growth of the internet. All sizes of businesses requires various ranges of products and services to fulfil business requirements. In today's retailing, business

computers and servers became key components for a business to grow (Fig. 4.7).



Fig. 4.7: Business Computers

Source://rb.gy/omgfaa

Starting up a business requires the following resources and equipment which are:

Office Furniture: Furniture is required for any type of business whether small or large. Small business requires less furniture. Furniture used are chairs, tables, racks, boxes, and products shelf in the retail store (fig. 4.8).



Fig. 4.8: Office Furniture

2. Purchasing and Technical Office Equipment

a) Computers and Servers

- Desktops, tablets, and Laptops are used in various business and used to share information.
- Laptops and computers are used for multiple functions in the business because of the easily available Wi-Fi connection.

b) Peripheral or Auxiliary Devices: Peripheral or auxiliary or secondary devices include printers, keyboards, and optical storage like DVDs, webcams, monitors and hard drives. These are not used for

primary functions but help in the overall function.

- c) **Network Infrastructure:** Network infrastructures are interconnected. They are used for internal and external communications. It is the path of communication that includes equipment like cables, local-area network cards and routers. (Fig.4.9).



Fig. 4.9: Network Infrastructure

Source: shorturl.at/nqEN2

- d) **Networked Printers:** All-in-one machines that can copy, scan, print, and fax is used in the office or shop to share their use by the employees. Using wi-fi machines to connect and interact with other machines.
- e) **Smartphones:** Smartphones changed everyone's way of communication. Smartphones are very useful for small and large businesses. For the individual retailer also, it is very useful. smartphones with internet connection provide various facilities like WebEx, skype, zoom meetings, e-mail, WhatsApp, etc (Fig. 4.10).

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Fig. 4.10: Smartphone

- a) **Cloud Storage:** Cloud storage (fig 4.11) It is using remote services that are connected to the internet. It is used for primary and secondary storage, disaster recovery, and backup services (Fig.4.11).

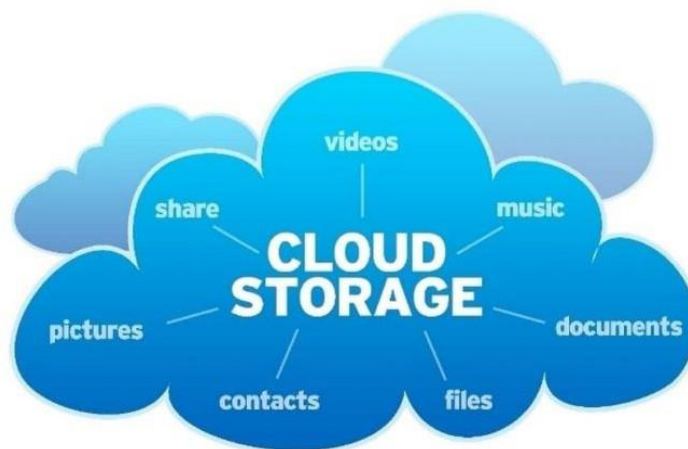


Fig. 4.11: Cloud Storage
Source: shorturl.at/cpLZ1

- 2. Mailing Equipment:** Catalogs, product samples, statements, and documents are just a few examples of items that may be shipped out of the company. The proper mailing equipment, (Fig.4.13) such as scales and postage software can save the company time and money

(Fig. 4.12).



Fig. 4.12: Mailing Equipment

Source: shorturl.at/kqHX8

3. Equipment for Reporting: There are a lot of security measures that can inform or make an alert to the staff or customers. Some of them are listed below for reporting risk security –

TYPES OF ELECTRONIC EQUIPMENT

Electronic Article Surveillance (EAS): It is an electronic tag that must be removed or deactivated at the check-out counter before the item leaves the storefront. This means if any customer or employee takes the product out of the store with the tag on it the sensors alarm the detection beep at the store exit counter. Associates must remove these tags only by removal equipment and not by hand or with ordinary tools (Fig. 4.13).



Fig. 4.13: Electronic Article Surveillance **Source: shorturl.at/aopOV**

Closed Circuit Televisions (CCTVs): This form of retail security is the most commonly used in the world. It is a network of cameras installed at key locations (least secure areas) within the store connected to a central television. These cameras are fixed or can be rotated. If any unethical lifting or mis behaviour took place in the store, an associate can see the recording of the footage and can report it to the authority. A shoplifter can also do cheating by covering these cameras with an inverted transparent dome or cloth so that the direction in which the camera is facing, is not visible to anyone (Fig. 4.14).



Fig. 4.14: CCTV

Source://rb.gy/eyceef

Radio Frequency Identification (RFID): Radio Frequency Identification is indeed a powerful application for the retailing industry as it enables access control and security.

It helps in migration from a passive security model to one where active monitoring is made available to the retailer in real-time mode. For example - An RFID system can authenticate the kind of laptop that can be carried by persons A, B, and C that can enter the premises at a point in time. If there are some violations the system will raise an alarm etc. Further, the associate can catch that person after listening alarm.

Digital Signatures (for online retailing): The usage of digital signatures (Fig. 4.15) using PKI (Public Key Infrastructure) as well as encryption technology for vendor or supplier's management, though expensive will go a long way in enhancing online security specific to e-commerce

transactions. This technology can help customers and also retailer can save from Security Breaches.



Fig. 4.15: Digital Signature

Source:shorturl.at/IHMY8

PRECAUTIONS AND MAINTENANCE REQUIRED

A well-defined policy is required to deal with security issues and be available to all associates and other staff members of the store. It should address:

- Identifying, assessing, minimizing, and monitoring risks;
- Key control;
- Protecting the premises;
- Security of various valuable items, cash or drugs etc.
- Access to the premises;
- Training and supervision of associates and other staff members on safety measures relating to security issues;
- Using and maintaining security equipment;
- Ongoing assessment of risks and upgrades all in technology and business practices;
- Action to be taken in the incident of theft or other issues;
- Helping staff after a robbery or other issue;
- Liaising with the police in circumstances of any crime happened in the store's premises; and
- Public relationship with the media.
- Security measures are effective only when associates follow and use instructions and preventions properly.
- There is a requirement of regular monitoring to ensure that associates continue to use proper work practices.

The retailer is advised to give periodic, constructive feedback to associates. It helps to ensure that they comprehend the safety procedures and their importance.

TECHNOLOGIES THAT CAN IMPROVE EFFICIENCIES AND REDUCE RISK

Risk is simply defined as the chance of a negative outcome. Computers and software, smartphones, and internet connection help to reduce the risk and improve business efficiencies. To work speedily computer technology is working as a fast mode of communication. It helps to reduce the risk of manual errors. Reporting equipment helps to reduce the risk of a shoplifter.

Any business handling in cash, (whether large or small amounts in a village, city, or town) is at risk from robbery, theft, etc. This is also correct that stores where items are stored or with no trouble exchangeable items such as retail items are readily accessible. Effective measures must be taken to minimize risk and potential threats to safety. There are various tools and equipment which reduce or minimize the risk of manual errors, shoplifting, money counting mistake, checking products, counting products, etc.

In retailing, the customers' bottom line is most important: If the retailer holds customer data and by sharing this data with others, the retailer must be at risk of losing customers in the future. It is also noted that damages like financial and reputational can be imposed on a retailer by a major security breach can be so severe, and so destructive that may not be manageable to attract customers again.

Activities

Activity 1: Visit a retail store to identify the equipment involved in the retail business.

Materials Required: Notebook, pen, pencil, rubber.

Procedure:

- A. Visit the retail shop which is nearby to your school.
- B. Greet the manager and take permission from him or her.
- C. Ask the manager or owner of the retail shop about

what are the equipment involved in the business.

- D. Meet with other sales executives and ask a similar question.
- E. Note down in the notebook.
- F. Prepare a brief report on equipment involved in retail business.
- G. Submit the report to the concerned teacher.

Activity 2: Prepare presentation on equipment used in the business and its operational procedure.

Materials Required: Notebook, paper, notes pen, pencil, rubber.

Procedure:

- A. Make a group of six students in each group.
- B. Write down the equipment involved in the business on the paper.
- C. Start group discussion on equipment involved in the business.
- D. Note down the key points of all participants regarding equipment's used in retail business.
- E. Based on the information selected prepare the presentation with all equipment's figures and its features.
- F. Present the presentation developed by each group.
- G. The teacher gives remarks to the students.

Ask the students to prepare a small report and submit to the concerned teacher.

Check Your Progress

A. Fill in the Blanks

1. Inventory _____ may arise due to theft by employees _____ or customers.
2. Peripheral devices or secondary devices are also called _____ devices.
3. _____ of the store premises is necessary to safeguard so that troublemakers do not pamper the store.
4. _____ is indeed a powerful application for the retailing industry as it enables access control and security.

B. Multiple Choice Questions

1. Full form of CCTV is
 - a) Closed Circuit Television
 - b) Credit Card Techno vision
 - c) Cool Techno vision
 - d) Color combination techno vision
2. Which phone changed everyone's way of life
 - a) Landline phone
 - b) Smartphone
 - c) Dual phone
 - d) None of the above
3. Which is using remote services that are connected through the internet
 - a) Cloud Storage
 - b) Salesforce report
 - c) Accounting resources
 - d) None of the above
4. Modern way of signature
 - a) Pen signature
 - b) Fast signature
 - c) Digital signature
 - d) Signature

C. State whether the following statements are True or False

1. There are not many security and safety-related responsibilities of individual sales professionals.
2. The size of the retail shop does not determine the level of store security required.
3. Risk is simply defined as the chance of a negative outcome.
4. The retailer is advised to give periodic, constructive feedback to associates.
5. Furniture's required for any type of business whether small or large.

D. Short Answer Questions

1. What do you understand by security?
2. What is the need for RFID?
3. Discuss mailing equipment.
4. What do you mean by office furniture?
5. List the purchasing and technical office equipment.

E. Long Answer Questions:

1. Explain various equipment involved in the business.
2. Explain the technology that can improve efficiencies and reduce risk.
3. Explain the types of electronic equipment and their features.

F. Check Your Performance

1. Demonstrate business equipment.
2. Prepare a chart on the precautionary measures.
3. Use the internet and prepare a list of various equipment used to improve working efficiency.

MODULE 5**MARKET ANALYSIS AND INVENTORY
MANAGEMENT****Module Overview**

Marketers have to analyse what consumers think, how they feel about the different alternatives, and how they behave while purchasing the products or services. The market environment also influences the purchase behaviour of the consumer. Hence, there is a need to undertake market analysis for any businessman specifically the retailer. Market analysis is the activity of gathering information about conditions that affect a marketplace. It provides information about industries, customers, competitors and other market variables. It helps to determine the relationship between supply and demand for a specific product or service. Based on the findings the retailer can formulate marketing strategies for his or her retailing operations. Thus, in this unit, an attempt is made to study consumer behaviour and competitor analysis.

In the retail store, products need the supervision of goods movement from the manufacturer to the warehouse. Therefore, the retailer is managing inventory flow. Inventory management is one of the functions of retailing. Management functions are interlinked to provide products and services to customers and make them satisfy. Inventory management is a key aspect of business distribution functions. It includes functions relating to packing, transforming, processing, and sale in the future point of time. The retail organisation needs to do careful inventory management to prevent stocking and overstocking as stocking and overstocking are bad.

This unit consists of four sessions. The first session explains the analysis of buying behaviour, the second session deals with the analysis of competitor and sales promotion, the third session narrates effective inventory management, and the fourth session is devoted to maintaining stock levels by the retailer.

Learning Outcomes

After completing this module, you will be able to:

- Identify customer need and plan product assortment/range to conduct market analysis.
- Find out marketing plans through promotions and campaigns to create awareness of generate customer
- Demonstrate effective management of inventory and sales
- Explain Inventory management and maintaining stock level

Module Structure

Session 1: Analysis of Buyer Behaviour

Session 2: Analysis of Competitors and Sales Promotion

Session 3: Effective Inventory Management

Session 4: Maintaining Stock Levels

Session 1: Analysis of Buyer Behaviour

Various factors are influenced by various customers. Marketers should have to study the purchasing behaviour of consumers. The major factor's that influence consumer behaviour which are personal factors, psychological factors and social factors. Personal factors are those that factor which shows or represent an individual's interests and opinions. It is influenced by demographics such as gender, age, culture etc. Psychological factors are the factors that represent an individual's response to a marketing message. It depends on the perceptions and attitudes. Social factors are the family, social media, friends, and education level that influence consumer behaviour. This session explains buying patterns of consumers.

TARGET AUDIENCE PROFILE

Marketers search and identify target audience profiles. The first task of the marketer is to identify the target audience. Before selling the products in the market it is necessary to identify and analyse the target audience and their buying patterns.

Buying Patterns of Customers

The process of buying generally starts with problem recognition of the consumer and ends with a post-purchase

evaluation. It completes the five stages which are problem recognition, search for information, evaluation of alternative options, buying decisions, and final purchase and post-purchase evaluation (fig. 5.2). Buying pattern or consumers purchase pattern provides information on how consumers purchase products or services in terms of certain characteristics that are related to quantity, frequency, timing, etc. Buying patterns depend on various factors, therefore, it is not consistent. The study of buying patterns is known as buying pattern analysis.

For example, a family used to buy 4 kg of sugar each month. Some guests arrived to stay in their house for six months. Hence, the buying pattern of consumers changes in terms of quantity and frequency due to new circumstances. Now they might have to buy 6 kg of sugar each month or 3 kg twice a month.

PROCESS OF BUYING PATTERN ANALYSIS

1. Problem Recognition: This is the first stage that involves the consumer recognising their needs. The process of recognising the want or need can be internal or external. When a consumer recognises his or her need on his or her own, it is called internal stimuli. For example, a customer's old scooter is not in good working condition and he or she realises to purchase a new scooter is an internal stimulus. When a business makes the customer realise that he or she can select various types of scooters of modern technology is an example of external stimuli.

1. Search for the Information: The second step after recognising the need consumer starts searching for information that may address his or her problem. Information can be searched with friends, family, and experts. It can also be gathered from various sources such as displays, discussion, advertising, and others. A consumer can also collect information through mass media. Consumer do efforts to search for information about products that they are interested to buy.

2. Evaluation of the Alternative Options: After making efforts to search for information consumers evaluate the options. The consumer decides on two levels that is product type and brand. Consumers create a set of solutions according to their

needs and assess various options available.

3. Final Buying: It involves the decisions about the products to purchase and not to purchase. It gives the answers to the questions like where to buy, when to buy and how to pay for the products.

4. Post-purchase Evaluation Process

This stage cannot be ignored by the business. This stage gives the reaction of the consumers to the products and services. They viewed the positively or negatively the products. In this final stage, marketers need to be proactive and encourage consumers to buy the product (Fig. 5.1).

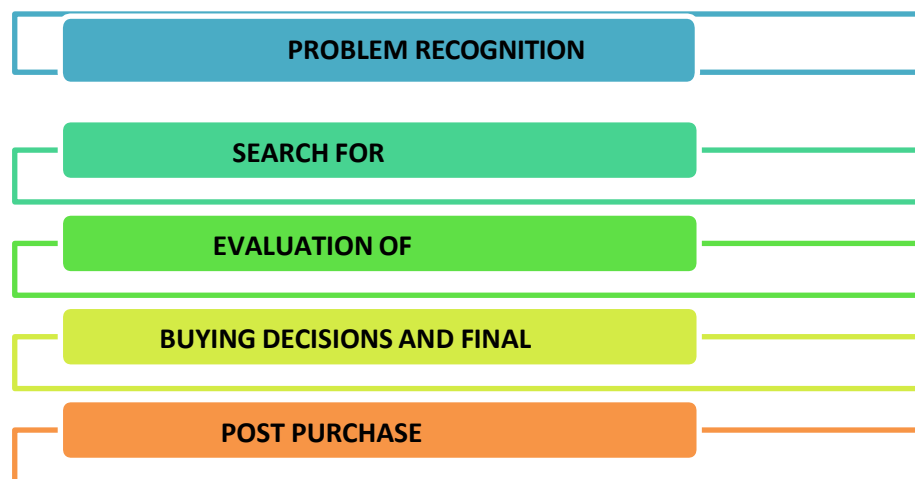


Fig. 5.1: Buying Process

TYPES OF CONSUMER BUYING BEHAVIOR

Consumer buying behaviour depends on the level of involvement of the consumer in deciding to purchase. The level of involvement is all about the interest shown by the consumers in the products. It also shows the interest of the consumer to know the information about the products and services.

The motive for change in the buying pattern of consumers may be multi-fold and therefore becomes crucial for business to target consumers. It is generally called as key to a marketing strategy which lies in understanding buyer behaviour. The various types of buying behaviour are -

1. Routine Response: Routine response is the low involvement purchase of the items. These are needy items, and some search and decision efforts are required. Example milk, and snack food.

2. Limited Decision-making Products: These are purchased occasionally. It takes an adequate amount of time to know unfamiliar brands. For example, in clothes, the consumer knows the product class but does not the product brand.

3. Extensive Decision Making: It involves high involvement of the product and unfamiliarity with the products. These are infrequently purchased products. It involves a high degree of performance, economics, and psychological risk.

4. Impulse Buying Pattern: These are buying without any conscious planning. The promotional programs of the retailer may lead to the impulse buying behavior of the consumers.

SUMMARY : This session explains the buying behaviour of customers as we all know it changes as per the place, time, gender, season, taste, and choices. One must need to identify the demand or the problem of the customer then focus on available options and provide the best solution to the customer.

Activities

Activity 1: Visit 2-3 retail outlets and identify market analysis and target selling conducted by them.

Material required: Notebook, paper, Pen, questionnaire, pencil, rubber, and checklist.

Procedure:

- Make a group of 4 students.
- Visit a retail outlet and take the permission of the manager.
- Ask the following questions to the retail outlet managers or owners of the retail shop.

1. What are the strategies used to identify the target audience in your retail outlet?

2. What are the procedures are following for market analysis?

a. What are the ways of target selling by your retail outlet?

2. Observe the target selling process conducted by the retail outlet.
3. Note down important points.
4. Repeat the above process in other retail outlets.
5. Prepare a comparative report of different retail outlets.

Check Your Progress

A. Fill in the Blanks

1. Milk is the example of _____ involvement purchase.
2. Extensive decision-making involves _____ involvement of the product and unfamiliar with the products.
3. _____ is the first stage that involves the consumer recognising their needs.
4. The _____ step after recognising the need consumer starts searching for information that may address his/her problem.
5. Consumer buying behavior depends on the level of _____ of the consumer in deciding to purchase.

B. Multiple Choice Questions

1. Which of the following is the first step of buying?
 - a) Search for information
 - b) Evaluation of alternatives
 - c) Buying reaction
 - d) Problem recognition

2. Personal factors are that factor which represent
 - a) Improves relationships with customers
 - b) Individual's interest and opinion.
 - c) Generate sales
 - d) All of the above
3. Factors that influence consumer behavior
 - a) Personal factors
 - b) Psychological factors
 - c) Social factors
 - d) All of the above
4. Types of buying behavior are
 - a) Routine response
 - b) Limited decision-making products
 - c) Impulse buying pattern
 - d) All of the above

C. State whether the following statements are True or False

1. The routine response is the low involvement purchase of the items.
2. Impulse buying is a buying pattern without any conscious planning.
3. Psychological factors are the factors that do not represent an individual's response to a marketing message.
4. Consumer buying behavior depends on the level of involvement of the consumer in deciding to purchase
5. The post-purchase evaluation process stage can be ignored by the business.
6. Social factors are the family, social media, friends, and education level that influence consumer behavior.

D. Short Answer Questions

1. What is the buying pattern of consumers?
2. What are the factors that influence consumers' buying patterns?
3. Define buying patterns.
4. What do you understand by consumer buying behavior?
5. What is the meaning of problem recognition?

E. Long Answer Questions

1. Explain about target customer in detail.
2. Elaborate on the process of buying patterns done by the retailers.

G. Check Your Performance

1. Prepare a chart on the buying process.
2. Prepare an oral presentation on factors influencing consumer behaviour.
3. Demonstrate how to make influence consumer decision-making.

Session 2: Analysis of Competitors and Sales Promotion

Competitive market analysis is strategic research which is also called competitive research. It is conducted to collect and review important information about the competitive organisations in their industry. This is the tactic that permits firms and business organisations to measure the actions of their competitors. It also determines the threat to their future and their financial well-being.

With the aid of the internet, marketers, entrepreneurs, and business owners can collect various data on the competitor's strengths and weakness. In this way, the organisation always remains a step ahead of its competitors. In this session, students will learn about the products and services offered by the competition, analyse the competitive market, and formulate competitive strategies.

PRODUCTS AND SERVICES OFFERED BY THE COMPETITION

Various types of products and services are offered by the competition. The individual business offers a variety of products and services which are available to the competitor's business. This makes it a tough competition with competitors. There may be a possibility of the same products with slight variations offered by the competitors. It attracts customers if the variations give quality to the products. Sometimes competitors are selling the same product with no variations. In this case, if the cost is low then it attracts the customers to buy the product. Whatever the case may be, the customer always purchases the product or services that give more benefit to them. Providing products and services that give more benefit and quality to the customers in comparison to competitors is the trick to expanding the business.

ANALYSE COMPETITIVE MARKET

Sherry Smoak Director of the D.K. Hardin Centre for market research, Elmhurst College, depicted that various people are

conducting a competitive marketing analysis to know their business and product positions. Businesses need to understand current trends. It is also necessary to know about the competitor's campaigns and strategies. The competitor's analysis is to focus on the competition. There is a need to make well-planned action before engaging competitors. Key benefits of the competitor analysis are:

- It segments the competitors and customers permitting their business needs.
- It finds out the strength and weaknesses of the various market segments.
- It helps to minimize the adverse effect of the external forces
- It helps to determine better price-setting and price discrimination for the various segments.
- It improves business growth and increases profitability.
- It helps to understand the competitor's position.
- It helps to understand the new strategies.

Process of Successful Competitive Analysis

1. In the first step competitor analysis is made as an ongoing process. There is a need to take care of the information sources. The process is based on the accuracy, relevance, and validity of the information.
2. In the second step different techniques are used to collect data. For online business primary source of information is the internet. Various techniques, used by business organisations to collect the data are financial filing, public domains, company reports, newspapers, online news sources, and online databases.
3. The third step is to identify competition. Finding competitors is an important step of competitive analysis. In this step, the retailer finds out the key competitors and the major threat in the business. To identify the key competitors, the simple way is to conduct an online search for business names, ideas, and product types, check communities and organisations present in the market that are selling the same products and services, undertake a public survey to know about the products and services available in the market that are purchased by the customers.
4. In the fourth step, competitors are categorised as primary

competition, secondary competition, and tertiary competition.

- Primary competition means that all organisations directly compete with the business. They offer the same products and services as a target or maybe both.
- Secondary competition is those organisations that have a low-end or high-end version of the product they offer. These types of competition provide various products or services but have existing targeted a diverse audience.
- Tertiary competition is those businesses not directly related but could be alarming competitors if the organisation is interested to enter a new market.

5. In the fifth step, the retailer shall try to find out and understand the marketing approach used by the competitors. It helps to find out the weak points of the competitors. It makes the business work easily grasping the major area of improvement. Analyse competitors functioning about what they are doing and what they are not doing which helps to understand the gap in their business.

6. Evaluating the area of improvement is the last step. Evaluation helps to improve business functioning.
7. All the above steps are implemented to improve marketing strategy, business models, and overall organisational positioning. Analyse the shortcomings of the competitors. Search the opportunities and adapt the strategy to get success. Evaluations are necessary at each step and learning from the weakness and reworking that.

COMPETITIVE STRATEGIES

The long-term action plan of an organisation that is directed to achieve a competitive advantage over its competition is called a competitive strategy. Michael Porter coined the competitive strategy concept. He described four types of competitive strategies that are used and implemented by business organisations. Four competitive strategies of Michael Porter are:

- 1. Cost Leadership Strategy:** This strategy is typical to implement for small-scale business, as it engages long-

term commitment to providing or offering products or services at lower prices in the market. Therefore, the organisation needs to offer products at a low cost to make them profitable. Cost leadership is the low-cost provider in the industry. Various factors of this strategy are efficient operation, technological advancement, bargaining power, and large distribution channels. For example, Walmart.

2. Differentiations Leadership Strategy: Differentiation leadership strategy is all about the unique attribute of a product from competitors in the market or industry. When the product or service differentiates itself from the competitor's product or services in the market by providing superior quality and value it charges premium prices. Examples are Apple, Ben and Jerry's, and Cliff Bar and Company.

3. Cost Focus Strategy: This strategy is the same as the cost leadership strategy but the difference is that the cost focus strategy targets a particular segment within the market. The segment offers low priced products and services. This strategy satisfies the consumer and increases brand awareness. For example, beverage companies, mineral water, etc.

4. Differentiation Focus Strategy: Differentiation focus strategy targets a specific particular segment within the market. It offers unique features and attributes to its target segment. For example, Beach resorts.

MEANING OF PROMOTION

Promotion means the various set of activities that communicate the brand, product, or services to the customers or users. The notion is to keep people aware and persuade them to buy the products.

There are various types of promotions. Above the line, promotions are advertising, consumer promotions, and press releases, and below the line are trade discounts, awards, incentives, etc. (Fig.5.2). Sales promotion is an element of promotional effort.



Fig. 5.2: Discount is a promotional tool

Source: <https://rb.gy/d5f9yf>

MEDIUM OF PROMOTION

Self-promotion is a continuous process of constructing a name that will be identified and will introduce new customers. There are various complex and detailed steps involved in this process.

An advertising medium is essentially the form of advertisement from side to side that a company selects to promote its product or service. There are various numbers of advertising mediums that include, television, radio, magazine, flyers, handouts and billboards, etc. Some mediums can be fairly expensive, like radio and television. Others are comparatively cheap, for example, handouts and fliers, which can charge or cost very slightly per leaflet or paper, depending on the value and amount of work the retailer generates. The kind of advertising medium desired all depends on what kind of product or services they are demanding to promote.

Some examples of promotion mediums are given below:

- TV and cable commercials
- Website building
- Audio-visual projects
- Billboards
- Presentations
- Flyers
- Brochures
- Invitations
- Newspaper

- Magazine ads

Many people don't know what they want. Therefore, it is necessary to understand which type of media is best for the organisation to attract and be aware of customers. The selection of medium should be cost-effective. Advertising is an investment. Therefore, it is vital to understand the medium is the best fit for certain products and services.

PROMOTIONAL CAMPAIGN

Marketers plan a good strategy that makes an effective promotion campaign. Marketers follow strategies for the success of the promotional campaign. They should have to understand different promotional marketing tools. They set objectives among marketing teams. Marketers follow SMART (specific, measurable, achievable, realistic and time-oriented) way to avoid the too widespread 'to increase sales' tactics as it is not expressed in numbers. For the sales goals, key performance indicators are returned on investment and market share at a specified period. Promotional resources are a tool that use to reach out to customers and make influence them to buy. Promotional resources depend on some factors for example the type of products or services that are promoted, the niche market and the channels of communication.

The most popular promo resources that could use are,

- Merchandise display (Fig. 5.3)



Fig. 5.3: Display Merchandise

A promotional campaign is all about communicating a message to the target audience. It decides what to say and how to say it to get a positive response.

Marketers determine the budget to project the sales, return on investment and the number of customers. Measurement or evaluation of the promotional efforts is most vital in the whole process of the promotional campaign. It gives valuable insight into the medium of promotions. Effectiveness can be measured by the customer survey, call or talk with the customers. Customers give feedback about how they feel about the brand or product. The promotional campaigns can be repeated. It is a continuous process that sets goals, allocation of resources and analysis campaigns in the market.

PLANNING OF BUDGET FOR THE PROMOTIONAL PROGRAMME

A promotional budget is a specific quantity of money set to promote the products or beliefs of a business. The budget is repeatedly set according to a percentage of sales to keep an expected growth rate. The promotional budget set money aside for the marketing advertising or sales of the product. The budget is to promote a new or existing product. It depends on the market research, and anticipated return on investment. Due to changes in the market trend promotions are moving towards social media campaigns.

Promotional budgets typically include money put in the direction of advertising across channels or mediums such as radio, television, Internet, and print. A company's promotional budget can comprise operating expenses for email campaigns, outdoor signage and social media outreach. The promotional budget also includes the hiring of outside experts and consultant who helps to develop the campaign. The decision-making process is about the allocation of funds for the budget. Strategies of budgeting are moving from traditional to modern mediums like mobile media, digital media, etc. This new trend contributed to a decline in the print medium.

EFFECTIVENESS OF THE PROMOTIONAL PROGRAM

Effective promotion means the communication and activities that increase sales of the business. If your business is focusing on coupons and sales increases due to advertising, this means that the campaign of coupon is not effective.

Setting performance benchmarks helps to determine marketing activities. A promotional plan is a valued tool when it provides a new service or product or increases the market or business. The promotional message reaches the target audience and helps to understand the message. Promotional message stimulates the target audience to buy the products and services.

SUMMARY: This session deals with the awareness of competitors' products and services along with their uniqueness and similarity. According to that, one must execute their market strategy to differentiate their products. During this session, the student gets to know the promotional strategies to create awareness about the product and services.

Activities

Activity 1: Visit a retail store and identify and find out the marketing plans and promotional campaigns conducted by them.

Materials Required: Notebook, pen, pencil, rubber.

Procedure:

1. Make a group of 4 students each.
2. Visit a retail store and take permission from the managers or owners of the retail shop.
3. Observe the promotional activities conducted by the retail outlet.
4. Meet with the retail managers or owners and sales associates and ask about the promotional campaigns in the retail outlet.
5. Ask the manager or owner about the marketing plans of the retail outlet.
6. Note down the important points.
7. Prepare a brief report on marketing plans and promotional campaigns
8. Discuss in the classroom with each group and handle queries with other group members.
9. Prepare a report and submit the report to the subject teacher.

Activity 2: Select a product and demonstrate the promotional activities for it.

Materials Required: Notebook, pen, pencil, rubber, any product, pamphlets, leaflets, print advertisement, buy one get one free product, samples.

Procedure:

1. Select five students in each group from the class.
2. Ask them to select any product, pamphlet, leaflet, print advertisement, some buy one get one free product, samples, etc.
3. Ask the group to arrange all the activities on the table.
4. Manage the place to demonstrate the promotional activities.
5. Ask them to demonstrate product promotional activity.
6. Assign 5 minutes to demonstrate the activity to each group.
7. The teacher gives his or her remark on the demonstration of each group.

Activity 3: Conduct a small project on competitors' analysis by using the internet.

Materials Required: Notebook, pen, pencil, some products, internet

Procedure:

1. Make a group of 5 students.
2. Select some products.
3. Write down the names of the products.
4. Search on the internet for various competitors of the product.
5. Analyse competitors.
6. Discuss the competitor's analysis.
7. Write down the main points about the product competition.
8. Analyse and write in your own words.
Submit the report to the subject teacher.

Check Your Progress

1. Fill in the Blanks

- a. _____ mean various sets of activities that communicate the brand, product, or services to the customers or users.
- b. _____ campaign is all about communicating a message to the target audience.
- c. _____ includes contests, discounts, free services.
- d. _____ is the planned effort to establish and maintain understanding between the organisation.
- e. _____ helps to allocate the resources to sales promotion, advertising, publicity, and personal selling.
- f. Competitor's analysis is the _____ process.

2. Multiple Choice Questions

- a. S represents in SMART is
 - i. Specific
 - ii. Secondary
 - iii. Sure
 - iv. Security
- b. T represents in SMART -
 - i. Title
 - ii. Tertiary
 - iii. Technical
 - iv. Time-oriented
- c. Which of the following is not coming under the Competitive Strategy?
 - i. Cost Leadership Strategy
 - ii. Differentiations Leadership Strategy
 - iii. Cost Focus Strategy
 - iv. Skim the cream Strategy
- d. _____ is the most real way to build relationships with the customers
 - i. Customer selling
 - ii. Personal Selling

- iii. Public Relation
 - iv. None of the above
- e. Which of the following is the promotion medium?
- i. Flyers
 - ii. Brochures
 - iii. Invitations
 - iv. All of the Above
- f. Which of the following is a Michael Porter strategy?
- i. Cost leadership strategy
 - ii. Cost focus strategy
 - iii. Differentiation strategy
 - iv. Line strategy
- g. _____ is the low-cost producer or provider in the industry.
- i. Balance sheet
 - ii. Cost leadership
 - iii. Differentiation
 - iv. All of the above

3. State whether the following statements are True or False

- a. A promotional plan is a valued tool when it provides a new service or product or increases the market or business.
- b. Assessment of marketing communication is not to understand the target market.
- c. Maintaining a customer database is not an important way to keep up-to-date on customer information and data.
- d. Promotional resources depend on some factors for example the type of products or services that are promoted, the niche market, and the channels of communication.
- e. Various types of products and services are offered by the competition.
- f. Competitive market analysis is strategic research which is also called competitive research.

4. Match the Columns

	Column A		Column B
1	Promotional mix	A	The communication and activities that increase sales of the business.
2	Effective promotion	B	It helps to allocate the resources to sales promotion, advertising, publicity and personal selling.
3	Promotional budget	C	To understand the target market
4	Assessment of marketing communication	D	Can comprise operating expenses for email campaigns, outdoor signage and social media outreach

5. Short Answer Questions

- What is a competitor's analysis?
- What are the elements of a basic competitive market?
- How do you compete in the market?
- Discuss the benefits of effective promotion.
- Write short notes on advertising and marketing.

6. Long Answer Questions

- Explain successful competitive analysis.
- Explain the competitive strategies of Michael Porter to be adopted by retailers.

7. Check Your Performance

- Prepare a chart on product competition analysis.
- Demonstrate advertising activities.

Session 3: Effective Inventory Management

Inventory management means the management of capitalised assets, stock items, or inventory. It is the process to monitor and manage the flow of goods from the manufacturers to the warehouses. It also provides facilities for the point of sale. In business organisations, management functions are interlinked. Supply chain management, logistics, and

inventory management are key aspects of the business delivery functions. These functions are extremely important for marketing managers. It is also helpful to control the finance of the business.

Inventory management plays a vital role that focuses on the supply chain and its impact on the balance sheet of the business finance. Every organisation focuses to maintain an optimised stock level and inventory that can give the right figures for the business finance.

Inventory management needs careful evaluation of the various factors through proper planning. These factors are internal as well as external. Various organisations maintain a separate department for inventory management. Inventory planners are working continuously to monitor, control, and review inventory. There are different varieties of inventory which include raw materials, semi-finished goods, and finished goods. Raw materials are required for production purposes. Semi-finished goods are involved in the various stages of the production process. Finished goods are at various stocking points of organisation, dealers, and stores until it touches the market and target customers. There are also inventories of tools and spare parts to service the products. Faulty or defective parts and scrap are also part of the inventory as these items have economic value. In this session, will learn about how to handle effectively inventory management and how to increase sales.

ASSESS INVENTORY OR PROCURING CAPACITY AS PER COSTS INVOLVED

Inventory comprises products a retailer has in his or her premises or goods packed off to third parties. It works an important role in the smooth functioning of the business. An organisation's balance sheet holds one line that represents end-of-period inventory balances, footnotes to financial statements and shows details on the inventory (Fig.5.4). It includes a description of how an organisation account for its inventory and balances for different sub-categories within an inventory account. There are various types of inventories. It shows a current asset since an organisation usually aims to sell its finished goods within a little amount of period. Inventory has to be physically measured before it is added to a balance sheet. Organisations maintain inventory management systems: first-in-

first-out (FIFO) costing, last-in-first-out (LIFO) costing, or weighted average costing.

Inventory consists of the following:

- **Raw materials:** Raw materials mean materials organisations for their production process.
- **Work in progress:** It represents raw materials in the process of being transformed into completed goods.
- **Finished goods:** These are completed products willingly available for sale to an organisations' customers.



Fig. 5.4: Inventory

- **Merchandise:** It represents finished goods an organisation purchases from a supplier for future resale. For inventory analysis, financial professionals use various financial ratios to check whether a company has any matter with producing and quickly selling its inventory.

Financial ratios can raise potential accounting. Investors analyse to look at an organisation's inventory ratios over a certain period and build comparisons among peers within the identical industry.

Day's sales of inventory (DSI) are an accepted technique of measuring the average time it attains for an organisation to transform its inventory into revenues. The smaller the DSI the more efficient the business organisation would be. DSI can change for the same organisation over time for various reasons, such as outsourced production, inefficient use of inventory, and stuffing warehouse. Inventory turnover helps to analyse the speed at which inventory is being utilised over a certain period and it is calculated as,

- **Inventory Turnover:** In the case of annual inventory, balances that deviate from average annual balances can be used. With the inventory turnover ratio, an organisation is assessed about the excessive inventory levels on hand with the sales level. The ratio can fluctuate due to low sales or poor management skills. It varies from organisation to other. Qualitative analysis of



the inventory is used to assess the method of inventory accounting (Fig. 5.5). Ending inventory balance/annual cost of goods sold

Fig. 5.5: Inventory Ready for Sell

Source: <https://rb.gy/unttm6>

ASSESS OPERATIONAL COSTS

Operational costs are the expenses that are linked with the safeguarding and administration of a business on daily basis. Total operational costs are the cost of goods sold, operation, and overhead expenses. The operating cost can be measured with the following formulae

Operating cost = Cost of goods sold - Operating expenses

To measure operating cost first take the total cost of goods sold from the organisation's income statement. Also, select total operating expenses which are also got from the income statement. Use the formula above to find out the operating cost at that period.

Elements of operating costs are,

- Bank charges
- Accounting and legal fees
- Sales and marketing costs
- Travel expenses
- Office supply cost
- Rent
- Salary and wages
- Repair and maintenance cost
- Entertainment costs
- Utility costs

Operating cost also includes expenses of Cost of goods sold which includes:

- Direct labour
- Direct material costs
- Rent of the plant or productivity facilities
- Benefits and wages for the workers
- Repair cost
- Utility cost
- Taxes

The drawback of operational cost is that it can compare multiple reporting periods to make sense of any trend. Sometimes organisations cut costs for a particular quarter, therefore, inflating their earnings temporarily. Investors have to monitor cost to check whether it is increasing or decreasing overtime of the period.

BREAK-EVEN POINT—In a business, at the point where the cost and income are equivalent and there were no net profits nor loss.

CALCULATE THE PROJECTED BREAK-EVEN POINT

The break-even point is the point where an organisation earns no profit and no loss or it means the organisation's revenues equal its cost (Fig. 5.6). It helps an organisation to get to know when the organisation or products will initiate profits. If the business revenue is less than the break-even point then it means that the organisation is getting or operating loss. If it is above then the break-even point then it means that it is operating profit.

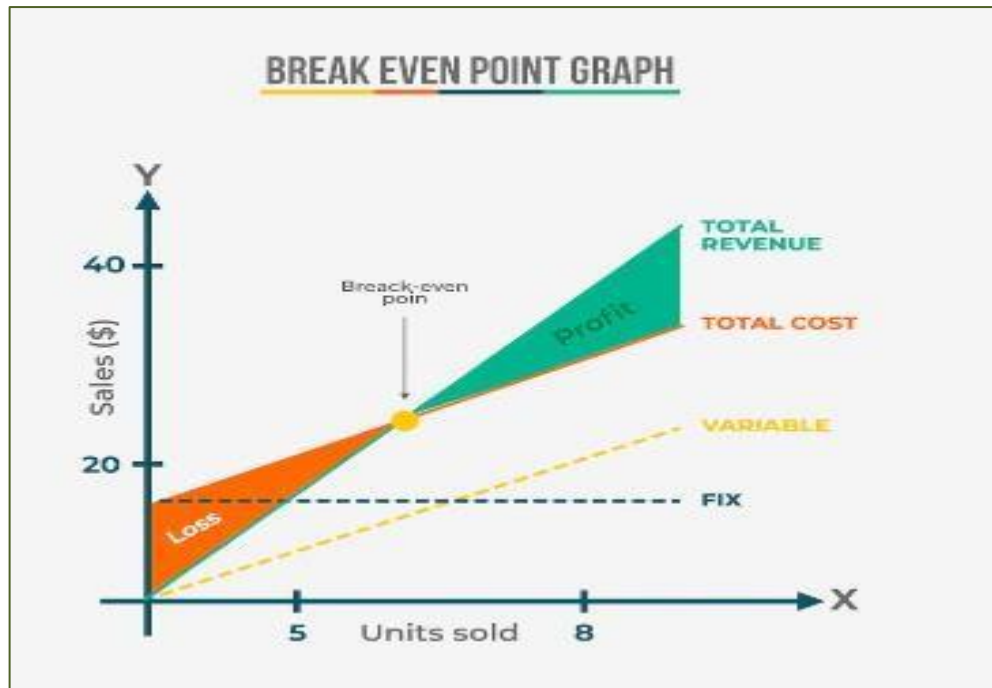


Fig. 5.6: Break-Even Graph

Source : [Shorturl.At/Lst68](#)

The breakeven point is calculated as,

Break-even points = $\frac{\text{fixed costs}}{\text{sales per unit} - \text{variable cost}}$
Breakeven point = $\frac{\text{fixed cost}}{\text{contribution margin}}$

STEPS TO PREVENT INVENTORY LOSSES

Organisations get a loss when it has fluctuations in the stock market, employee crime, natural disasters and economic downturns and the first thing to prevent losses is to identify potential losses.

Loss prevention comprises risk management, protecting the interest of the shareholders, and protecting the interest of the organisations. It confirms continuous business productivity and helps to improve business.

Some steps to prevent losses are given below:

1. Effective management at all levels.
2. Employee participation and training.
3. Loss prevention program to evaluate the loss, predict and avoid them.
4. Collaboration with other business.

5. Focusing on key areas and allocating resources to those areas.
6. Keep alternatives so that it will be ready for continuous business functioning.

CALCULATE PROFITS AND MARGINS

Profit margin is the measurement of profitability. It can be measured for anything that can sell. It is necessary to measure the margin of profit to make certain that the business is making sufficient revenue to support investment in the business. Profits increase business growth with the aid of marketing, advertising, resources, software, etc.

Profit margin = $\frac{\text{gross profit (total sales - total expenses)}}{\text{total sales}}$

TARGETS TO ACHIEVE BUSINESS GAINS

Planning is the most important function of business management. Every successful business reviews its plan regularly. It ensures to fulfil business needs. By reviewing the business progress, the business owner became familiar with the output of its planning. If the business is not giving desired results, there is a need to review the plan.

A good plan sets the future of business growth. It plays a crucial role in the allocation of resources. It is a tool to attract new investors. Ongoing business means monitoring the business based on the objectives.

Regular assessment of the business performance reveals the position of the business. It shows the direction and commitment to employees, customers, suppliers, and other stakeholders.

A business plan is the summary of the business actions which includes the following:

- Marketing objectives.
- How to develop a business?
 - Where do businesses want to go?
 - What strategy follows the business?
 - How to improve the existing sales and processes to achieve growth?
 - Decide the time frame to achieve the goal.
- Operational information.
- Financial information and a budget are required.

Activities

Activity 1: Visit a retail outlet and learn effective drive management of inventory and sales.

Materials Required: Notebook, pen, pencil, rubber.

Procedure:

1. Make groups of 4 students in each group.
2. Visit a retail outlet and take the permission of the manager or owner of the retail shop.
3. Greet the manager or owner politely.
4. Ask the manager or owner the following questions.
 - a) What are the techniques you are following to manage inventory?
 - b) What are the procedures following you to drive effective management of inventory and sales?
5. Write down the important points on the topic.
6. Prepare a brief report and submit it to the concerned teacher.

Activity 2: Prepare a chart of steps to prevent inventory losses.

Materials Required: Notebook, pen, pencil, drawing sheet, scissors, color, rubber.

Procedure:

1. Ask the students to write down the steps to prevent inventory losses.
2. To prepare a chart to collect some photos of the products, from the newspaper or from the internet.
3. Cut the photos from the newspaper using scissors.
4. Paste it on the chart.
5. Write down the main points on the sheet.
6. Use the colours to make them colourful.
7. Ask them to use all the materials to prepare a chart.
8. Submit the chart to the teacher and present the chart in the classroom.

Check Your Progress

1. Fill in the Blanks

- a. _____ comprises products a company has on its premises or goods packed off to third parties.
- b. _____ is the most important function of business management.
- c. _____ is the point where an organisation earns no profit and no loss or it means organisations revenues equal to its cost.
- d. _____ are completed products willingly available for sale to a organisations customers.
- e. _____ represents finished goods an organisation purchases from a supplier for future resale.

2. Multiple Choice Questions

- a. What is the full form of LIFO?
 - i. Lift-in lift out
 - ii. Last-in-lost-out
 - iii. Last-in-first-out
 - iv. None of the above
- b. Full form of FIFO
 - i. fore in-fore-out
 - ii. For-in-for-out
 - iii. Finance out
 - iv. First-in-first-out
- c. Which of the following consists of inventory?
 - i. Raw materials
 - ii. Merchandise
 - iii. Finished goods
 - iv. All of the Above
- d. Operational cost=
 - i. Cost of goods sold-operating expenses
 - ii. Cost of goods sold-expenses
 - iii. Cost of goods sold-expenses+ operating expenses
 - iv. None of the above

3. State whether the following statements are True or False

- a. Raw materials do not mean materials required by an organisation for its production process.
- b. Operational costs are the expenses that are linked with the safeguarding and administration of a business on daily basis.
- c. Finished goods are not completed products willingly available for sale to organisations customers.
- d. Break-even point is the point where an organisation earns no profit and no loss or it means the organisation's revenues equal to its cost.
- e. Organisations get loss when it has fluctuations in the stock market, employee crime, natural disasters. economic downturn.
- f. Inventory comprises products a company has on its premises or goods pack off to third parties.

4. Match the Columns

	Column A		Column B
1	Total cost	A	Variable cost
2	Operational cost	B	Capital, land
3	Fixed cost	C	Fixed cost+ variable cost
4	Variable cost	D	Cost of goods sold- operating expenses

5. Short Answer Questions

- a. What is the operational cost?
- b. What are the forms of inventory?
- c. What do you mean by breakeven point?
- d. What is the meaning of inventory management?
- e. What do you understand by inventory turnover?
- f. What do you mean by business gains?

6. Long Answer Question

- a. How do you maintain inventory? Explain.
- b. What are the steps to prevent inventory losses explain in detail?

7. Check Your Performance

- Prepare an inventory list.
- Explain the break-even point.
- PPT presentation on profit and margin.
- Demonstration of effective inventory management.

Session 4: Maintaining Stock Levels

Inventory means the idle stock of substantial goods that hold economic value, and are available in many forms by an organisation. It is in supervision awaiting packing, transformation, processing, and sale at a forthcoming point in time. An organisation that is in production, trading, service, or sale of a product holds stock of various resources to help in future use or consumption or sale. Organisations hold stock for various purposes comprise functional purposes, speculative purposes, physical necessities, etc.

All organisations working or functioning in the making or sale products hold inventory in different forms. It can be in the form of work in progress or raw material form. It is used for future consumption, sale for further processing or for value addition. The entire inventory has economic worth whether it is finished or unfinished goods. In this session, students will learn about inventory management and how to maintain stock levels.

REQUIRED INVENTORY IS ON HAND

The stock present in a retail outlet is ready to distribute to interested consumers. If the retail outlet or business is not interested to count all inventory the amount of inventory on hand can be counted by taking the amount of stock observed previously and afterward including any succeeding stock addition and subtracting sales or other store or stock disposals.

Organisations are facing challenges to match the increasing supply and increasing demand for product variety. The inventory shows the costs for the business. It increases the cost of shipping, handling and storage. The optimum inventory strategy depends on the operations, distribution strategy, warehousing of a business and the type of the organisation and its position within the overall supply chain market. Objectives to balance or optimise inventory should include capital investment,

meeting customer demand, supplying the production line, cash flow, and maintain demand fluctuations.

To optimise inventory is recording and monitoring of data, for example, seasonal fluctuations, the demand of the various product, suppliers lead times, deliveries of suppliers and changes in the order. Warehouse management system (WMS) is to standardise the process, automate and accelerate the process. Integrated WMs increase efficiency, control of stock, and reduce errors. Depending on the size of the organisation complexities are increasing. So, every business must have to evaluate the inventory need carefully (Fig 5.7).



Fig. 5.7 Warehouse Inventory Source:

<https://rb.gy/ttked8>

MAINTAIN INVENTORY AT REQUIRED STOCK LEVELS

Inventory accuracy is important to the organisation. It helps to gain long-term success. The profit of the organisation depends on the sale of inventory stock. It is necessary to know about the current sales of the organisation to improve future sales. Inaccurate inventory control can be costly. The reason for costly inventory is due to unplanned stock-outs, shipping of wrong items, wasted resources, and inventory shrinkage.

Inventory Control Strategies

There are many programmes for controlling quality inventory available to organisations. The most important inventory control technique is Total quality management. understand the pros and cons of all the methods to understand the system

that will work for the business. It has to provide training to support and implement inventory control programmes. Business units have to understand the functional areas. Check the result regularly and continuously improve to control inventory (Fig. 5.8). The various inventory control strategies are;

- a. Economic Order Quantity: It is the quantity that minimizes the total holding and ordering costs.
- b. Drop Shipping: Provide direct delivery from the manufacturer to the customer or retailer.
- c. Consignment: Selling one's goods through a third-party vendor.
- d. First in First Out (FIFO): It is an accounting method in which assets purchased or acquired first are disposed of first.
- e. ABC Analysis: It is an inventory categorisation technique.
- f. Minimum Order Quantity: It is the fewest number of units necessary to purchase at one time.
- g. Just in Time: It is a management philosophy. It referred to the production of goods to meet customers' demands.
- h. Total Quality Management: It is a management approach that seeks to provide long-term success by providing customer satisfaction.



Fig. 5.8: Inventory Control Strategies

Source: shorturl.at/fqO26

PLAN FOR CONTINGENCIES

1. **Use Stock Control Software:** Business uses stock control software. If the stock falls below the optimised level, then the software will add the time to a purchase order routinely. The business owners just have to review the number and give confirmation to the orders (Fig. 5.9).



Fig. 5.9: Business Planning

Source: <https://rb.gy/fpvxad>

2. **Prepare for the Worst Time:** Determine the nature of the potential crises for example, sudden increase in sales of a particular product or type, seasonal sales, lack of space in the warehouse, and cash flow problems. Depending on the structure of the business these problems may have a high or low impact. However, the individual sales professional job is not much complicated. They can easily handle the worst situation. But the thing is that they should be well prepared for the potential crisis in advance.
3. **Good Communication with the Suppliers:** To plan for contingencies there is a need to maintain good communication with the suppliers. Good communication helps to overcome the problem of contingencies. Sometimes retailer is not aware of future problems then suppliers inform them of how to tackle the problem. Therefore, there is a need for good communication with the suppliers. Suppliers help to tackle the problem of the return policy, cash flow, etc. Suppliers negotiate with customers to handle order values. Using social media channels and websites to communicate stock issues.

SUMMARY: During this session, a student will get learn the stocking of goods and also precisely explains that understocking and overstocking are not good for any retail store. This session describes the different strategies to manage the stock such as FIFO, economic order quantity, and ABC analysis.

Activities

Activity 1: Visit a retail outlet and identify how the retail outlet is maintaining its stock level.

Materials Required: Notebook, pen, pencil, rubber, paper.

Procedure:

- a. Make groups of 4 students in each group.
- b. Visit a retail outlet and take the permission of the manager or owner of the retail store.
- c. To accomplish the task, ask the following questions to the manager:
 - i. What procedure is followed in your retail store for maintaining stock level?
 - ii. What are the obstacles facing while maintaining stock level?
 - iii. What are the tools used to maintain the stock level?
 - iv. Who is responsible for maintaining the stock level in your retail store?
1. Write down the points in your notebook.
2. Prepare a brief report on the topic mentioned.
3. Submit the report to the concerned teacher.

Activity 2: Visit a retail outlet and identify the plan for contingencies.

Materials Required: Notebook, pen, pencil, rubber, paper.

Procedure:

1. Make a group of 4 students each.
2. Ask to visit a retail store and take permission from the store manager.
3. Ask the following questions to the manager of the retail outlet.
 - a) What are the procedures following you to drive

effective management of inventory and sales?

- b) What are the plans for the contingencies?
 - c) Are you handling easily contingencies or facing any trouble?
 - d) What are the roles of communication in planning contingencies?
4. Write down the main points in your notebook.
 5. Prepare a brief report on the topic mentioned.
 6. Submit the report to the concerned teacher.

Check Your Progress

1. Fill in the Blanks

- a. _____ means the idle stock of substantial goods that hold economic value, and are available in many forms by an organisation.
- b. _____ is to standardise the process, automate and accelerate the process is the most important function of business management.
- c. _____ is important to the organisation for managing it.
- d. Depending on the _____ of the organisation complexities are increasing.
- e. To plan for _____ there is a need to maintain good communication with the suppliers.

2. Multiple Choice Questions

- a. Stocking means
 - i. to sell
 - ii. to purchase
 - iii. Both
 - iv. None of the above
- b. Inventory is
 - i. finished goods
 - ii. raw material
 - iii. semi-finished goods
 - iv. All of the above
- c. Plan for contingencies is necessary for
 - i. celebration time
 - ii. plan for the worst time

- iii. just plan
- iv. None of the above
- d. Which of the following is ready for sale?
 - i. Finished goods
 - ii. Products in the shop
 - iii. Both a and b
 - iv. None of the above

3. State whether the following statements are True or False

- a. Understocking and overstocking both are bad.
- b. The Profit of the organisation depends on the sale of inventory stock.
- c. The reason for costly inventory is due to unplanned stock-outs, shipping of wrong items, wasted resources, and inventory shrinkage.
- d. It is not necessary to know about the current sales of the organisation to improve future sales.
- e. Inaccurate inventory control can be costly.

4. Match the Columns

	Column A		Column B
1	Contingencies	A	No use
2	Finished goods	B	Uncertainties
3	Idle	C	Used to make the finished product
4	Raw form	D	Ready to sell

5. Short Answer Questions

- a. Prepare a chart on inventory management.
- b. Is idle stock bad? Comment on this.
- c. What is the meaning of contingencies?
- d. What do you mean by stock levels?

6. Long answer questions

- a. How to plan for contingencies explain in detail.

- b. Explain overstocking and understocking of stock levels.

7. Check Your Performance

- a. Demonstrate stock level methods.
 b. Presentation on how to maintain inventory in the retail store.
 c. Assume you are a retailer prepare a note on how to manage inventory.

Answers

Module 1: Essentials of Retailing

Session 1: Concept of Retail Business

A. Fill in the Blanks:

1-consumers, 2-buyer, 3-utility, 4-reasonable, 5-Retail

B. Multiple Choice Questions: 1-d, 2-a, 3-d

C. State whether the following statements are True or False:

1-True, 2-False, 3-True, 4-True, 5-False

Session 2: Classification of Retailer

A. Fill in the Blanks:

1-franchising,
 2-hypermarket,
 3-Departmental,
 4-Supermarket,
 5-store retailing,

B. Multiple Choice Question: 1-a, 2-a, 3-b, 4-c

C. State whether the following statements are True or False:

1-False, 2-True, 3-True, 4-False,

D. Match the Columns: 1-b, 2-c, 3-a, 4-d

Session 3: Organised and Unorganised Retailing

A. Fill in the Blanks:

1-small, 2-Unorganised 3-single,4-low

B. Multiple Choice Questions: 1-c, 2-a, 3-a, 4-d,

C. State whether the following statements are True or False:

1-True, 2-True, 3-False 4- True,5-False

D. Match the Columns: 1-d, 2-c, 3-a, 4-b

Session 4: Retailers Services to customers**A. Fill in the Blanks:**

1-art,2-Retail, 3-loyal, 4-Service, 5-friendly

A. Multiple Choice Questions: 1-a, 2-c, 3-a, 4-d

B. State whether the following statements are True or False:

1-False, 2-False, 3-True, 4-True,5-True

E. Match the Columns:1-d, 2-c, 3-b, 4-a

Module 2: Legal Formalities of Retailing**Session 1: Legal Policies and Procedures of the retail business.****A. Fill in the Blanks:**

1-policy, 2-procedure, 3-safety, 4-recycling, 5-procedures, 6-planning.7- Suppliers, 8-Financial Community

B. Multiple Choice Questions: 1-d, 2-d, 3-d, 4-c,

C. State whether the following statements are True or False:

1-False, 2-True, 3-True, 4-False,5-False, 6-True

A. Match the Columns: 1-b, 2-a, 3-c, 4-d

Session 2: Business Structure and Registration process

A. Fill in the Blanks:

1-patent, 2-Copyright, 3-Contract, 4-Sole-proprietorship, 5-Leases

B. Multiple Choice Questions: 1-d, 2-d, 3-b, 4-d, 5-d

C. State whether the following statements are True or False:

1-False, 2-True, 3-False, 4-True, 5-False, 6-True, 7-False, 8-True

B. Match the Column: 1-b, 2-a, 3-c, 4-d

Session 3: Policies and Procedures for Business Functioning

A. Fill in the Blank:

1-Compliances, 2-assets, 3-Breakeven analysis, 4-rules

B. Multiple Choice Questions: 1-d, 2-a, 3-d, 4-a, 5-a, 6-d

C. State whether the following statements are True or False:

1-True, 2-True, 3-True, 4-True, 5-False,

D. Match the Columns: 1-b, 2-c, 3-d 4-a

Session 4: Legal Rights to Products and Services

A. Fill in the Blanks:

1-Product, 2-i) product ii) services, 3physical, 4-Strain and sprain, 5-Hoppers

B. Multiple Choice Questions: 1-d, 2-c, 3-d, 4-d,

C. State whether the following statements are True or False:

1-True, 2-True, 3-True, 4-False, 5-True,

D. Match the Columns: 1-c, 2-d, 3-b, 4-a

Module 3: Financial Management and Budgeting

Session 1: Sources of Funding and Cash Flow Management

A. Fill in the Blanks:

1-long, 2-profit, 3-equity, 4-Cash flow management, 5-cash flow

B. Multiple Choice Questions: 1-d, 2-d, 3-d, 4-d,

C. State whether the following statements are True or False:

1-False, 2-True, 3-True, 4-False, 5-True, 6-False

D. Match the columns: 1-a, 2-b, 3-c, 4-d

Session 2: Control Cost and Budgeting

A. Fill in the Blanks:

1-cost allocation, 2-Budgeting, 3-Cost Control, 4-Business owner, 5-Cost control

B. Multiple Choice Questions: 1-d, 2-b, 3-d, 4-c, 5-c, 6-c

C. State whether the following statements are True or False:

1-True, 2-False, 3-True, 4-True, 5-False,

D. Match the Columns: 1-d, 2-c, 3-b, 4-a

Session 3: Financial Statements and Reports

A. Fill in the Blanks:

1-Revenue, 2-Gross Profit, 3-Operating Profit, 4-Net, 5-report

B-Multiple Choice Questions: 1-c, 2-d, 3-d, 4-b

C. State whether the following statements are True or False:

1-True, 2-True, 3-False, 4-False, 5-True

D. Match the Column: 1-b, 2-d, 3-c, 4-a

Session 4: Security procedures to prevent Losses

A. Fill in the Blanks:

1-Fraud, 2-certified, 3-checking, 4-Automatic Teller Machine,

B. Multiple Choice Questions: 1-b, 2-a, 3-c, 4-a

B. State whether the following statements are True or False:

1- True, 2-True, 3-False, 4-False,

C. Match the Columns: 1-d, 2-c, 3-b, 4-a

Module 4: Products and Services

Session 1: Products and services Involved in Retail Business

A. Fill in the Blanks:

1. Tangible, 2. Tangible and Intangible, 3. perishable, 4. segmentation, 5. Retail

B. Multiple Choice Questions: 1-b, 2-a, 3-a, 4-c

C. State whether the following statements are True or False:

1-True, 2-True, 3-False, 4-True, 5-False,

Session 2: Data Sources and Processing

A. Fill in the Blanks:

1-Data processing, 2-Validation, 3-data, 4-Input, 5-Customer database

B. Multiple Choice Questions: 1-c, 2-a, 3-d, 4-d, 5-d, 6-b

C. State whether the following statements are True or False:

1-True, 2-False, 3-False, 4-True, 5-True

C. Match the Columns: 1-c, 2-a, 3-b, 4-d,

Session 3: Retail services

A. Fill in the Blanks:

1-inter-related, 2-services, 3-perishable, 4-retailer 5-cross-selling

B. Multiple Choice Questions: 1-d, 2-d, 3-c, 4-d

C. State whether the following statements are True or False:

1-True, 2-False, 3-False, 4-False, 5-False, 6-True

Session 4: Equipment's used in Retail Operations

A. Fill in the Blanks:

1-shrinking, 2. Auxiliary, 3. Security, 4. RFID

B. Multiple Choice Questions: 1-a, 2-b, 3-a, 4-c

C. State whether the following statements are True or False:

1-False, 2-False, 3-True, 4-True, 5-True

Module 5: Market Analysis and Inventory Management
Session 1: Analysis of Buyer Behaviour

A. Fill in the blanks:

1-low,

2-high,

3-Problem Recognition,

4-purchase Evaluation,

5- involvement

B. Multiple Choice Questions: 1-d, 2-b, 3-c, 4-d.

C. State whether the following statements are True or False;

1-True, 2-True, 3-True, 4-True, 5-False, 6. True

Session 2: Analysis of Competitors and Sales promotion

A. Fill in the Blanks:

1- Promotion, 2-Promotional, 3-Sales Promotion, 4-Public Relation, 5- Promotion mix, 6-. on-going

B. Multiple Choice Questions: 1-a, 2-d, 3-d, 4-b, 5-d, 6-c, 7-b,

C. State whether the following statements are True or False:

1-True, 2-False, 3-False, 4-True, 5-True, 6-True,

D. Match the Columns: 1-b, 2-a, 3-d, 4-c

Session 3: Effective Inventory Management

A. Fill in the Blanks:

1- Inventory, 2-Planning, 3-Break-Even- Point, 4- Finished

goods,

5- Merchandise

B. Multiple Choice Questions: 1-c, 2-d, 3-d, 4-a

C. State whether the following statements are True or False:

1-False, 2-True, 3-False, 4-True, 5-True, 6-True

D. Match the Columns: 1-c, 2-a, 3- b, 4-d

Session 4: Maintaining Stock Levels

A. Fill in the Blanks:

1-Inventory, 2-WMS (warehouse management system), 3-Inventory accuracy, 4-size, 5-contingencies

B. Multiple Choice Questions: 1-c, 2-d, 3-b, 4-a

C. State whether the following statements are True or False:

1-True, 2-True, 3-True, 4-False, 5 True

D. Match the Columns: 1-b, 2-d, 3-a, 4-c

Glossary

Word	Meaning
Retailing	Retailing is the business of selling goods and meeting the consumer demand
Merchandising	It represents finished goods an organization purchases from a supplier for future resale.
Franchising	A franchise is a legal contract between a company (franchiser) and the store owner (franchisee), which allows the store owner to conduct business under an established name, For example, Pizza Hut, Mc Donald's, Van Heusen, etc.
Policy	A policy is a set of principles and guidelines that an enterprise established to explain its long-term goals direct and limit the extent of its actions in search of long-term goals and to protect its interest.
Procedure	A procedure is a predetermined manner that consists of an arrangement of steps that must be tracked in order for the task to be finished.
Supplier	They are providers of merchandisers to be sold.
Trademarks	A trademark is protecting the symbolic value of product. Trademark is used to recognize the product and it can be a name, symbol, device or a combination of them.
Copyrights	Copyright items are art, books, music, advertisements, software, jewelry etc. It rests with either the person who creates the work or with the employer.
Sole-Proprietorship	Sole Proprietorship-In this business structure there is one owner and unlimited personal liability for the business obligation and owner taxed and profits and losses.

Partnership	Partnership In this business structure there is an unlimited sum of general partners and unlimited liability and business not taxed.
Corporation	Corporation-In this business structure there is an unlimited number of shareholders and limited liability, and tax on earnings.
Sole-proprietorship	It is a simple and easy structure to start a business. Selecting this business structure requires less legal formalities. Sole-proprietorship is registered at the local municipal office.
Contracts	The contract is an agreement between the parties that are binding them with terms and conditions.
Leases	Leases give the rules and regulations that permit a landlord to operate, provide and maintain a facility or equipment.
Insurance	Insurance is defined as protection against the risk associated with the business organization.
Bartering	It is a process of goods and services exchange in which there is no need for cash.
Signage	Installing security signs in the store is a low-cost way to deter shoplifters and shady characters.
Up-selling	It is the process or practice of encouraging customers to buy high-end or costly products.
Cross-selling	It is the practice to request customers to buy related items or complementary
Data	the collection of facts that comprises of personal data, web data, sensor, data etc.
Advertising	The activity or profession of producing advertisements for commercial products or services.
Promotion	A various set of activities which communicate the brand, product or services to the customers or users.

Aggressiveness	Hostile or violent behavior.
Appearance,	The way that someone or something looks.
Assessing	Evaluate or estimate the nature, ability, or quality of.
Dissatisfaction	Lack of satisfaction.
Disseminating	Spread (something, especially information) widely
Safeguard	A measure is taken to protect someone or something or to prevent something undesirable.
Satisfaction	Fulfillment of one's wishes, expectations, or needs, or the pleasure derived from this.
Fraud	Wrongful or criminal deception intended to result in financial or personal gain
Grievance	A real or imagined cause for complaint, especially unfair treatment.
Guidelines	A general rule, principle, or piece of advice.
Guidelines	A general rule, principle, or piece of advice.
Harassment	Aggressive pressure or intimidation.
Impending	Be about to happen.
Inappropriate	Not suitable or proper in the circumstances.
Inflammatory.	Relating to or causing inflammation of a part of the body.
Initiatives	The ability to assess and initiate things independently.
Integration	The action or process of integrating.
Interruption	The action of interrupting or being interrupted.
Loyalty	The quality of being loyal.

Maintaining	Cause or enable (a condition or situation) to continue.
Mechanism	A system of parts working together in a machine; a piece of machinery.
Merchandises	Goods to be bought and sold.
Mismatching	A failure to correspond or match; a discrepancy.
Mismatching:	A mismatch, an anomaly; mismatching.
Obligations	An act or course of action to which a person is morally or legally bound; a duty or commitment.
Operation	the action of the functioning or the fact of being active or in effect.
Permission	The action of officially allowing someone to do a particular thing; consent or authorization.
Personalization	Design or produce (something) to meet someone's requirements.
Persuade	Induce (someone) to do something through reasoning or argument.
Persuade	Induce (someone) to do something through reasoning or argument.
Phenomenon	A fact or situation that is observed to exist or happen, especially one whose cause or explanation is in question.
Philosophy	the study of the fundamental nature of knowledge, reality, and existence, especially when considered as an academic discipline.
Preventing	Keep (something) from happening.
Preventing	Keep (something) from happening.
Prevention	The action of stopping something from happening or arising.

Privileged	Having special rights, advantages, or immunities.
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