

# Draft Study Material

## MODULE FOR GRADE XI

### RETAIL SALES EXECUTIVE

#### SECTOR: ORGANISED RETAIL

JOB ROLE: RETAIL SALES EXECUTIVE  
(QUALIFICATION PACK: REF. ID.RAS/Q0109)

#### SECTOR: ORGANISED RETAIL



**PSS CENTRAL INSTITUTE OF VOCATIONAL EDUCATION**

**(A Constituent Unit of NCERT, under MoE, Government of India)**

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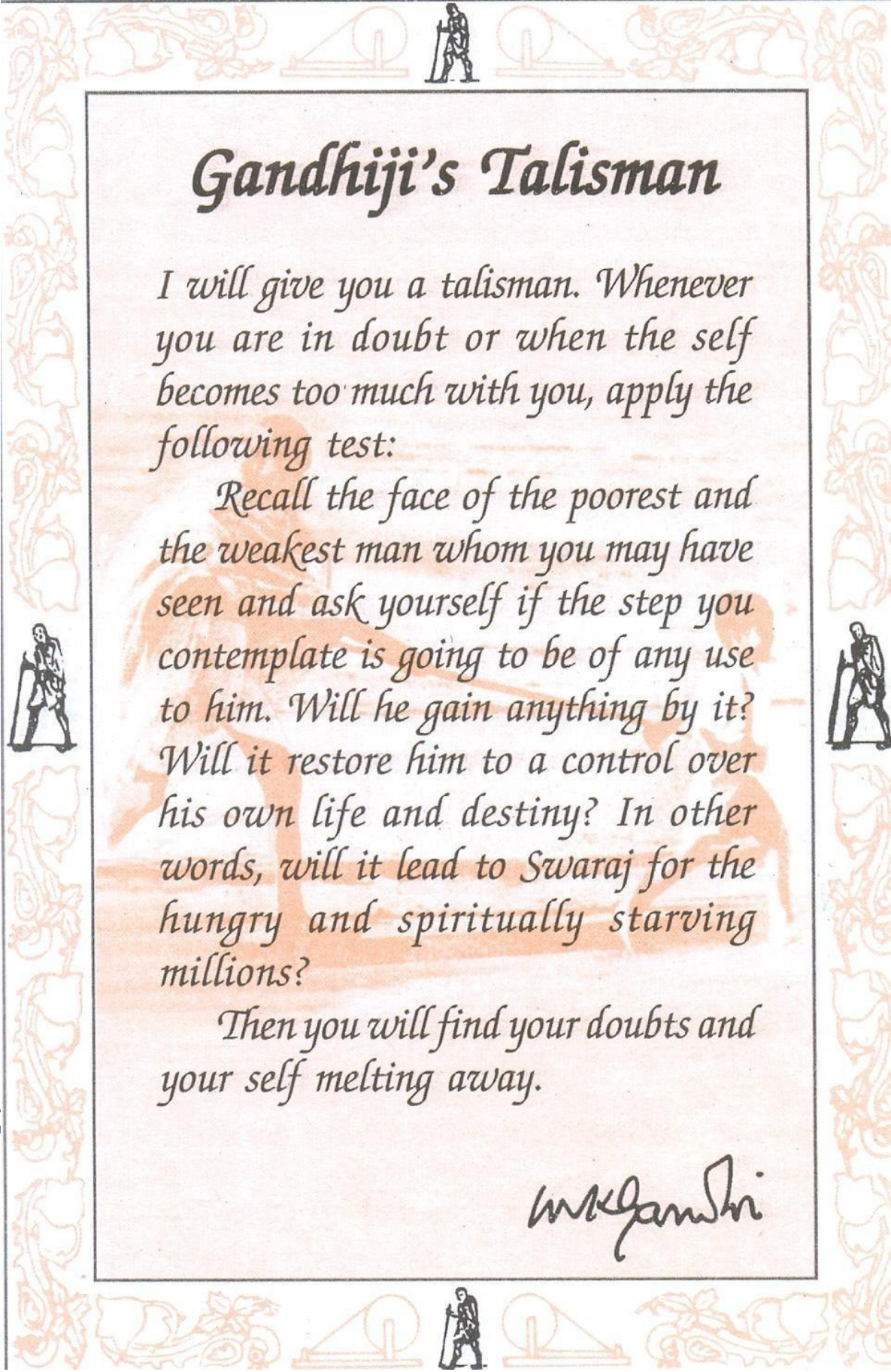
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## Gandhiji's Talisman

*I will give you a talisman. Whenever you are in doubt or when the self becomes too much with you, apply the following test:*

*Recall the face of the poorest and the weakest man whom you may have seen and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions?*

*Then you will find your doubts and your self melting away.*

*M.K. Gandhi*

## FOREWORD

The National Curriculum Framework–2005 (NCF–2005) recommends bringing work and education into the domain of the curriculum, infusing it in all areas of learning while giving it an identity of its own at relevant stages. It explains that work transforms knowledge into an experience and generates important personal and social values such as self-reliance, creativity, and cooperation. Through work, one learns to find one’s place in society. It is an educational activity with an inherent potential for inclusion. Therefore, an experience of involvement in productive work in an educational setting will make one appreciate the worth of social life and what is valued and appreciated in society. Work involves interaction with material or other people (mostly both), thus creating a deeper comprehension and increased practical knowledge of natural substances and social relationships.

Through work and education, school knowledge can be easily linked to learners’ life outside the school. This also makes a departure from the legacy of bookish learning and bridges the gap between the school, home, community, and workplace. The NCF – 2005 also emphasizes Vocational Education and Training (VET) for all those children who wish to acquire additional skills and/or seek livelihood through vocational education after either discontinuing or completing their school education. VET is expected to provide a ‘preferred and dignified’ choice rather than a terminal or ‘last-resort’ option.

As a follow-up, NCERT has attempted to infuse work across the subject areas and also contributed to the development of the National Skill Qualification Framework (NSQF) for the country, which was notified on 27 December 2013. It is a quality assurance framework that organizes all qualifications according to levels of knowledge, skills, and attitude. These levels, graded from one to ten, are defined in terms of learning outcomes, which the learner must possess regardless of whether they are obtained through formal, non-formal or informal learning. The NSQF sets common principles and guidelines for a nationally recognized qualification system covering Schools, Vocational Education and Training Institutions, Technical Education Institutions, Colleges, and Universities.

Under this backdrop that Pandit Sunderlal Sharma Central Institute of Vocational Education (PSSCIVE), Bhopal, a constituent of NCERT has developed learning outcomes based on modular curricula for the vocational subjects from Grades IX to XII. This has been developed under the Centrally Sponsored Scheme of Vocationalisation of Secondary and Higher Secondary Education of the Ministry of Human Resource Development.

This module has been developed as per the learning outcomes-based curriculum, keeping in view the National Occupational Standards (NOS) for

the job role and promoting experiential learning related to the vocation. This will enable the students to acquire the necessary skills, knowledge, and attitude.

I acknowledge the contribution of the development team, reviewers and all the institutions and organisations, which have supported in the development of this module.

NCERT would welcome suggestions from students, teachers and parents, which would help us to further improve the quality of the material in subsequent editions.

**Dr. Dinesh Prasad Saklani**

Director

National Council of Educational Research and Training

New Delhi

November 2025

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## ABOUT THE MODULES

The modules on Retail Sales Executive is a comprehensive guide developed to empower learners with the foundational knowledge and practical skills necessary for a successful career in the retail sector. Designed for senior secondary level students, this book integrates essential concepts, real-world practices, and skill-based learning to prepare students for diverse roles within the retail industry. It not only equips learners with core competencies but also emphasizes customer-centric approaches, ethical conduct, and professional growth.

This material is structured into five well-organized modules, each addressing a key area of retail operations. The first module, Introduction to Retailing, lays the groundwork by familiarizing students with the fundamentals of the retail sector. It explores the scope, functions, and types of retailing while introducing learners to current trends and technologies shaping modern retail environments. It also highlights the importance of frontline staff, such as sales executives, in building brand reputation and customer loyalty.

The second module, Process of Payment in Retail, focuses on the different methods of processing payments at the point of sale (POS). Students learn about cash handling, card transactions, mobile wallets, and digital payment methods. The module also emphasizes safety measures, fraud prevention, and issuing accurate receipts. It includes procedures for verifying transactions, maintaining financial accuracy, and following organizational policies related to payments.

The third module, Retail Sales Transactions, delves into the practical aspects of handling sales. It covers key steps such as initiating a sale, product demonstration, upselling and cross-selling techniques, and closing a sale effectively. Learners understand the importance of customer interaction, communication skills, and active listening to meet customer needs and enhance satisfaction. This module also stresses the importance of handling complaints and refunds ethically and professionally.

The fourth module, Process of Customer Orders, explains how to manage both in-store and online customer orders. Students are introduced to inventory systems, order documentation, product availability checks, and delivery timelines. They also learn how to handle returns, replacements, and cancellations in line with retail policies. The module highlights the significance of confidentiality, data protection, and maintaining trust during customer transactions.

The fifth module, Help Customers Choose the Right Products, is focused on providing product knowledge, personalized assistance, and guidance to customers. Learners develop the ability to ask the right questions, identify

customer preferences, and offer suitable options. The module also emphasizes how to build rapport, suggest complementary products, and support informed buying decisions, thereby improving customer experience and increasing sales potential.

RAS/N0115 - To process payments

RAS/N0111 - To follow point-of-sale procedures for age-restricted products

RAS/N0116 - To process cash and credit transactions

RAS/N0117 - To process returned goods

RAS/N0113 - To process part exchange sale transactions

RAS/N0112 - To process customer orders for goods

RAS/N0126 - To help customers choose the right products

RAS/N0125 - To demonstrate products to customers

Throughout the module, students are exposed to practical activities, role plays, case studies, and assessment tools designed to enhance critical thinking and hands-on learning. The book encourages field visits, interactions with retail professionals, and scenario-based exercises to make the learning process engaging and job-oriented.

In conclusion, Retail Sales Executive serves as both an instructional manual and a career-building tool. It is aligned with national occupational standards and industry expectations, making it a valuable resource for students aspiring to enter the retail domain. By the end of the course, learners will possess not just theoretical understanding but also the confidence and competence to perform effectively in real retail settings.

## **MODULE DEVELOPING COMMITTEE**

### **MEMBERS**

1. Breeze Tripathi, Assistant Professor (Contractual), Department of Business and Commerce, PSS Central Institute of Vocational Education, (NCERT), Bhopal
2. Sarvesh Mohania, Associate Professor, Faculty of Management, Jagran Lake City University, Bhopal
3. Jitendra Sharma, Knowledge Adviser, Impact Educare and Learning Solutions, Bhopal
4. Shivanagasreenu Ioni, Associate Professor of Commerce, Kakatiya Government College, Hanumakonda, Telangana
5. Nidhi Gupta, Consultant in Good Governance, Sonagiri, Piplani, Bhopal

### **MEMBER-COORDINATOR**

Punnam Veeraiah, Professor and Head, Department Business and Commerce, PSS Central Institute of Vocational Education, (NCERT), Bhopal.

### **REVIEWER**

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**Editorial Team**

PSSCIVE, Bhopal

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## MODULE 1: INTRODUCTION TO RETAILING

Retailing is the final step in the distribution chain in sale of goods and services directly to the end user for personal use. It involves activities make products available to customers in convenient locations, at the right time and in the desired quantity. Retailing plays a crucial role in connecting manufacturers and wholesalers to the final customer, often involving product display, promotional activities and customer service.

Retailing can be store based or non-store base and digital online formats include supermarkets, specialty stores, online websites and apps. Omni-channel models.

The retail industry in India is one the fastest growing sector of the economy, playing a crucial role in the country's development. It encompasses a wide range of business, from traditional local grocery (kirana) stores to large organized retail chains and modern e-commerce platforms. With India's large population and increasing urbanization the retail sector serves as a bridge the producers and consumers, offering a wide variety of goods and services across urban and rural markets.

Digital revolution and e-commerce boom have transformed the retail landscape in India. Online retailing through platforms like Amazon, flipchart and jio-mart etc., has seen tremendous growth, especially post-pandemic, due to increased smart phone usage and internet penetration. Many store-based retailers have adopted Omni channel strategies combining physical stores with online presence to stay competitive.

Retail Sales Executive plays a vital role in the day-to-day operation of a retail store by directly interacting with the customers and completing the sales. They are often the first point of contact for shoppers, responsible for greeting customers warmly, understanding their needs and helping them finds suitable products. The main goal of retail sales executive is to provide a positive shopping experience lead to customer satisfaction and repeat business.

The present module on introduction to retailing has been divided into four sessions. First session discusses the current scenario of retailing in India, the second session covers different forms of retailing, the third session deals with the skills required for retail sales executive and the last session explains duties and responsibilities of retail sales executive.

## SESSION 1: CURRENT SCENARIO OF THE RETAIL SECTOR IN INDIA

Retailing is selling of goods and services to the end user of the product and services for their personal and household consumption. It is the process that involves the activities right from purchasing the products from the manufacturer or wholesaler and all the efforts focused on making the products and services available to the end user in smaller quantities.

### Retail Industry in India

The Retail industry in India is one of the rapidly growing sectors in the country and significantly contributes to the Indian economy (Fig.1.1).

In 2010 the market value of the retail industry was \$500 billion, it crossed \$900 billion by 2020 and now in 2024 the market value will reach over \$1.5 trillion and expected to reach \$2trillion by 2030.



**Fig. 1.1: Retail Industry**

The key growth drivers of Indian retail industry are as under:

**Rising Middle Class and their Disposable Income:** The Indian middle-class population is expanding with increasing disposable income. In 2005 the middle-class population was 80 million with 20% share in total population; in 2020 it was 350 million with 25% share, in 2024 it was around 450 million with around 30% of the total population and expected to reach 600 million with a share of around 40% of the total population by 2030.

The average annual disposable income per household in 2015 was 2.5 lakh rupees, it reached 4.2 lakh rupees by 2020, in 2024 it was around 6.0 lakh rupees and expected to reach around 9.0 lakh rupees by 2030. (Source: NITI Aayog reports, world bank estimates, Pew Research, ICE 360 Surveys)

**Digital and E-commerce Boom:** India is now considered as 3<sup>rd</sup> largest online retail market after China and US. The Penetration of smart phones and affordable internet facilities led to rapid rise in online shopping. E-commerce business houses like Flipkart, Amazon and Meesho with their optimized mobile experiences changed the customer purchase behavior from traditional stores to the E-commerce apps.

**Growth in Consumption in Tier 2 and Tier 3 Cities:** Now in these days' retail stores expansion beyond the metro cities like Delhi, Mumbai, Chennai into the cities like Indore, Lucknow, Coimbatore, Warangal etc.

**Importance of Retail Industry in India:** The retail industry in India is of immense importance to the country's economy, society, and development. The following are some of the importance factors that explain the importance of the Indian retail industry.

**Contribution to the GDP:** The retail industry is one of the most crucial sectors in the Indian economy. It contributes approximately 10% to the Indian GDP.

**Employment Opportunities:** Indian retail industry is second largest employer after the agriculture sector. The retail industry employed 40 million people directly and many more indirectly through supply chains, logistics, warehousing and delivery services.

**Support to Rural and Urban Economies:** Now in these days' retail outlets is available in every corner of India in one and other mode retail form from metropolitan malls to rural kirana stores. Retail sector provides livelihood to rural as well as urban people of India.

**Encourages Entrepreneurship:** Retail sector is an easy entry point for small-scale entrepreneurs including women, youth and self-help groups. Online businesses like amazon, flipkart etc., creates a platform for local manufacturers, traders and services providers.

**Development of Infrastructure:** Growing retail industry boosts the infrastructure facilities like retail malls, parks, logistic hubs, warehouses and supply chains etc. With development of these infrastructural facilities helps the real estate and transport sectors also.

**Support to Agricultural and FMCGs Supply Chains:** Retail industry provides final link in the chain for farm produce, processed goods, and FMCG goods.

### **Significance of Marketing in Retail**

Marketing is a vital function in the retail sector as it acts as a bridge between the retailer and the consumer. It helps in identifying customer needs, expectations, and purchasing patterns, which enables retailers to plan product assortment, pricing, and inventory effectively. Through market

research and customer analysis, marketing ensures that the right product reaches the right customer at the right time. Retail marketing also creates awareness about products and services through advertising, promotions, and digital platforms, thereby increasing store visibility and footfall.

The importance of marketing in retail lies in its ability to build a strong brand image and competitive advantage. Visual merchandising, in-store displays, packaging, and promotional campaigns influence customer buying decisions and enhance the overall shopping experience. Marketing supports customer acquisition as well as retention by introducing loyalty programs, personalized communication, and value-added services. It also helps retailers respond to changing market trends, seasonal demands, and consumer preferences, ensuring flexibility and relevance in the market.

Additionally, marketing contributes to sales growth and profitability by encouraging impulse buying, cross-selling, and up-selling. It assists retailers in launching new products successfully and managing product life cycles. Feedback and customer interaction through marketing activities help retailers improve service quality and address customer concerns effectively. Overall, marketing in retail is essential for sustaining customer satisfaction, increasing market share, and achieving long-term business growth, making it a cornerstone of successful retail operations.

### **Components Involved in the Retail Supply Chain**

The retail supply chain involves all the activities and stakeholders that help move products from manufacturers to end customers. Retail supply chain is a crucial system that ensures product availability, efficiency and customer satisfaction. The components of retail supply chain discussed below.

**Manufacturer/Supplier:** The first stage in retail supply chain is manufacturer or supplier of the goods and services from whom the supply chain starts.

**Procurement:** Procurement is sourcing or purchasing of products or raw materials generally managed by the retail buyers or the middle person who negotiate prices, quality and delivery terms on their behalf.

**Warehousing/Distribution Centers:** Warehousing and distribution centers are important and it ensures the products and services available close to final consumers.

**Logistics and Transportation:** Logistics and transportation includes the movement of goods from the manufacturer to warehouse and warehouse to the store/customers through road, rail, air, sea and pipeline modes.

**Inventory Management:** Inventory management in retail is the process of ordering, storing, tracking and selling goods (inventory). Inventory

management ensures the right products are available at the right time and right place. It also ensures the goods not overstocked or running out.

**Retail Stores/Online Platforms:** These are the final selling points where customers come to purchase the goods. These retail stores include the small kirana shops, supermarkets, retail malls and also E-commerce platforms like flipkart, amazon and meesho etc.

**Point of Sale:** Point of sale is the system used to complete the sale transaction in a retail store. It helps in billing, stock updates and customer data collection.

**Customer Delivery:** Delivering goods and services to the customer at their place is also one of the components of retail supply chain. Especially in e-commerce platforms and some of the home delivery stores customer delivery is critical for speed, reliability and customer experience.

**Reverse Logistics:** Reverse logistics includes handling of returns, repairs and exchanges. These are very important for customer satisfaction and inventory recovery.

**Technology and Data Analytics:** Supply chain software, AI and block chain etc. improves the visibility and decision making. And it also helps to forecast demand, optimizing the routes and monitor performance.

## PRACTICAL EXERCISES

**Activity 1:** Prepare and presentation of report on growth factor of the Indian retail sector.

**Material required:** Notebook, pen or pencil and computer with internet access.

### Procedure:

1. Divide the students into small groups
2. Assign each group a specific growth factor.
3. Ask the student to collect real data from online sources.
4. Ask the students to prepare a small presentation on how given specific factor contributed to retail growth in India.
5. Economic Growth and Rising Incomes
  - a. Impact of higher disposable income
  - b. Emergence of middle class as major consumers
6. Urbanization and Lifestyle Changes
  - a. Migration to cities
  - b. Changing consumption patterns and demand for modern retail

7. Demographic Advantage
  - a. Young population and working professionals
  - b. Influence of women and dual-income households on retail demand
8. Technology and E-Commerce
  - a. Internet penetration and smartphone usage
  - b. Growth of online retail and digital payments
9. Government Policies and Reforms
  - a. Foreign Direct Investment (FDI) in retail
  - b. GST implementation and ease of doing business
10. Infrastructure Development
  - a. Growth of malls and shopping complexes
  - b. Improvement in logistics, warehousing, and supply chain
11. Globalization and International Brands
  - a. Entry of multinational retailers
  - b. Changing consumer preferences toward branded goods
12. Innovation in Retail Formats
  - a. Organized retail, supermarkets, and hypermarkets
  - b. Emergence of omni-channel retail (online + offline)
13. Financial Inclusion and Digital India Initiatives
  - a. Expansion of banking, UPI, and digital wallets
  - b. Boost to cashless transactions in retail
14. Cultural and Social Influences
15. Influence of media, advertising, and celebrity endorsements
16. Festival-based sales and discount culture
17. Discuss and finalize the presentation
18. Submit the report before the class and note down the suggestions.

**Activity 2:** Group discussions on the significance of retail industry in India. Divide the students into small groups and ask the students to prepare well on significance of retail industry in India participate actively in group discussion.

**Material required:** Notebook, pen or pencil, Chart paper/markers etc.

**Procedure:**

1. Divide the student into small groups.

2. Ensure a mix of students in each group to encourage diverse perspectives.
3. Ask the group to note down key points on the significance of the retail industry in India, such as:
  - a) Contribution to GDP
  - b) Employment generation
  - c) Linkage with farmers, manufacturers, and consumers
  - d) Growth of organized and unorganized retail
  - e) Support to small businesses and entrepreneurs
  - f) Impact of technology and e-commerce
  - g) Role in improving consumer choices and lifestyles
  - h) Influence on rural and urban development
4. Each group sits together and begins the discussion.
5. Encourage students to:
  - a) Share their prepared points.
  - b) Listen carefully to others.
  - c) Build upon each other's ideas instead of repeating.
6. Respect different opinions.
7. The teacher will act as a moderator and observe group discussions.
8. Ensure every student gets a chance to speak.
9. Provide prompts if needed, e.g., *"How does retail industry impact rural economy?"* or *"What role does retail play in India's employment generation?"*
10. After the discussion, ask each group to summarize their discussion
11. A group leader or spokesperson can present the consolidated ideas to the class.
12. Conclude with a short reflection where students discuss:
  13. What new points they learned.
  14. Why retail industry is important for India's economy and society.
  15. How the retail industry might change in the future?
16. Ask the student groups participate actively.
17. Maintain order and fairness.
18. Summarize key points at the end and ask the students to note down.

**CHECK YOUR PROGRESS****A. Fill in the Blanks**

1. Retailing involves selling goods and services to the \_\_\_\_\_ for personal and household consumption.
2. In 2024, the retail market in India reached over \_\_\_\_\_ trillion dollars in value.
3. India is the \_\_\_\_\_ largest online retail market after China and the US.
4. The Indian middle-class population is expected to reach \_\_\_\_\_ million by 2030.
5. Retail sector contributes around \_\_\_\_\_% to India's GDP.
6. \_\_\_\_\_ Logistics refers to handling product returns, repairs, and exchanges.

**B. Multiple Choice Questions**

1. What was the estimated market value of the Indian retail industry in 2010?
  - a) \$100 billion
  - b) \$500 billion
  - c) \$900 billion
  - d) \$1.5 trillion
2. Which of the following is not an e-commerce platform in India?
  - a) Amazon
  - b) Flipkart
  - c) Reliance Power
  - d) Meesho
3. The average household disposable income in 2024 was around:
  - a) ₹2.5 lakh
  - b) ₹4.2 lakh
  - c) ₹6.0 lakh
  - d) ₹9.0 lakh
4. What is the last step of the retail supply chain?
  - a) Warehousing
  - b) Procurement

- c) Point of sale  
d) Customer delivery
5. Which component ensures goods are available near end customers?  
a) Manufacturer  
b) Distribution center  
c) Procurement  
d) Reverse logistics
6. Which government initiative contributed to digital growth in retail?  
a) Atmanirbhar Bharat  
b) Make in India  
c) Digital India  
d) Swachh Bharat

**C. State whether the following statements are True or False.**

- Retailing only deals with bulk sale of goods to businesses.
- Retail industry is the third largest employer in India.
- Retail sector supports both rural and urban economies.
- Flipkart and Amazon helped drive India's e-commerce boom.
- Procurement is the final step in the retail supply chain.
- Retail industry has no impact on logistics or warehousing.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Reverse logistics	A	Entry point for entrepreneurs
2	Middle-class in 2024	B	Inventory ordering and tracking
3	Retail Entrepreneurship	C	Rs. 6.0 lakh average income
4	Inventory Management	D	Return and repair handling
5	Retail GDP contribution	E	10% of the total GDP
6	Retail supply chain start	F	Manufacturer or supplier

**E. Short Answer Questions**

1. What is retailing?
2. Name any two key factors that have contributed to the growth of the retail industry in India.
3. What is the role inventory management in retail?

**F. Long Answer Questions.**

1. Explain the importance of the retail industry in India?
2. Describe the key growth drivers of the retail industry in India?
3. What are the main components involved in the retail supply chain?

**G. Check Your Performance**

1. Make a chart which contains the factors influencing the retail growth.
2. List out the components involve in the retail supply chain on the Presentation slides.

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## SESSION 2: FORMS OF RETAILING

Retailing can be categorized in to various types based on type of product, the target market, the sales channel used, ownership etc. The following is the one of important classification of forms of retailing.

1. Store based retailing.
2. Non-store retailing.
3. Franchise retailing.
4. Specialty stores.

**1. Store Based Retailing:** Store based retailing is selling goods to the consumers through physical retail outlets. (Fig.1.2) In store-based retailing customers can visit the store to have a glance at the goods available at the store before making a purchase. The following are the some of the important store-based retailing models available in India.



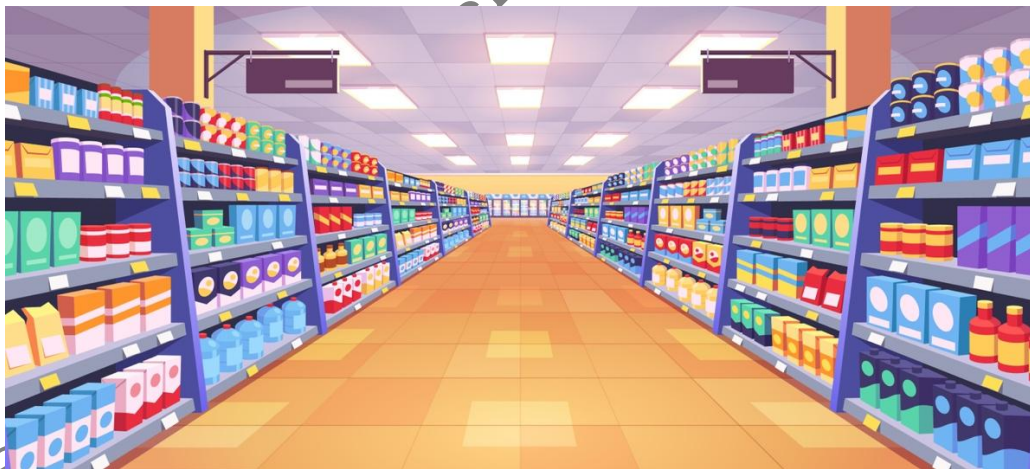
**Fig. 1.2: Store Based Retailing**

- a. Kirana Stores:** Kirana stores are most common retail outlet in India. These are local grocery shops available at every corner of India offering groceries, snacks, household items, personal care etc.
- b. Supermarkets:** Supermarket is a self-service shop offering a wide variety of food and household products organized systematically into aisles. These supermarkets are generally medium to large format offering groceries, packaged foods, beverages, personal care etc. (Fig.1.3).



**Fig. 1.3: Super Market**

- c. Department Stores:** A Departmental store is a retail establishment offering a wide range of consumer goods in different product categories known as departments. Departments are made as per different types of goods to be sold. It requires a lot of capital to maintain different department and huge stock of goods. Shoppers stop, Lifestyle, Central and Westside are some of examples of department stores (Fig.1.4).



**Fig. 1.4: Departmental Store**

- d. Hypermarkets:** A hypermarket is a retail store that combines a department store and a supermarket. Often a very large establishment, hypermarkets offer a wide variety of products such as appliances, clothing and groceries. Lulu hypermarket and Spar hypermarket are popular examples of hypermarket.
- e. Convenience Stores:** Convenience stores are small sized stores located in residential areas, open for long hours and offer a limited line of convenience products like eggs, bread, milk and vegetables etc.

**f. Retail Mall:** A retail mall is a large shopping area/building containing multiple stores offering wide range products for sale, these retail malls often include restaurants, food courts and gaming area, and entertainment venues. Retail mall is a place to shop, dine and entertainment under one roof. DLF mall, in orbit mall, Ambience mall, Orion mall and VR mall etc. are best examples of Retail malls in India.

**2. Retailing Procedure of Store based Retailing:** The retailing procedure in store-based retailing involves a series of steps from planning stage to serving the end use customer. The step-by-step retailing procedure in store-based retailing discussed below.

**a. Market Research and Planning:** Market research and planning includes identifying the target market and customer profile, study of purchasing power and local demand and selecting retail format. The main objective of this is to understand the customer needs completion and location preferences.

**b. Store Location and Layout Design:** Store location and layout design involve purchase or lease of a retail space in high footfall area, designing store layout like entrance, product shelves, checkout zones etc., and ensuring accessibility, safety and visibility. Store location and layout design is to choose a strategic location and design an attractive, function retail store.

**c. Procurement and Inventory Management:** Procurement and inventory management comprise the activities of selection of suppliers, stock goods-based customer demand and installation of inventory management software to track stock levels.

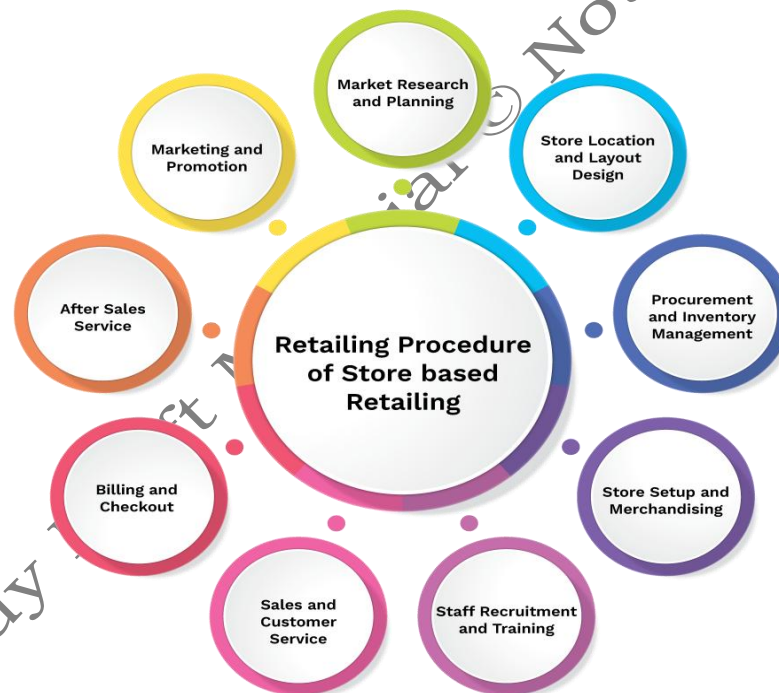
**d. Store Setup and Merchandising:** After procurement store setup and merchandising is to be done. Arrangement of products attractively on shelves (visual merchandising), use of signage, price tags and promotions and organization of product by category or brand. The main objective of this step is to create an appealing and organized shopping experience.

**e. Staff Recruitment and Training:** Hire and train the employees to deliver good customer service are comes under this step. This step involves Selection of sales force, cashiers, stock handlers, security personal etc. and training them in sales techniques, product knowledge and store policies etc.

**f. Sales and Customer Service:** Sales and customers service involves assist customers in product selection, process payment via cash, card and UPI etc. and handle returns, exchanges and queries. This

is all about selling products and providing excellent customer experience at the store.

- g. Billing and Checkout:** This billing and checkout includes use of POS systems, applying discounts or loyalty rewards and providing receipts and packaging to the customers.
- h. After Sales Service:** After sales service helps in building customer trust and long-term relationships. This stage involves accept of product returns and complaints, offer warranties, repair and exchanges and collect feedback.
- i. Marketing and Promotion:** Marketing and promotion is very much important to attract and retain customers with the store. It includes in-store promotions, banners and seasonal sales, offer loyalty programmes, SMS campaigns, organizing/participating local events (Fig.1.5).



**Fig. 1.5: Retailing Procedure**

**3. Non – store retailing:** Non-store retailing is selling of goods and services in other than the traditional retail store environment. It includes direct selling, Tele Vision shopping, catalog sales and online retailing (e-commerce).

- a. Direct Selling:** Direct selling is selling to consumers directly at their home or office through personal demonstration. Best example is Tupperware.

- b. Television Shopping:** Television shopping showcases the features of the goods and order mechanism on TV channels and customers place the orders via phone or online. Goods will be delivered through post and other delivery channels (Fig.1.6).



**Fig. 1.6: Television Shopping**

- c. Catalog Sales:** Printed catalogs sent to the customers via mail and other means customer orders the goods from the received catalog and goods are sent by the post with other modes of delivery (Fig.1.7).



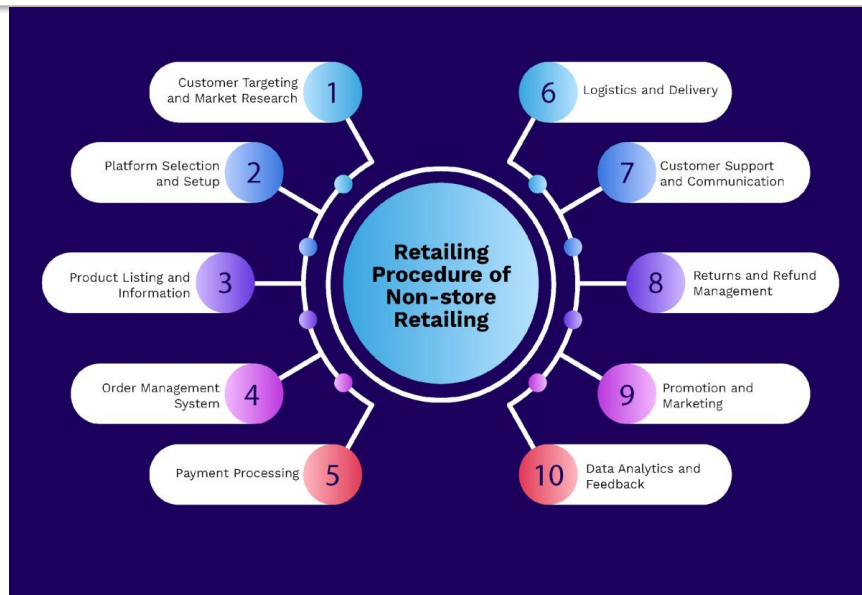
**Fig. 1.7: Catalog Sales**

- d. Online Retailing (e-commerce):** Online retailing or electronic commerce (e-commerce) includes a wide range of online modes for selling of goods and services. These includes online websites, mobile apps like Amazon, flip kart, Meesho etc., and food delivery service apps like zomoto, swiggy etc., (Fig.1.8).



**Fig. 1.8: Online Retailing (E-Commerce)**

**4. Retailing Procedure of Non-store Retailing:** Non-store retailing refers to selling goods and services outside the traditional physical store format, using channels like e-commerce websites, telemarketing, mail order, television shopping, mobile apps, and direct selling. The procedure generally begins with identifying the target customers and promoting products through digital or direct channels instead of a shop visit. Customers browse product details online or through catalogs, place their orders using phone, internet, or sales representatives, and make payments through secure gateways such as cash on delivery, credit/debit cards, or digital wallets. The retailer then processes the order, arranges packaging, and ensures safe delivery to the customer's doorstep. After-sales service, return policies, and customer feedback also form an essential part of the Non-store Retail procedure. This method provides convenience, wider reach, and flexibility while reducing operational costs compared to store-based retailing (Fig.1.9).



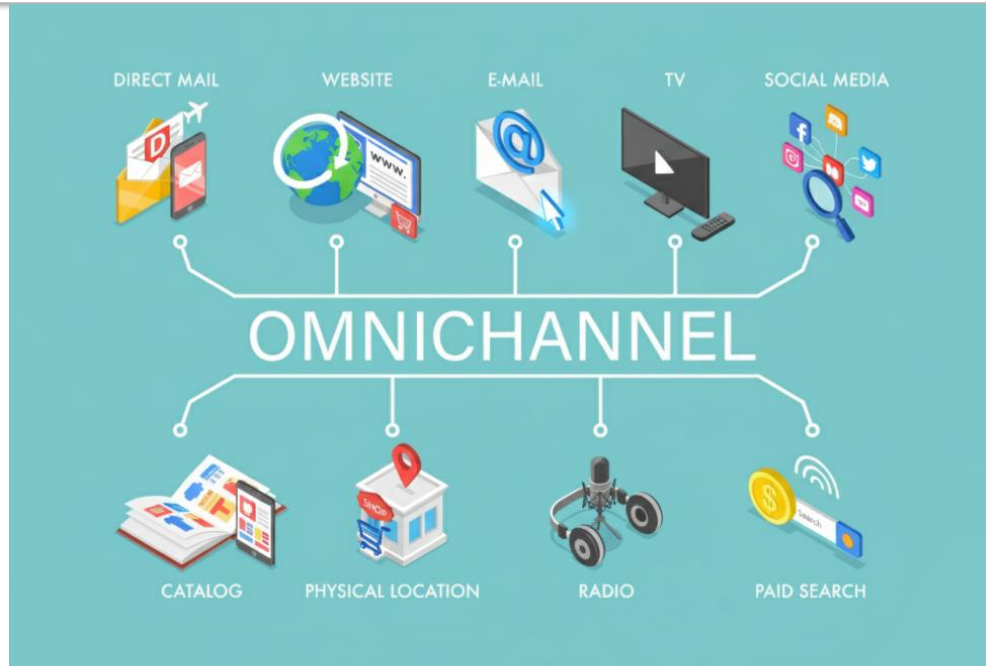
**Fig. 1.9: Retailing Procedure of Non-Store Retailing**

- a. **Customer Targeting and Market Research:** Retailing procedure in non-store retailing starts with identifying customer needs and preference. It includes the activities of analysing of online shopping behavior and digital trends, segmenting the audience based on demographics and interest
- b. **Platform Selection and Setup:** Choosing a right channel for non-store retailing and setting up it is a crucial aspect. It involves developing or registering a platform to offer our products and design user – friendly interface for the customers to access and browse the products and a secure payment system for finishing transaction. Types of platforms available are given below
  - i. E-commerce platforms: Website and mobile app (e.g., Amazon, Flipkart etc.)
  - ii. TV Shopping / Telemarketing: Naaptol, Teleshop etc.
  - iii. Social Media Commerce: Instagram, Facebooks shops
  - iv. Direct Selling: Amway, Tupperware
- c. **Product Listing and Information:** It involve the activities of upload high quality images and videos on product features, benefits, specifications, usage etc., display of product price and reviews, and use Search Engine Optimisation (SEO) friendly descriptions for better visibility.
- d. **Order Management System:** Order management system is to track and process customer orders. Integrating order tracking tools, notifying customers at each stage like order confirmation, shipping

delivery etc., and update of inventory in real time, are the activities involved at this stage.

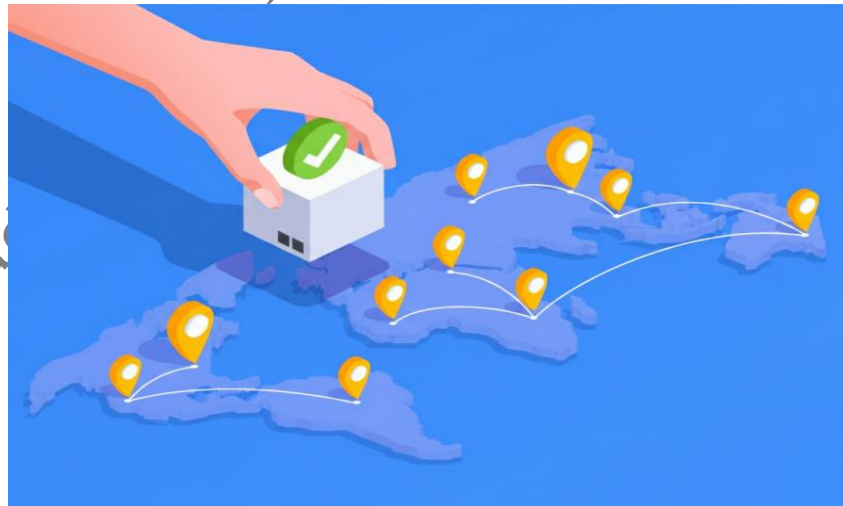
- e. Payment Processing:** Ensuring smooth and secure transaction is very crucial in non-store retailing. It includes offer multiple payment options such as Unified Payment Interface (UPI), debit card, credit card, wallets, Cash on delivery (COD) etc., use of secure gateways and send digital receipts and payment confirmation.
  - f. Logistics and Delivery:** Delivering the ordered goods in time is very much important in non-store retailing. The activities such as partner with logistic/courier firms, offer tracking and informing estimated delivery time, ensure proper package and safe handling are the part of logistics and delivery.
  - g. Customer Support and Communication:** Building customer support system such as chatbots, email and help line system are some of the important activities of this stage. This customer support and communication helps in building trust and retailing the customers.
  - h. Returns and Refund Management:** The activities of providing easy return request options, pick up of returned goods, process of refunds and update customer on refund status are part of this stage.
  - i. Promotion and Marketing:** Run ads, offer discounts, flash sales, loyalty programs and notifications on new offers and launches are part of the promotion and marketing.
  - j. Data Analytics and Feedback:** Data analytics and feedback system helps in improving the performance using data insights. The activities of sales tracking, conversion rates, customer behavior, collection of feedback and rating are part of this step.
- 5. Omni Channel Retailing:** Omni channel retailing is a seamless and integrated approach to retail which provides customers with a unified shopping experience across store based (physical) and non-store based (digital) channels of retailing. Here, customers can move smoothly between the store based and non-store-based form retailing during their shopping.

Tata CliQ, Reliance Retail, Nykaa etc., are the examples of Omni channel retailing. These stores integrated with their offline stores, customers can check store availability, order online, pick up and return / exchange at nearby store (Fig.1.10).



**Fig. 1.10: Omni Channel**

**6. Franchise Retailing:** Franchise retailing is a retail business form where a brand owner (Franchisor) gives permission to another person (Franchisee) to run a retail outlet using the brand name. Products, systems and support is being provided by the franchisor and income/profit shared according to their agreement. Bata, Archies, Raymond's, Domino's Pizza etc are the examples of franchise retailing. (Fig.1.11) and (Fig.1.12)



**Fig. 1.11: Franchise Retailing**



**Fig. 1.12: Franchise Retailing**

**7. Specialty Stores:** Specialty stores are retail outlets that focus on a specific product category, offering a deep assortment of products in category along with expert knowledge and personalized service.

Manyavar stores specialized in ethnic wear, Tanishq stores offer gold and diamond jewellery, Appolo pharmacy provides specialized products in healthcare sector etc. are the examples of specialty stores (Fig.1.13).



**Fig. 1.13: Specialty Store**

## PRACTICAL EXERCISES

**Activity 1:** Presentation on forms of retailing.

**Material required:** Chart paper, Notebook, pen or pencil and computer with internet access, projector and screen (if use of digital tools available and permitted).

**Procedure:**

1. Divide the students into small groups.
  - a) Group 1: Department Store
  - b) Group 2: Convenience Store
  - c) Group 3: Online Retailer (E-commerce)
  - d) Group 4: Direct Selling (Door-to-door or MLM)
2. Ask the student to collect real data from online sources on different forms retailing.
  - a) Ask students: “Where did you shop last week? Was it from a store, online, or through any other channel?”
  - b) Write their answers on the board under headings: Store Retailing, Non-Store Retailing.

- c) Each group acts out a short sales interaction.
3. Students create posters showing examples of store-based retailing (supermarkets, specialty stores) and non-store retailing (telemarketing, online platforms).
    - a) Show retail brand logos (e.g. Walmart, Amazon, Big Bazaar, Flipkart, Amway).
    - b) Students identify which form of retailing each represents.
    - c) Provide a short case: “A customer wants groceries quickly at night.”
    - d) Students decide whether convenience store, supermarket, or online retailing would be best.
  4. Prepare quick questions:
    - a) Which retail form uses catalogs?
    - b) Which form is best for emergency shopping?
    - c) Which is growing fastest today?
  5. “Store Retailing is better than Non-Store Retailing.”
    - a. One team supports store-based, the other supports non-store retailing.
    - b. Students survey family/friends: “Which type of retailing do you prefer and why?”
    - c. Share findings in the next class.
  3. Ask the students to prepare a small presentation.
  4. Discuss and finalize the presentation
  5. Submit the report before the class and note down the suggestions.

**Activity 2:** Prepare a chart on franchise retailing.

**Material required:** Chart paper, Notebook, pen or pencil, color pens, adhesive plaster, gum etc.

**Procedure:**

1. Divide the students into small groups (4–5 members each) to encourage teamwork and collaboration.
2. Assign each group the task of preparing one chart on the topic Franchise Retailing.
3. Begin the activity with a brief explanation of franchise retailing (e.g., “Franchise retailing is a business arrangement where a retailer operates under the brand name and business model of an established company by paying fees or sharing profits”).

4. Show a few examples such as McDonald's, Domino's, KFC, Reliance Trends, etc.
5. Instruct each group to design their chart using the given materials.
6. The chart should include:
  - a) Definition of Franchise Retailing
  - b) Features of Franchise Retailing
  - c) Types (Product Franchise, Business Format Franchise, Manufacturing Franchise, etc.)
  - d) Advantages and Disadvantages
  - e) Examples of well-known franchises in India and abroad
7. Encourage them to use diagrams, logos, pictures, and flowcharts for better presentation.
8. Each group presents their chart to the class and explains the content.
9. Other students can ask questions or add points to the discussion.
10. After all groups have presented, summarize the key points on franchise retailing (definition, features, importance, and examples).
11. Highlight the role of franchise retailing in modern business and retail growth.
12. Ask students to write down the summarized points in their notebooks for future reference.

**Activity 3:** Create a flow chart/poster on retailing procedure of store-based retailing.

**Material required:** Chart, pen/pencils, color pens, adhesive tape, gum etc.

**Procedure:**

1. Divide the students into small groups of 4–5 members each.
2. Assign each group to work collaboratively on one stage of store-based retailing (e.g., procurement of goods, display and merchandising, selling process, billing, or after-sales service).
3. Ask each group to select any one stage of the store-based retailing procedure.
4. Example stages:
  5. Purchasing from wholesalers
  6. Receiving and stocking goods
  7. Displaying merchandise

8. Customer service and selling
9. Billing and payment
10. Handling complaints/after-sales service
11. Instruct students to prepare a flow chart or poster showing the step-by-step procedure of their chosen stage.
12. Encourage them to use arrows, boxes, diagrams, pictures, or symbols to make the chart more attractive and clearer.
13. Example: For “Billing and Payment” → “Customer brings items → Scanning/Manual Entry → Total Calculation → Payment Collection → Receipt Issued.”
14. Within the group, students should discuss the content, design, and presentation of their chart/poster.
15. Finalize the chart by ensuring all steps are arranged in logical order.
16. Each group presents its chart/poster in front of the class.
17. Group members explain the process and highlight key points of their stage in store-based retailing.
18. After every presentation, other students can give suggestions or ask questions.
19. The teacher summarizes the important points of each group’s work.
20. Students are asked to note down the key suggestions and finalized flow/procedure in their notebooks for revision.

**Activity 4:** Demonstration of non-store retailing procedure.

**Material required:** Handmade charts, paper screens, digital slides to create mock online store.

**Procedure:**

1. Divide the students in to small groups
2. Ask the student groups select a platform for online retailing.
3. Ask the student groups prepare charts, papers screens, digital slides required and create the online retailing environment for their select online platform.
4. Ask the student groups to demonstrate the retailing procedure such as product listing and details, payment process and customer support etc.
5. Each group demonstrates one part of the retailing procedure:
  - a) Group 1: Product Listing and Display (arranging and labeling products, providing details).

- b) Group 2: Payment Process (billing, scanning/manual entry, payment collection, issuing receipt).
  - c) Group 3: Customer Support (handling queries, returns, complaints, after-sales service).
6. Allow 10–15 minutes for each group to plan their role play:
    - a) They can design small props like price tags, receipts, or customer feedback slips to make it realistic.
  7. Each group comes forward and enacts their assigned retail procedure:
    - a) Students act as sales staff showing product details (features, price, discounts).
    - b) Customer brings items → cashier scans/records items → payment made (cash/card/digital) → receipt issued.
    - c) Handling a complaint (e.g., damaged product), offering exchange/refund, or guiding the customer.
  8. Other groups observe the demonstration carefully.
    - a) After each act, the teacher and students discuss what went well and what could be improved.
  9. Teacher highlights the importance of each stage in building a smooth retailing experience.
    - a) Emphasize accuracy in billing, politeness in customer support, and clarity in product details.
  10. Students write down the summarized steps of the retailing procedure in their notebooks for reference.
  11. Summarize the concept and ask them to note down.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. \_\_\_\_\_ stores are the most common local grocery shops in India.
2. A \_\_\_\_\_ is a combination of a supermarket and a department store.
3. In \_\_\_\_\_ retailing, goods are sold without using a physical retail store.
4. \_\_\_\_\_ retailing involves shopping through both online and offline channels.
5. \_\_\_\_\_ retailing uses a licensing model where a franchisee runs a business using the brand name of the franchisor.

6. \_\_\_\_\_ stores specialize in one product category and offer expert knowledge.

### B. Multiple Choice Questions

1. Which of the following is a feature of a convenience store?
  - a) Located inside malls
  - b) Open for limited hours
  - c) Small in size, located in residential areas
  - d) Offers only clothing items
2. What is an example of a department store in India?
  - a) Tanishq
  - b) Lifestyle
  - c) Apollo Pharmacy
  - d) Domino's
3. What is a key feature of franchise retailing?
  - a) No brand supports
  - b) Ownership is shared
  - c) Brand owner allows use of name and system
  - d) Products are manufactured locally only
4. Which platform is best associated with non-store online retailing?
  - a) Shoppers Stop
  - b) Amazon
  - c) Kirana Store
  - d) Spar Hypermarket
5. Which of the following is a specialty store?
  - a) D-Mart
  - b) Archies
  - c) Tanishq
  - d) Inorbit Mall
6. Which of the following is an example of omni-channel retailing?
  - a) Only online store
  - b) Only physical store
  - c) Tata CliQ

d) Catalog sales

**C. State whether the following statements are True or False.**

1. Retailing only deals with bulk sale of goods to businesses.
2. Retail industry is the third largest employer in India.
3. Retail sector supports both rural and urban economies.
4. Flipkart and Amazon helped drive India's e-commerce boom.
5. Procurement is the final step in the retail supply chain.
6. Retail industry has no impact on logistics or warehousing.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Hypermarket	A	Integrated offline and online selling
2	Kirana Store	B	Mail-based product selection and ordering
3	Franchise Retailing	C	Specialty healthcare retail store
4	Appolo Pharmacy	D	Agreement to use brand and systems
5	Omni-channel Retailing	E	Combined supermarket and department store
6	Catalog Sales	F	Local grocery shop

**E. Short Answer Questions**

1. What is store-based retailing?
2. Define non-store retailing with two examples
3. What is franchise retailing?
4. What are specialty stores?

**F. Long Answer Questions**

1. Explain the types of store-based retail formats in India.
2. Describe the procedure involved in non-store retailing?
3. What is Omni-channel retailing and how does it benefit consumers?
4. Compare store-based and non-store retailing with suitable examples?

**G. Check your Performance**

1. Prepare customer support system such as chatbots, email and help line system

## SESSION 3: SKILLS REQUIRED FOR RETAIL SALES EXECUTIVE

The retail sales executive is a front-line employee in a retail store to attend the customer. The role of a retail sales executive in a retail store is crucial for driving sales, ensuring customer satisfaction and maintaining smooth store operations. The nature of retail sales executive job role in a retail store is very dynamic, customer centric and performance driven. The detailed overview is given below (Fig.1.14).



**Fig. 1.14: Roles and Skills Required for Retail Sales Executive**

### 1. Customer-Facing Role

Retail Sales Executive directly interacts with the customers on the store floor. He requires good communication, listening and interpersonal skills to face the customer. And retail sales executive must be polite, friendly and helpful to the customer all the times.

### 2. Target-Oriented Job

Retail sales executive job often have daily, weekly or monthly sales targets, incentives are offered for achieving or exceeding the targets and they should focus upon up selling and cross selling.

### 3. Shift-Based Work

The retail sales executive job typically involves rotational shifts including weekends and even holidays. The working hours of the job can be long, especially during festivals, holidays or sales seasons.

### 4. Physically Active Job Role

The job of retail sales executive requires standing and moving around the most of the shift. It also requires physical tasks such as arranging products, stocking shelves and assisting customers physically.

### 5. Team Oriented but Independent

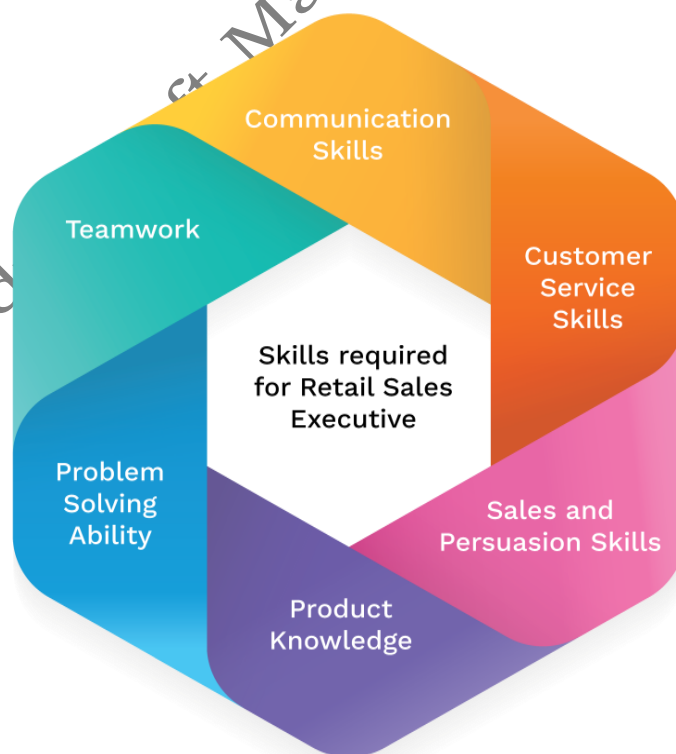
The job role of retail sales executive is part of a sales team under a floor manager. And one must able to handle the job independently when it is required.

### 6. Product and System Knowledge

Retail sales executive must stay updated on product details, offers and inventory. And should know how to operate the point of sale system and handle and complete the transactions.

### Skills required for Retail Sales Executive

A blend of soft skills, technical know-how and customer-oriented traits are essential for a retail sales executive (Fig: 1.15).



**Fig. 1.15: Skills required for Retail Sales Executive**

### Communication Skills

Clear and polite verbal communication skills are needed to receive the customer, active listening skills essential to understand the customer requirements and ability to explain products and offer effectively to make the purchase the products, are every much required.

- a) **Verbal communication:** Clarity and commanding in explaining the product features, benefits and offers to the customers are required. Speaking in a polite, professional and engaging manner is very much required.
- b) **Body Language:** Maintaining good posture, eye contact and a friendly smile and use of gestures are very necessary for a retail sales executive.

### Customer Service Skills

Retail sales executive must be friendly and with approachable attitude. Patience in handling complaints or difficult customers is also very much required. Positive attitude like greeting customer with a smile, showing enthusiasm is also required skill for retail sales executive. Empathy towards customer is essential to understand and respect the customer feelings and concerns. The main focus is on delivering a positive shopping experience to the customer.

### Sales and Persuasion Skills

The ability to influence purchase decisions of the customer is very essential for a retail sales executive. Skills in up selling and cross selling will help the retail sales executive in achieving their targets. High confidence levels are also required for meeting or exceeding sales targets.

- a) **Up selling:** Encouraging the customer to buy higher end or upgraded model of a product which they are already considering to buy. The main purpose of up selling is to increase the transaction value and provide better value or quality product to the customer.

#### Examples:

- i. Suggesting a fresh arrival model with more storage and battery and other features for the smart phone buying customer.
  - ii. Recommending a premium range of product instead of the basic model.
  - iii. Promoting the extended warranty or service plans in addition to the existing of standard plan available with the product.
- b) **Cross-selling:** Encouraging the customer to buy related/ complementary/ accessories related to the product in addition to the main purchase. The purpose is to increase total sales and enhance the customer's product usage or satisfaction.

**Examples:**

- i. Suggesting socks or shoe polish for the who customer buys shoe.
- ii. Recommending a screen protector or a case with a mobile phone.
- iii. Offering a matching belt with a pair of trousers.

**Product Knowledge**

Product knowledge such as features, usage, benefits and technical specifications etc. is required for retail sales executive. Having awareness on latest stock, offers and new arrivals is also very much important. The ability to compare different products and recommend products also help full in successful completion of the transaction.

**Problem Solving Ability**

Smooth handling of customer objections or issues and quick thinking to resolve queries are very much essential for the retail sales executive. Key aspects of problem-solving ability.

- a) **Identifying the customer problem:** Patient listening skills are essential to understand the concerns or complaint.
- b) **Analyzing the Situation:** Assessing the root cause most important to find a solution. Retail sales executive has to find out the reason causing the problem to the customer like any product defect, billing error or delay in service.
- c) **Finding a Solution:** Offer suitable alternatives such as product exchange or discounts etc. after careful consideration of company policies. It is also important to provide clear and honest explanations to the customer.
- d) **Maintaining a positive attitude:** Retail sales executive must stay calm, patient and professional and he has to reassure the customer and tune negative experience into a positive one.

**Teamwork**

Coordination skills required to work with team in managing floor duties and sharing of responsibilities is also important to meet the store targets. The following are the some of the important teamwork skills.

- i. Communicating openly and respectfully.
- ii. Being reliable and responsible with the tasks.
- iii. Helping the colleagues when they are overwhelmed.
- iv. Accept the feedback from the fellow team members and give constructive suggestions to your colleagues.

- v. Celebrate team success.

### Basic Computer and Point of Sale Handling Skills

Basic computer skills to operate billing procedures and systems, point of sale handling skills and handling of digital payment are required (Fig.1.16).



**Fig. 1.16: Computer Knowledge**

#### a) Basic Computer Skills

1. Use of MS-Excel, Word and inventory systems.
2. Basic internet skills such as E-mailing and browsing.
3. Quick and accurate typing skills.
4. Operating barcode scanners and printers.

#### b) Point of Sale Handling Skills

1. Billing and scanning of products.
2. Processing payments.
3. Applying discounts.
4. Generating receipts and maintain transaction records.

### Time Management

Prioritizing tasks during busy hours is essential for a retail sales executive. Timely restocking is also very important. The following are some important tips of time management for retail sales executive.

- a) Start the day with a to-do-list.
- b) Use slow hours to prepare for peak times.
- c) Avoid distractions during customer interactions.

- d) Use digital tools such as POS system, Inventory apps efficiently.
- e) Take short, planned breaks to stay refreshed.

### Physical Stamina

Retail sales executive must have ability to stand for long hours, and sufficient physical strength for lifting and stocking the products in time. The following are some important tips which help in improving or maintaining physical stamina (Fig.1.17).



**Fig. 1.17: Physical Stamina for RSE**

- a) Staying hydrated and taking balanced meals.
- b) Wear comfortable clothes and shoes.
- c) Take short breaks to stretch and relax.
- d) Do exercise regularly to build endurance.
- e) Get sufficient rest and sleep.

### PRACTICAL EXERCISES

**Activity 1:** Field visit to retail store to observe and learn the role and nature of retail sales executive

**Material required:** Notebook, pen or pencil

**Procedure:**

1. Divide the students into small groups.
2. Organize a visit to a nearby retail store.
3. Ask to the students in to groups to observe the following activities performed by the retail sales executive.
  - a) Interaction with the customers.
  - b) Handling billing and POS system.
  - c) Organizing and managing products in shelves.
  - d) Team work
4. Ask the students to collect information from the retail sales executive and store supervisor information regarding the sales targets, shift timings etc.
5. Ask the students to prepare and submit a brief report based on observations and information collected.

**Activity 2:** List out skills required to perform the job role of retail sales executive.

**Material required:** Chart paper, Notebook, pen or pencil, color pens, adhesive plaster, gum etc.

**Procedure:**

1. Divide the students into small groups.
2. Organize a visit to a nearby retail store.
3. Ask to the students in to groups to observe the following activities performed by the retail sales executive.
  - a) Receiving the customer
  - b) Upselling and cross selling
  - c) Describing Product features, specifications etc.
  - d) Handling the POS system.
4. Ask the students to collect information from the retail sales executive and store supervisor information regarding tips on time management, customer service, team work, workouts to stay fit and active throughout the shift etc.
5. Ask the students to prepare and submit a brief report based on observations and information collected.

**CHECK YOUR PROGRESS****A. Fill in the Blanks**

1. Retail Sales Executive is a \_\_\_\_\_ employee who directly attends customers in a store.
2. \_\_\_\_\_ and \_\_\_\_\_ are important sales techniques used to increase transaction value.
3. The job of a retail sales executive is \_\_\_\_\_ and \_\_\_\_\_ driven.
4. A retail sales executive must have knowledge about operating the \_\_\_\_\_ system for billing.
5. \_\_\_\_\_ stamina is necessary as the job involves standing for long hours.
6. \_\_\_\_\_ skills help in resolving customer complaints and turning negative experiences into positive one.

**B. Multiple Choice Questions**

1. Which of the following is a key feature of a retail sales executive's job?
  - a) Back-office management
  - b) Field marketing only
  - c) Direct customer interaction
  - d) Only online operations
2. What is upselling?
  - a) Recommending cheaper alternatives
  - b) Selling unrelated products
  - c) Promoting a higher-end product to a customer
  - d) Avoiding customer suggestions
3. Which of these is not a part of teamwork skills?
  - a) Communicating respectfully
  - b) Competing against teammates
  - c) Helping overwhelmed colleagues
  - d) Accepting feedback
4. A POS system is used for:
  - a) Security and surveillance
  - b) Product manufacturing
  - c) Billing and transaction processing

- d) Social media promotion
5. What does cross-selling involve?
- Selling an upgraded version of a product
  - Encouraging unrelated purchases
  - Suggesting complementary products
  - Offering free samples
6. Which of the following helps maintain physical stamina?
- Skipping meals
  - Working non-stop
  - Wearing uncomfortable footwear
  - Taking regular short breaks

**C. State whether the following statements are True or False.**

- A retail sales executive's role is purely technical and does not require customer interaction.
- Cross-selling means offering a higher-priced model of the same product.
- Sales executives often work in shifts, including weekends and holidays.
- Body language and verbal communication both play an important role in customer service.
- Retail executives are not expected to know anything about product specifications.
- Empathy is a valuable trait for handling customer concerns.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Upselling	A	Accepting feedback and cooperating
2	POS system	B	Identifying and resolving complaints
3	Physical stamina	C	Knowing features, benefits and specifications
4	Teamwork	D	Suggesting premium or upgraded products
5	Problem solving	E	Used for billing and receipts
6	Product Knowledge	F	Needed for standing and stocking

**E. Short Answer Questions**

- What is the role of a retail sales executive?

2. Define upselling with suitable example?
3. Why is time-management important for retail sales executive?
4. What are the basic computer skills required for a retail sales executive?
5. Mention any two physical stamina tips for retail sales executive?

**F. Long Answer Questions**

1. Describe the role and nature of retail sales executive?
2. What are the skills required for retail sales executive?

**G. Check Your Performance**

1. Practice communication, listening and interpersonal skills to face the customer.

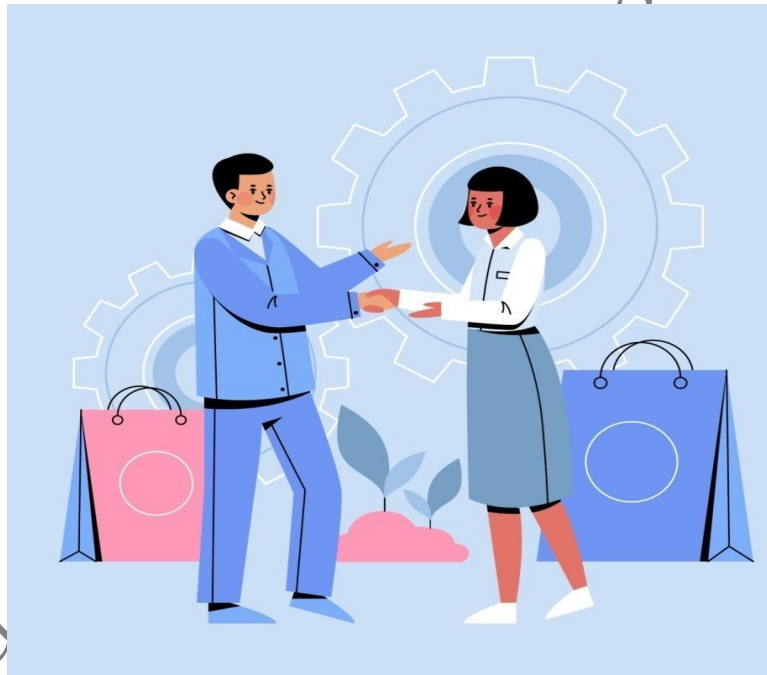
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## SESSION 4: DUTIES AND RESPONSIBILITIES OF RETAIL SALES EXECUTIVE

Retail sales executive is very crucial in smooth functioning of a retail store, he/she directly engages customers and completes sales. The primary duties include greeting customer warmly; understand their needs, and assisting them in selecting suitable products. Retail sales executive is responsible for providing detailed product information, recommending products and also to be able to handle billing payment processes. The key duties and responsibilities of retail sales executive are discussed below.

### Greeting and Assisting Customers in Product Selection

Greeting customers in a retail environment is one of the most important first steps in building a positive shopping experience. A warm, friendly and professional greeting sets the tone and can influence the customer's willingness to buy (Fig.1.18).



**Fig. 1.18: Greeting Customers**

#### Benefits:

1. It creates a welcoming atmosphere.
2. A welcoming greeting makes customers feel valued and respected.
3. If customer greeted properly customer open up for further communication and assistance.
4. It also helps in building trust and loyalty.
5. Proper greeting increases chances of making a sale.

## Steps to Greet the Customer in Retail

Greeting customers is the first step in creating a positive shopping experience. The process begins with making eye contact and offering a warm smile as the customer enters the store. The salesperson should then greet politely with phrases like “Good morning” or “Welcome to our store.” Using the customer’s name (if known) or a friendly tone makes the interaction more personal. The next step is to help without being pushy, for example, “How may I help you today?” or “Is there something specific you are looking for?” Maintaining a professional, approachable attitude and open body language helps customers feel comfortable, valued, and more willing to engage, which sets the tone for a successful retail interaction. Few steps to greet the customers:

- A. Eye Contact:** Eye contact makes the customer feel acknowledged.
- B. Genuine Smile:** A friendly expression with pleasant smile makes customer feel comfortable.
- C. Friendly Greeting:** Greeting with polite words makes customer open up for further conversation. Examples of proper greeting are given below.
  - a. Good morning! Welcome to “store name”.
  - b. Hi! How can I help you today?
  - c. Good morning Sir / Madam! Let me know if you need any help.
  - d. Hello sir / madam! we have got some great offers going on – can I show you something.
- D. Personalize if Possible:** If the customer is regular to the store use his name while greeting him and also try to mention past purchases.

## Steps in Assisting Customer in Product Selection

Assisting customers in product selection involves understanding their needs and guiding them toward the right choice. The process begins by listening carefully to the customer’s requirements and asking relevant questions to clarify preferences such as budget, quality, size, or brand. Next, the salesperson should present suitable options, highlighting key features, benefits, and differences between products. Demonstrating the product or offering samples, if possible, helps the customer make an informed decision. It is important to answer questions honestly, address concerns, and provide comparisons without pressuring the customer. Finally, the salesperson should confirm the customer’s choice and ensure they feel confident and satisfied with their selection, creating trust and building long-term relationships.

The Steps involved to assisting customers in product selection are as under:

- a) Understand the customer by asking open – ended question like what occasion are you shopping for?

- b) Pay close attention to their preference, budget and requirements and suggest products based the customer requirement.
- c) Try to explain the differences between similar products to help them choose right product.
- d) Encourage the customer touch, feel, test or try the product if the store norms permit.
- e) If customer hesitates, clarify the doubts and handle the customer objection patiently.
- f) Suggest the customer about the related items or accessories try for cross selling.
- g) Finally respect the customer decision and let the customer make the final decision without pressure.

### Do's and Don'ts

Do's	Don'ts
Smile and try to make eye contact	Never Ignore customers or look distracted
Be polite and respectful	Don't Be too aggressive or pushy
Listen attentively	Avoid interrupt or talk over the customers
Adjust tone for different customer types	Avoid use of slang or overly casual language

### Maintaining Product Displays and Stock Levels

Maintaining attractive displays and accurate stock levels is very essential in retailing to ensure product visibility, promote sales and create a smooth shopping experience. Maintaining Product Displays involves the following activities:

- a) **Visual Merchandising:** Visual merchandise is arranging the products neatly and attractively with a motive of getting immediate customer attention while entering the store.
- b) **Proper Labeling:** Price tags, product names and related offers should be properly displayed.
- c) **Follow layout guidelines:** Layout guidelines set by the store management or brand must be obeyed while organizing the shelves and products.

- d) **Clean and neat organization:** Regular cleaning of shelves, folding the cloths and keeping the display tidy is required.
- e) **Update Displays:** Displays should be updated upon festivals, offers and seasons to attract customer footfall.
- f) **Highlight Promotions:** High margin products and promotional products should be placed in prime location.

Maintaining Stock Levels includes the following tasks:

- a) **Shelf Replenishment:** It is important to refill shelves and racks when stock runs low.
- b) **Stock Rotation:** First-in-First-Out principle should be followed to prevent product expiry or obsolescence.
- c) **Inventory Checks:** Regular checks should be done by means of counting of items and reporting the missing, damaged or expired stock.
- d) **Reporting Low Stock:** Report to supervisor or use of system alerts when stock needs to be reordered.
- e) **Receiving Deliveries:** Retail sales executive should help in unloading the stock and Check the stock against invoice while receiving the new items arrive. Delivery is also very important and helps in unloading the stock.
- f) **Backroom Operation:** Keeping the store room neat and label the goods for easy access.

**Achieving Sales Target and Product Promotions:** Achieving sales targets and promoting the products are crucial duties of the retail sales executive. These activities directly impact the revenue and customer shopping experience and overall success of the business. Understanding the sales targets such as daily, weekly and monthly sales targets is very essential for a retail sales executive. By use of up selling and cross selling techniques the retail sales executive can maximize the sales. Promoting the new arrivals and offers are also very important duty of a retail sales executive. In-store promotions like use of banners, posters and display stand can be used to promote the products. Verbal promotion like explaining the offers to the customers and offer suggestions can also be used to promote the products.

**Providing product information and recommendations:** One of the key responsibilities of the retail sales executive is to provide accurate product information and offer useful recommendations. This is very much required for building trust and boosting sales. Product feature such as size, color weight, material used does and don'ts should be explained as quick possible. The key benefits of the products can also be described; demonstration of usage

instructions can also be done. Informing the customer about the price and relevant offers such as discounts on going promotions is also important.

**Handling Billing and Payment Processes:** Handling billing and payments is an important responsibility of the retail sales executive. It is the duty of the retail sales executive to ensure a smooth checkout experience, builds customer trust. The following are key tasks involved in this.

**Preparing for Billing:** Checking the items, scanning the barcodes and applying the discounts and promotional offers are comes under this billing preparation category.

**Processing Payments:** Payment processing is a crucial task of the retail sales executive. Payment may be in cash, by use of cards, digital and EMI/Finance options. In case of cash transaction, proper care is to be taken to count the cash received and return correct change. Customer may pay using credit/debit card, in this case, the tasks of swipe/insert of card, OTP verification or entry of PIN are to performed to complete the transaction. Generate the QR code/send payment link or request to the customer if the customer wants pay through UPI and other wallets. Care should be taken in preparation of proper documentation according to the requirement of the partnered banks or apps to complete transaction in EMI/finance mode.

**Generating Invoices and Receipts:** It is essential to provide proper invoice to the customer for his purchase. While generating the invoice ensure that invoice should include the following.

- a) Product names and quantities
- b) Product details
- c) Discounts applied
- d) Taxes (GST/VAT)
- e) Payment method
- f) Store contact details.

**Handling Returns and Refunds:** Handling returns and processing the refunds is also an important duty of the retail sales executive. Store policy must be followed while processing returns, verifying the receipt and payment condition etc. are most important in this regard. Refund may be in the form of Return of amount in original payment mode or issue store credit/voucher. And finally maintaining the records of all the returns and refunds is also is duty of the retail store executive for further reporting purpose.

**End-of-Day Duties:** At the end of the day retail sales executive has to reconcile the cash register, generate daily sales reports, and deposit the cash as per protocol and report discrepancies if any to the supervisor.

**Managing Customer Feedback and resolving complaints:** Retail sales executive must listen patiently respond politely and resolve the issues efficiently. Always encourage the customers to give feedback, ask the customers at checkout on their shopping experience with the store. Listen to the customer attentively even the feedback is negative. Record the feedback and report to the manager and acknowledge the feedback. At the time of resolving the customer complaints retail sales executive should stay calm and polite. Listen attentively to understand and identify the problem and provide possible solutions to the customer. Follow up and keep update the customer until it's resolved. Apologize sincerely for the inconvenience caused.

**Keeping Records of Sales and Inventory:** Retail sales executive plays a key role in maintaining proper documentation of sales transactions and inventory levels to ensure the smooth operations of the retail store.

## PRACTICAL EXERCISES

**Activity 1:** Practice greeting and assisting customers in product selection

**Material required:** Notebook, pen or pencil and dummy products etc.

**Procedure:**

1. Divide the students into small pairs as customers and retail sales executives.
2. Ask the students to select a particular category such as mobile phone, cloths, grocery and cosmetics etc.
3. Ask the students to greet the customer using eye contact, smile etc.
4. Ask the students to practice active listening, product explanation and offer suggestions etc.
5. Each pair selects a product category (e.g., mobile phones, clothes, groceries, cosmetics).
6. Provide small cards indicating the role and scenario (e.g., "Customer looking for budget mobile" or "Customer searching for skincare cream").
7. Arrange the classroom like a mini retail store with dummy products displayed on a desk or shelf.
8. The sales executive practices greeting the customer warmly using eye contact, a smile, and polite words.
9. The sales executive politely asks how they can help the customer (e.g., "How may I assist you today?").
10. The customer describes their need, and the sales executive listens carefully without interrupting.

11. The sales executive asks follow-up questions (budget, size, preferences, and brand choice).
12. The sales executive shows suitable products from the selected category.
13. Each option is explained with features, advantages, and differences in simple language.
14. The sales executive allows the customer to compare products and provides honest suggestions.
15. The customer raises a concern (e.g., price, quality), and the sales executive addresses it politely.
16. The customer makes a choice, and the sales executive reconfirms satisfaction with the decision.
17. After 5 minutes, students switch roles (customer becomes sales executive and vice versa) and repeat the activity.
18. The teacher highlights good practices observed (greeting, listening, explaining, handling concerns) and asks students to note down key points for improvement.
19. Summarize the points and ask the students to note down.

**Activity 2:** Presentation on maintaining the product displays and stock levels.

**Material required:** Chart paper, Notebook, pen or pencil, color pens, adhesive plaster, gum etc. or computer, projector and screen etc.

**Procedure:**

1. Divide the students into small groups.
2. Assign each group a type of retail product.
3. Ask them to prepare a chart or PPT including the following.
  - a) Shelf arrangement
  - b) Seasonal and promotional display planning.
  - c) Labeling and pricing
  - d) Inventory checks
  - e) FIFO rotation.
  - f) Stock replenishment and reporting low stock.
4. If possible, encourage the students to prepare and present small mock displays.
5. Ask each student to present their chart or PPT.
6. Ask the student groups to note down suggestions.

7. Student will show the notes to the teacher.
8. Teacher will narrate the suggestions to the required group.
9. The group will incorporate the necessary changes in the presentation.
10. Present the final presentation to the subject teacher.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. Greeting is a \_\_\_\_\_ gesture for customers.
2. Eye contact makes the \_\_\_\_\_ feel acknowledged.
3. Regular checks should be done by means of \_\_\_\_\_ of items and reporting the missing, damaged or expired stock
4. Maintaining attractive displays and accurate stock levels is very essential in \_\_\_\_\_ to ensure product visibility.
5. In case of \_\_\_\_\_ transaction, proper care is to be taken to count the cash received and return correct change.

### B. Multiple Choice Questions

1. What is the first step in creating a positive shopping experience in a retail store?
  - a) Billing
  - b) Greeting the customer
  - c) Stock checking
  - d) Product labeling
2. Which of the following is an example of an open-ended question?
  - a) Do you want this item?
  - b) Is this your size?
  - c) What occasion are you shopping for?
  - d) Do you like this colour?
3. FIFO stands for:
  - a) Fast In Fast Out
  - b) First In First Out
  - c) First In Final Out
  - d) Final In First Out
4. Suggesting related items to a customer is known as:
  - a) Billing
  - b) Advertising
  - c) Cross-selling
  - d) Stock rotation

5. Which of the following is NOT a payment method used in retail stores?
  - a) Cash
  - b) Credit card
  - c) UPI
  - d) Attendance register
6. What should a retail sales executive do at the end of the day?
  - a) Rearrange displays
  - b) Reconcile cash register
  - c) Change store layout
  - d) Close customer accounts

**C. State whether the following statements are True or False.**

1. Greeting customers warmly helps in building trust and loyalty.
2. Retail sales executives should interrupt customers to save time.
3. Visual merchandising helps attract customer attention.
4. Returns and refunds do not require any record keeping.
5. Upselling and cross-selling techniques help increase sales.
6. Using slang language is recommended while speaking to customers.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Visual merchandising	A	Polite and personalized greeting
2	Upselling	B	Arrangement of product attractively
3	Billing	C	Encourage purchase of premium product
4	Greeting	D	Handling returns and complaints
5	Customer Support	E	Scanning products and applying offers
6	Stock rotation	F	First in first out method.

**E. Short Answer Questions**

1. What are the key benefits of greeting a customer properly?
2. Mention any two steps a retail sales executive should take while assisting a customer in product selection?

3. Define visual merchandising and its importance in a retail store?
4. Why is handling customer feedback important for a retail store?
5. What is the procedure for end of the duties to be conducted by retail sales executive?

**F. Long Answer Questions**

1. Explain the responsibilities of a retail sales executive in maintaining product displays and stock level.
2. Discuss the role a retail sales executive in managing customer complaints and feedback.

**G. Check Your Performance**

1. Practice managing customer feedback and resolving complaints.

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## MODULE 2: PROCESS OF PAYMENT IN RETAIL

The retail payment process, whether in a physical store or online, is a complex yet highly efficient system designed to facilitate the secure transfer of funds from a customer to a merchant for goods or services. At its core, it begins when a customer decides to make a purchase and presents their chosen payment method, which could range from traditional cash or credit/debit cards to modern digital options like mobile wallets or UPI apps. This initial interaction happens either at a physical Point-of-Sale (POS) terminal in a shop or through an e-commerce platform's secure checkout page. The retailer's system then promptly captures this payment information, immediately encrypting any sensitive data to safeguard it from potential threats.

Once the payment details are captured, the transaction embarks on a rapid, intricate journey through various financial intermediaries. The encrypted data typically first reaches a payment gateway, which acts as a secure digital bridge, routing the request to a payment processor. This processor then forwards the transaction to the relevant card network (like Visa, MasterCard, or India's RuPay) or the Unified Payment Interface (UPI). From there, the request reaches the issuing bank- Which is the customer's bank. Here, crucial checks are performed: verifying the card's validity, confirming sufficient funds or credit, and executing real-time fraud detection analytics. Based on these assessments, the issuing bank approves or declines the transaction, sending this decision back through the same network chain to the retailer's system, all usually within a matter of seconds. The final step in this streamlined process is the immediate display of an authorization or decline message. If approved, the transaction is successfully completed, inventory records are updated, and a receipt is generated for the customer. Subsequently, the funds are settled, moving from the issuing bank to the merchant's account at their acquiring bank. This settlement can be near-instantaneous for UPI transactions, or take a day or two for card-based payments. Should the transaction be declined, the system typically provides a clear reason, allowing the retailer to politely inform the customer and suggest an alternative payment method. This sophisticated, yet largely invisible, coordinate between various components ensures that retail payments are processed securely, efficiently, and with full accountability, forming the essential backbone of modern commerce.

This module focuses on process of payment in retail. The first session covers concepts of payment processing in retail, their types, authorization and verification. The second session deals with retail payment management which includes - refund and exchange payment procedures, security protocols and fraud prevention, comparison between traditional and modern payment process the third session focuses managing retail payment procedures and the fourth session imparts about Recordkeeping and Documentation.

## SESSION 1: INTRODUCTION TO RETAIL PAYMENT PROCESSING

Retail payment processing is a vital function in retail operations, enabling the smooth exchange of goods and services for money. It involves accepting payments through various methods such as cash, debit cards, credit cards, digital wallets, and online transfers. Efficient payment processing ensures accuracy, speed, and security at the point of sale, enhancing customer satisfaction and trust. It also helps retailers maintain proper financial records, manage cash flow, and comply with legal and organizational standards. With the advancement of technology, modern retail payment systems are increasingly automated, integrated, and customer-friendly, supporting both in-store and online retail environments.

### Meaning of Payment Processing in Retail

In retail, payment processing refers to the entire system and sequence of actions that securely facilitate the transfer of funds from a customer to a merchant for goods or services. It encompasses all the steps from when a customer initiates a payment to when the money is actually deposited into the retailer's bank account.

This process involves several key players and technologies working together seamlessly, usually in a matter of seconds, to ensure a secure and efficient transaction. It's the "behind-the-scenes magic" that allows a retail business to accept various payment methods like credit cards, debit cards, mobile payments, and digital wallets etc., (Fig.2.1).



**Fig. 2.1: Payment Processing in Retail**

## **IMPORTANCE OF RETAIL PAYMENT PROCESSING**

The retail payment process is not just a necessary step in a transaction; it's a critical component that can significantly impact a retailer's success. Its importance stems from various factors, touching upon customer experience, operational efficiency, financial security, and business growth. Here are some more details regarding importance of retail payment process:

### **1. Enhanced Customer Experience and Satisfaction**

In today's retail environment, the payment process profoundly impacts customer experience and satisfaction. A robust payment system offers customers convenience and choice, allowing them to use their preferred methods like credit cards, mobile wallets, or "buy now, pay later" options. This flexibility makes completing purchases significantly easier. Beyond choice, speed and efficiency at checkout are crucial; quick, seamless transactions, whether online or in-store, prevent frustration and reduce abandoned carts. Furthermore, a seamless Omni channel experience ensures consistency across all shopping channels.

### **2. Increased Sales and Revenue**

An effective retail payment process is crucial for increasing sales and revenue. By offering a variety of preferred and efficient payment options, retailers can significantly reduce cart abandonment, particularly in online environments where customers might drop off if their preferred method isn't available or the process is too cumbersome. Moreover, a swift and effortless payment experience encourages impulse purchases. When the friction to complete a transaction is minimized, customers are more likely to follow through on spontaneous buying decisions.

### **3. Improved Security and Fraud Prevention**

The retail payment process is fundamentally important for improved security and fraud prevention. Advanced payment processing systems employ robust measures like data protection through encryption and tokenization, safeguarding sensitive customer financial information from potential breaches and misuse. This proactive security helps build customer trust and protects their confidential data throughout the transaction lifecycle. Furthermore, these systems are equipped with sophisticated fraud detection tools that meticulously analyze transactions for any suspicious activity.

### **4. Operational Efficiency and Cost Savings**

Efficient retail payment processing significantly boosts operational efficiency and provides substantial cost savings for businesses. Through automation, manual tasks like data entry and financial reconciliation are drastically reduced, minimizing human error and saving

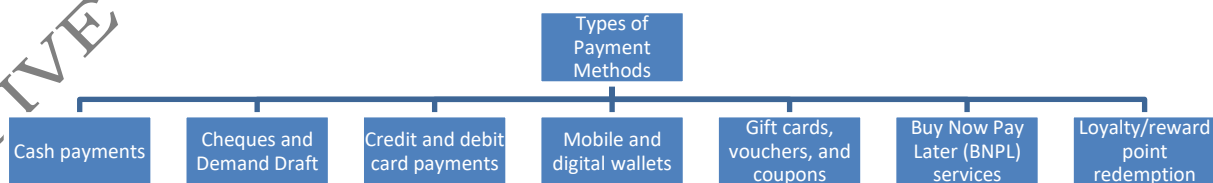
considerable time, particularly beneficial for retailers with multiple outlets or high transaction volumes.

## 5. Valuable Data and Analytics

The retail payment process is a valuable source of data and analytics, offering crucial insights that drive strategic business decisions. Payment data provides a wealth of information, revealing customer spending habits, preferred payment methods, transaction patterns, and even peak shopping times. By analyzing this rich dataset, retailers can make informed decisions on critical aspects such as inventory management, tailoring marketing strategies to specific customer segments, optimizing product offerings, and even refining store layouts, all of which contribute to maximizing sales and enhancing overall customer satisfaction.

### TYPES OF PAYMENT METHODS

In retail, customers can choose from various payment methods depending on convenience and availability. The most common method is cash payment, which is simple and widely accepted. Card payments using debit or credit cards allow secure and quick transactions, often supported by swiping machines or contactless systems. With digitalization, online payments through mobile wallets, UPI (Unified Payments Interface), and net banking have become popular for their speed and ease. Buy Now, Pay Later (**BNPL**) and installment plans are also offered for high-value purchases. Some retailers accept cheques or gift vouchers, though less commonly today. Each method has its own benefits in terms of security, speed, and customer convenience, making flexible payment options an important part of modern retailing. (Fig.2.2).



**Fig. 2.2: Types of Payment Methods**

#### 1. Cash Payments

While the broader concept of retail payment processing often focuses on electronic transactions, cash payment remains a fundamental and integral part of the retail payment process, particularly in brick-and-mortar stores.

The process for cash payment in retail is generally straightforward, beginning with the customer handing over notes and coins at the point of sale (POS). The cashier counts the cash, verifies the amount, and provides any necessary change. The transaction is immediately recorded in the retailer's POS system, which updates sales records and inventory. After the immediate exchange, the cash is then securely stored in a cash register till during operating hours.

Despite the rise of digital payment methods, cash retains its importance due to its universality, immediacy, and often perceived privacy and tangibility by consumers. However, it also introduces operational challenges related to secure handling, counterfeit detection, reconciliation, and transportation, which necessitates robust internal cash management procedures.

### **Importance of Cash Payment System**

For consumers, cash offers several distinct advantages. It provides a tangible sense of budget control, as individuals are limited to spending only the physical money they possess, which can prevent overspending often associated with credit. Cash also offers a high degree of privacy and anonymity, as transactions don't leave a digital trail that can be tracked or analyzed. Crucially, cash promotes financial inclusion, serving as an essential payment method for individuals who are unbanked or under banked, or those in areas with limited access to digital infrastructure or reliable internet. Furthermore, cash is universally accepted and reliable, working even during power outages or system failures when electronic payments might not be possible.

For businesses, especially small and local retailers, accepting cash comes with significant benefits. Perhaps the most impactful is the absence of transaction fees that are typically charged by credit card companies and payment processors, directly increasing profit margins on cash sales. Cash provides immediate settlement, meaning funds are available instantly without waiting for bank processing times, which improves a business's cash flow. It also carries a lower risk of fraud chargeback's compared to card payments, reducing potential losses.

### **Challenges in Cash Payment System**

While cash payment is simple and widely used, it presents several challenges in the retail environment. Handling large amounts of cash increases the risk

of theft, robbery, or mismanagement. Counting and managing cash at counters can be time-consuming, often leading to errors or delays in billing. Fake or counterfeit currency is another major concern that can cause financial loss to retailers. Storing and transporting cash securely also requires strict safety measures and additional costs. Moreover, cash payments limit customer convenience compared to digital or card options, especially for higher-value transactions. These challenges make it important for retailers to adopt proper security practices and gradually promote safer, cashless alternatives.

- a. Security Risks and Theft:** The most prominent challenge is the inherent security risk. Businesses that handle large volumes of cash become targets for external theft (robberies) and are vulnerable to internal theft or employee fraud. Managing and transporting cash from the till to the safe, and then to the bank, creates numerous opportunities for loss.
- b. Operational Inefficiencies and Labor Costs:** Manual cash handling is a time-consuming and labor-intensive process. Tasks such as counting cash, verifying amounts, preparing deposits, reconciling tills at the end of shifts, and investigating discrepancies consume valuable employee and management time. This diverts staff from more productive, customer-facing activities.
- c. Lack of Traceability and Accountability:** Unlike electronic transactions, cash payments leave no inherent digital trail. This lack of traceability makes it difficult for businesses to maintain detailed financial records, track individual transactions accurately, or conduct thorough audits. It can complicate financial management, budgeting, and tax reporting, as manual record-keeping is prone to errors and oversights.
- d. Counterfeiting and Fraud:** Despite security features on banknotes, the risk of accepting counterfeit currency is a constant concern for businesses. Staff need training in counterfeit detection, and some businesses invest in detection technology, adding to training and equipment costs. If a counterfeit note is accepted, the business bears the full loss.
- e. Hygiene and Public Health Concerns:** Especially heightened during and after the COVID-19 pandemic, there are public health concerns associated with the physical handling of cash, which can carry germs and viruses as it changes hands frequently. This can impact employee and customer comfort and lead to additional hygiene protocols.

## 2. Cheques and Demand Drafts Cheques

A cheque is a written, unconditional order addressed by a bank account holder (the drawer) to their bank (the drawee), instructing it to pay a specified sum of money to a named individual or entity (the payee) or to the bearer. In retail, cheques were historically used for larger purchases or for transactions where a direct bank transfer wasn't feasible (Fig.2.3).

The image shows a blank demand draft form. At the top left, there is a field for 'BANK NAME' with an upward-pointing arrow. To the right of this field is a date selection box with labels 'D', 'M', 'M', 'Y', 'Y', 'Y', 'Y'. Below the bank name field, there is a 'PAY' field and an 'OR BEARER' field. Underneath these is a 'SUM OF' field with a horizontal line for writing the amount. To the right of the 'SUM OF' field is a box for writing the amount in digits. Below the 'SUM OF' field is an 'Acc. No.' field with a horizontal line for writing the account number. At the bottom right, there is a line for a signature with the text 'Please Sign Above'. At the very bottom, there are three MICR lines: '⑈ 56 78 90 ⑈', '⑆ 234 56 78 90 ⑆', and '⑆ 234'.

**Fig. 2.3: Demand Drafts**

### **Demand Drafts**

A Demand Draft (DD) is a prepaid financial instrument issued by a bank on behalf of a customer, instructing another bank or a branch of the same bank to pay a specified sum of money to a named payee. Unlike a cheque, a DD is guaranteed by the issuing bank because the customer pays the amount upfront to the bank when requesting the DD.

### **Importance of Cheques and Demand Drafts**

Cheques provide a crucial paper trail for transactions, aiding accounting and audits, and are useful for high-value purchases where digital limits might be a concern. They also facilitate post-dated payments for instalments, offering flexibility. For retailers, accepting cheques means no direct transaction fees, which can be cost-effective, and ensures accessibility for customers less comfortable with digital methods. Demand Drafts (DDs), on the other hand, are paramount for guaranteed payment. Since the bank collects funds upfront, DDs cannot bounce, eliminating the risk of dishonour for the retailer. This makes them highly secure for very high-value transactions, offering a formal, bank-backed assurance of funds. Institutions often mandate DDs for critical payments, ensuring their continued relevance in specific retail scenarios.

### **Challenges in Cheques and Demand Drafts**

Although cheques and demand drafts are considered safe and traditional modes of payment, they come with several challenges in modern business transactions. The primary drawback is the time delay, as both instruments require bank clearance before the amount is credited, which can take several days and slow down business operations. Cheques are prone to dishonour due to insufficient funds, overwriting, or signature mismatch, leading to loss of trust and additional legal or recovery procedures. Counterfeit or forged cheques and drafts also pose a risk of fraud. Moreover, the process of issuing, collecting, and depositing these instruments involves paperwork and physical visits to the bank, making them less convenient compared to digital payments. Demand drafts, though prepaid, require customers to pay extra charges for issuance and can be lost or misplaced, causing inconvenience. With the rise of fast, secure, and paperless digital payment options, cheques and drafts are increasingly viewed as outdated and inefficient, creating challenges in their continued use.

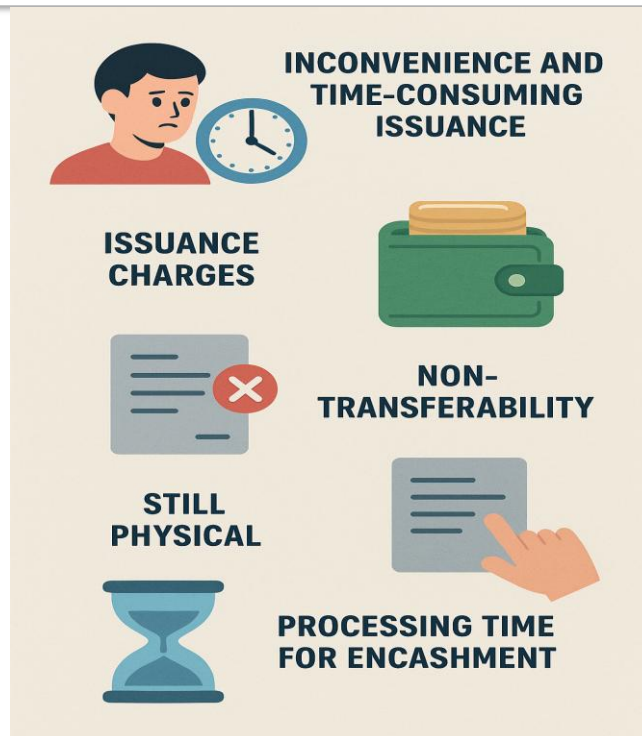
- a. Risk of Dishonour (Bounced Cheques):** If a customer's account has insufficient funds, the cheque will "bounce." This not only delays payment but also incurs bank charges for the retailer and requires additional administrative effort for follow-up or legal action.
- b. Processing Time and Delays:** Funds are not immediately available; they must be deposited and then undergo a clearing process. This can impact a retailer's cash flow.
- c. Fraud Risks:** Cheques are still vulnerable to fraud, including forgery of signatures, alteration of amounts, or identity theft if sensitive information falls into the wrong hands.
- d. Administrative Burden:** Handling cheques involves manual tasks like verification, physical deposit, and reconciliation. This adds to operational costs and staff time, making them less efficient than automated digital transactions.
- e. Stop Payment Risk:** A customer can issue a stop payment order on a cheque, even if it's legitimate, creating uncertainty for the retailer who might have already released goods.
- f. Decline in Acceptance:** Many retailers and consumers are moving away from cheques due to the prevalence of faster, more secure digital options. This limits their usability and makes them less convenient for customers.

### **Challenges with Demand Drafts (DDs)**

Demand Drafts (DDs), though considered more secure than cheques since they are prepaid instruments, also present several challenges in practice. Obtaining a DD requires physically visiting a bank, filling out forms, and

paying issuance charges, which can be time-consuming and inconvenient compared to digital payment options. If a DD is lost, misplaced, or damaged, the process of getting a duplicate is lengthy and requires formal procedures such as indemnity bonds, adding to the customer's burden. Clearing and encashment of DDs can also take time, especially if they are payable at outstation branches. Fraudulent or fake DDs, though less common, still pose risks, and banks need to verify authenticity before processing. Additionally, DDs are not flexible for urgent or high-value payments since they involve manual handling and delays, making them less attractive in today's fast-paced, technology-driven financial system (Fig.2.4).

- a. Inconvenience and Time-Consuming Issuance:** For the customer, obtaining a DD requires a physical visit to a bank branch (unless online issuance is available) and filling out forms, which is significantly more cumbersome than making a digital payment.
- b. Issuance Charges:** Banks levy a fee for issuing DDs, which varies based on the amount and bank policies. This added cost makes DDs less attractive for routine or smaller transactions.
- c. Non-Transferability:** DDs are typically issued to a specific payee, meaning they cannot be easily endorsed or transferred to another party, limiting flexibility.
- d. Still Physical:** Like cheques, DDs are physical instruments that can be lost, stolen, or damaged in transit, necessitating reissuance processes that can be time-consuming and costly.
- e. Processing Time for Encashment:** While payment is guaranteed, the retailer still needs to physically deposit the DD, and it may take some time for the funds to clear and reflect in their account, similar to cheques, albeit with less risk of dishonour.



**Fig. 2.4: Challenges with Demand Drafts (DDs)**

### 3. Credit and Debit Card Payments

Credit and debit cards are among the most widely used payment methods in retail due to their convenience, security, and speed. Debit cards allow customers to pay directly from their bank accounts, ensuring immediate settlement of transactions, while credit cards provide the benefit of purchasing on credit and repaying later, often with added perks like reward points, cash back, or EMI options. Both types of cards reduce the need to carry cash, minimize the risks of theft, and enable seamless transactions at point-of-sale (POS) terminals and online platforms. However, they require proper infrastructure like card swiping machines or digital POS systems and depend on network connectivity for authorization. Overall, credit and debit cards have transformed modern retail by making payments easier, faster, and more reliable for both customers and retailers.

#### Debit Card Payments

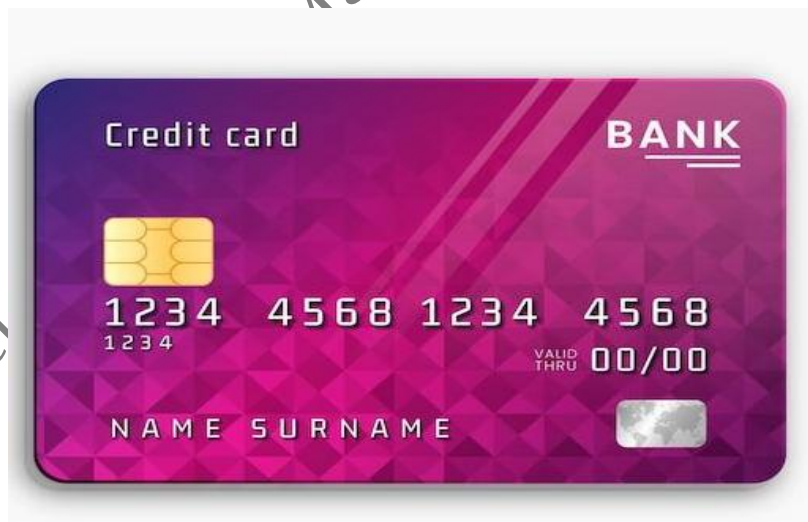
When a customer uses a debit card, the funds are directly withdrawn from their linked bank account. The transaction essentially acts as an electronic check, with the money typically debited in real-time or very quickly. Many debit card transactions involve a PIN (Personal Identification Number) for authentication, making them generally lower risk for both the customer and the merchant (Fig.2.5).



**Fig. 2.5: Debit Card**

### Credit Card Payments

A credit card transaction involves the customer borrowing funds from the issuing bank (the bank that issued the credit card) up to a pre-approved credit limit. The issuing bank pays the merchant on behalf of the customer, and the customer then repays the issuing bank, usually with interest if the balance isn't paid in full by the due date. Credit card transactions often rely on signatures or online security features like CVV (Card Verification Value) and AVS (Address Verification Service) for authentication (Fig.2.6).



**Fig. 2.6: Credit Card**

### Importance of Credit and Debit Cards System

Credit and debit cards are fundamental to modern retail for numerous reasons, beginning with customer convenience and preference; the vast majority of consumers favour cards for their ease of use, security, and rewards, meaning retailers who don't accept them risk losing sales. This

preference, combined with the fact that customers aren't limited by physical cash, leads to increased sales and average transaction value, encouraging larger purchases and impulse buys. Beyond sales, card payments offer enhanced security through encryption and fraud detection, reducing theft risks for retailers. They also provide improved efficiency and automation, streamlining sales recording and financial reconciliation, and delivering faster cash flow compared to checks. For online businesses, accepting international cards ensures global reach, while the transaction data offers valuable customer insights and analytics for informed decision-making in marketing, inventory, and strategy.

### **Challenges in Credit and Debit Cards system**

- a. Transaction Fees:** Retailers incur various fees for each card transaction, including interchange fees (paid to the issuing bank), network fees (to card networks), and processor mark-ups. These can significantly impact profit margins, especially for low-value transactions.
- b. Infrastructure and Compliance Challenges:** A significant challenge for retailers accepting credit and debit cards lies in ensuring robust security. Businesses are mandated to protect sensitive cardholder data by adhering to the stringent Payment Card Industry Data Security Standard (PCI DSS), a complex and often costly endeavour requiring ongoing audits, system updates, and security measures. Furthermore, maintaining the necessary technical infrastructure presents its own set of hurdles; reliable POS terminals, stable internet connectivity, and seamless integration with payment processors demand substantial upfront investment and continuous maintenance to prevent transaction failures and ensure a smooth customer experience.
- c. Evolving Threats and Technological Demands:** Retailers accepting credit and debit cards also face ongoing challenges related to fraud risk and the rapid pace of technology evolution. Despite existing security features, card-not-present (CNP) fraud in e-commerce remains a significant concern, compelling retailers to continuously invest in and employ robust fraud prevention tools to mitigate potential losses.

### **4. Mobile wallets and Digital Payments**

Mobile wallets in India typically function in three primary ways: (Fig.2.7).

#### **Pre-loaded Wallets**

Users can add money to their digital wallet from their bank accounts, credit/debit cards, or other sources. This stored value can then be used for

transactions. Examples include older iterations of Paytm Wallet or PhonePe wallet.



**Fig. 2.7: Mobile Wallets and Digital Payments**

### 5. UPI-linked Payments

This has become the dominant method. Apps like BHIM, Google Pay, and PhonePe Pay etc., These apps leverage UPI to link directly to a user's bank account. When a payment is made, the funds are instantly transferred from the customer's bank account to the merchant's bank account, without the need to pre-load a wallet. Merchants display a QR code (often generated by their payment app) or their mobile number (linked to their bank account). Customers simply open their UPI app, scan the QR code, enter the amount, and authorize the payment with a PIN or biometric authentication. This real-time, bank-to-bank transfer is highly efficient and secure.

### NFC (Near Field Communication)

Peculiar for Indian Retail, this allows for "tap-and-pay" transactions. If both the customer's smartphone and the merchant's POS terminal are NFC-enabled, a simple tap completes the payment (Fig.2.8).



**Fig. 2.8: Near Field Communication**

### **Importance of Mobile Wallets and Digital Payments**

Mobile wallets and digital payments have profoundly transformed the Indian retail landscape by fostering greater financial inclusion. This shift also delivers immense convenience and speed for customers, eliminating the need for physical cash or exact change, and making checkouts instantaneous and seamless. These benefits collectively lead to increased sales and reach for retailers, as they can cater to a broader customer base who prefer cashless transactions, and the sheer ease of payment often encourages impulse purchases.

Beyond customer-facing benefits, digital payments significantly boost operational efficiency for retailers. They automate record-keeping, reducing manual errors, cutting down time spent on cash handling and reconciliation, and providing real-time visibility into sales data. From a security standpoint, the reduced reliance on physical cash minimizes risks like theft and counterfeit currency, while digital payments themselves are fortified with encryption, tokenization, and multi-factor authentication for enhanced security. Finally, every digital transaction leaves a valuable data trail, providing retailers with rich insights into customer behaviour and sales patterns, enabling more informed business decisions. This whole transformation has been actively supported by the Indian government's push and incentives for digital payments, emphasizing transparency and moving towards a less-cash society.

### **Challenges in Mobile Wallets and Digital Payments:**

- a. Digital Divide and Cybersecurity Threats:** Despite their rapid adoption, mobile wallets and digital payments in India face ongoing

challenges, notably concerning digital literacy and adoption. While their reach is widespread, significant segments of the population, particularly in rural areas or among older generations, may still lack the necessary digital skills or trust to fully embrace these payment methods. Coupled with this, the increasing volume of digital transactions brings a heightened fraud and cybersecurity risk.

- b. Infrastructure and Setup Costs:** The expansion of mobile wallets and digital payments in India is still challenged by underlying infrastructure requirements. Reliable Smartphone penetration, consistent internet connectivity, and uninterrupted electricity are crucial for seamless operations, and while these are steadily improving nationwide, inconsistencies in certain regions can still act as a significant barrier to widespread adoption. Furthermore, although basic QR code setups are economical, some retailers face the additional hurdle of the cost of devices and setup, which might involve investing in more advanced smart POS devices or securing more robust internet connections to fully leverage digital payment capabilities.
- c. Operational Glitches and Support Needs:** Despite their efficiency, mobile wallets and digital payment systems face challenges regarding transaction success rates. While generally high, occasional technical glitches, network issues, or bank downtimes can lead to failed transactions, causing significant frustration for both customers and merchants. This directly ties into the complexity of customer support for digital payments; resolving failed transactions or disputes can be intricate, demanding robust and responsive support systems from payment providers to effectively address issues and maintain user trust.

## 6. Gift cards, vouchers, and coupons

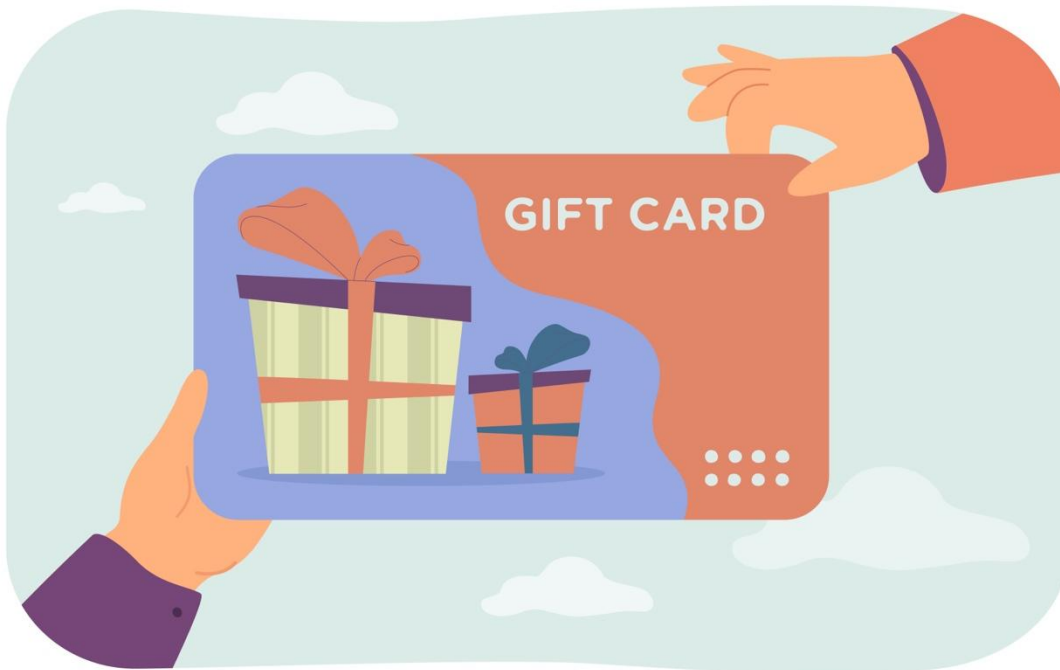
**Gift Cards:** These are prepaid instruments loaded with a specific monetary value, allowing the recipient to purchase goods or services from a particular retailer or a group of affiliated retailers. In India, gift cards are increasingly available in both physical (plastic cards) and digital (e-gift cards) formats. Digital gift cards are gaining significant traction due to instant delivery, ease of sharing, and seamless redemption via mobile apps and online stores. They are popular for personal gifting, as well as corporate incentives and employee rewards (Fig.2.9).



**Fig. 2.9: Gift Cards, Vouchers, and Coupons**

- a. Vouchers:** Vouchers in retail are versatile instruments, often similar to gift cards in representing a pre-paid value, but they can also be highly specific, tying to particular products, services, or promotions. Their utility spans various forms, including discount vouchers that offer a percentage or fixed amount off a purchase, service vouchers redeemable for specific treatments like a spa day or car service, and experience vouchers for unique activities such as a weekend getaway. These vouchers are adaptable in format, available as physical paper slips or convenient digital codes and QR codes, making them a flexible tool for both businesses and consumers.

**Coupons:** Coupons, vital promotional tools in Indian retail, are strategically distributed through a diverse array of channels to incentivize purchases and drive customer traffic. Primarily used for promotional purposes, coupons offer a discount or a special deal on a product or service. They are designed to incentivize immediate purchase, drive traffic, or introduce new products. Traditional methods include newspaper inserts and flyers, alongside placements in magazines that target specific product categories (Fig.2.10).



**Fig. 2.10: Gift Vouchers**

## **7. Importance of Gift cards, vouchers, and coupons**

Gift cards, vouchers, and coupons are indispensable tools for revenue generation and boosting sales in retail. They directly lead to increased sales by drawing in new customers, often resulting in purchases that exceed the card's initial value, while coupons and vouchers effectively incentivize immediate transactions. Beyond direct sales, they significantly enhance brand awareness and loyalty, with branded cards acting as miniature ads and targeted offers encouraging repeat business, especially during peak seasonal sales like Diwali or Christmas.

Moreover, these tools are highly effective for customer acquisition and engagement. Gift cards also offer the benefit of personalized gifting, giving recipients the flexibility to choose exactly what they want, making them a preferred gift option.

### **Challenges in Gift cards, vouchers, and coupons**

- a. Operational and Security Hurdles:** Implementing and managing gift card and voucher programs in retail presents significant challenges, particularly concerning technical integration. Alongside this, security and fraud prevention remain constant hurdles.
- b. Financial and Regulatory Complexities:** Managing gift card and voucher programs in Indian retail also involves navigating complex

financial and legal intricacies, particularly regarding breakage management and regulatory compliance. Furthermore, the issuance and redemption of prepaid instruments like gift cards are rigorously regulated by the Reserve Bank of India (RBI), necessitating strict adherence to Know Your Customer (KYC) norms and other guidelines.

- c. Management and Operational Hurdles:** Effectively managing gift cards, vouchers, and coupons in retail presents several operational challenges, particularly in tracking and reconciliation. Accurately monitoring their issuance, redemption, and outstanding balances across diverse channels like online and offline stores can be highly complex and error-prone without robust systems. This complexity often leads to increased demands on customer support, as retailers must efficiently manage queries related to lost cards, expired vouchers, redemption problems, or balance checks.

## 8. Buy Now Pay Later (BNPL) Services

"Buy Now Pay Later" (BNPL) services have rapidly emerged as a significant payment method in retail, particularly gaining immense traction in India. BNPL allows consumers to purchase goods or services immediately and pay for them in installments over a set period, often interest-free if payments are made on time. BNPL providers, often fintech companies, partner with retailers (both online and offline) to offer this flexible payment option at the point of sale.

### Importance of Buy Now Pay Later Services

For retailers, Buy Now Pay Later (BNPL) services offer substantial benefits that significantly boost sales and improve customer relationships. By reducing the upfront cost barrier for consumers, BNPL leads to increased sales and higher average order values, encouraging customers to complete purchases and opt for more expensive items. The ability to split payments dramatically reduces cart abandonment, making larger purchases more accessible.

For consumers, Buy Now Pay Later (BNPL) services offer considerable advantages in terms of financial flexibility and affordability. They enable immediate acquisition of desired products or services by spreading costs into manageable, often interest-free instalments, thereby making high-value purchases more accessible. Furthermore, BNPL provides easy access to credit through simpler and faster approval processes, often involving "soft" credit checks that do not immediately impact credit scores, which is especially beneficial for those with limited or no credit history.

### Challenges of Buy Now Pay Later Services

- a. Merchant Fees:** While retailers receive upfront payment, they pay a transaction fee to the BNPL provider, which can be higher than

traditional credit card processing fees. This can impact profit margins, especially on lower-value items.

- b. Potential for Over-Reliance and competition pressure:** Retailers might become overly dependent on BNPL to drive sales, potentially attracting customers who are more price-sensitive or financially vulnerable, which could have long-term implications. The BNPL market is highly competitive and rapidly evolving, requiring retailers to constantly evaluate and potentially integrate multiple BNPL providers to meet diverse customer preferences.
- c. Risk of Over-indebtedness:** The ease of access and "interest-free" marketing can encourage impulsive buying and lead consumers to take on multiple BNPL loans simultaneously, potentially accumulating unmanageable debt.
- d. Lack of Traditional Consumer Protections and Financial Literacy Gaps:** In some jurisdictions, BNPL services may not be subject to the same stringent consumer protection regulations as traditional credit products, potentially leaving consumers with fewer avenues for redress in disputes. Many consumers, especially first-time borrowers or those new to digital finance, may not fully understand the terms, conditions, and potential repercussions of BNPL, leading to poor financial decisions.

#### **AUTHORIZATION AND VERIFICATION PROCEDURES**

In retail, the authorization and verification procedures for payments are critical steps to ensure that a transaction is legitimate, that the customer has sufficient funds or credit, and that the merchant will receive payment. These procedures vary significantly depending on the payment method and whether the transaction occurs in a physical store or online. General Flow of Authorization and Verification: (Fig.2.11).

## CREDIT/DEBIT CARD TRANSACTION FLOW



**Fig. 2.11: Authorization and Verification Procedures**

- a. Customer Initiation:** The customer presents their chosen payment method (card, mobile device, etc.) at the Point-of-Sale (POS) terminal or enters details online.
- b. Merchant/Gateway Capture:** The retailer's POS system or e-commerce payment gateway captures and encrypts the payment information.
- c. Authorization Request:** The encrypted data is sent to the payment processor (or acquirer), which then routes it to the relevant card network (e.g., Visa, MasterCard) or payment network (like UPI).
- d. Issuer Verification and Decision:** The network forwards the request to the issuing bank (the customer's bank). The issuing bank verifies the card's validity, checks for sufficient funds/credit, assesses fraud risk, and then approves or declines the transaction.
- e. Response Back to Merchant:** The approval or decline message travels back through the network, processor, and gateway to the retailer's POS system or e-commerce platform. This entire process typically takes mere seconds.

- f. Verification Steps:** Throughout this flow, various verification steps are performed, ranging from checking physical security features on a card to digital authentication like PINs, OTPs, or biometrics.

### Validating cards and digital payments

Validation broadly refers to checking the basic integrity and format of the payment information provided.

For cards, this includes checking:

- a. Luhn Algorithm (Mod 10 Check):** A mathematical formula applied to the card number to verify its mathematical validity. This ensures the number is correctly structured and isn't a random sequence.
- b. Card Length and Prefix:** Checking if the number of digits matches the standard for the card type (e.g., 16 digits for Visa/Mastercard, 15 for Amex) and if the initial digits correspond to a known card network (e.g., '4' for Visa, '5' for Mastercard).
- c. Expiration Date:** Ensuring the card is still valid and has not expired.
- d. CVV/CVC (Card Verification Value/Code):** For online transactions, checking this 3 or 4-digit code verifies that the customer has physical possession of the card.

For digital payments, validation often involves:

- a. Format Check:** Ensuring the mobile number, UPI ID, or wallet ID is correctly formatted.
- b. Account Existence Check:** A preliminary check to see if the linked bank account or wallet exists and is active.
- c. PIN/Biometric Format:** Ensuring the authentication method used (e.g., UPI PIN, fingerprint) is correctly entered.

**Authorization:** It is the process where the retailer's payment system requests approval from the customer's bank (the issuing bank) to deduct funds or use credit for a transaction. This is a real-time request that checks:

- a. Account Status: Is the card/account active and not blocked or fraudulent?
- b. Funds Availability (Debit): Is there sufficient balance in the linked bank account?
- c. Credit Availability (Credit): Is there enough available credit on the credit card?
- d. Transaction Limits: Does the transaction fall within daily or per-transaction limits set by the bank or customer?

- e. **Initial Fraud Screening:** The issuing bank conducts its own automated fraud checks based on spending patterns, location, and other risk indicators.

The issuing bank's response is an authorization code (approval) or a decline message.

**Verification:** It refers to additional layers of security and authentication used to confirm the identity of the legitimate cardholder or digital payment user, thereby preventing fraud. This can happen at various stages:

- a. **PIN Entry (Cards):** For EMV chip card transactions, the customer enters a PIN, which is verified either online with the issuing bank or offline by the card itself.
- b. **Signature (Cards):** Less common now, but still used sometimes for credit card transactions, comparing a written signature against the one on the card.
- c. **Biometric Authentication:** Increasingly common with mobile wallets (e.g., Apple Pay, Google Pay) and banking apps, using fingerprint or facial recognition to verify the user's identity before authorizing a payment.
- d. **One-Time Passwords (OTPs):** Widely used in India for UPI transactions and 3D Secure for online card payments, where a unique code is sent to the customer's registered mobile number or email for verification.
- e. **Address Verification Service (AVS):** For online card transactions, the billing address provided by the customer is matched against the address on file with the issuing bank.
- f. **Tokenization:** Sensitive card data is replaced with a unique, encrypted token for each transaction, reducing the risk if data is intercepted. This is fundamental to contactless payments and mobile wallets.
- g. **Behavioural Biometrics:** Analyzing user behaviour patterns like typing speed, mouse movements, or device handling to detect anomalies that might indicate fraud.

### **Handling Declined Transactions and Payment Failures:**

Handling declined transactions and payment failures is a critical operational aspect in retail, directly impacting customer satisfaction, sales conversion, and a retailer's reputation. While frustrating for both parties, effective management of these situations can salvage a sale and preserve the customer relationship.

- A. In-Store (Physical Retail):** In-store retail focuses on direct customer interaction, visual merchandising, and personalized service. An

attractive store layout, well-trained staff, proper product placement, and a pleasant shopping environment help build trust and enhance the customer's buying experience, leading to repeat visits and brand loyalty.

- a. Communicate Discreetly and Professionally:** Avoid announcing the decline loudly. Discreetly inform the customer of the issue (e.g., "It seems your card did not go through," or "There was an issue processing that payment.")
  - b. State the Generic Reason (If Known/Safe):** If the POS provides a clear, generic decline code (e.g., "Insufficient Funds," "Do Not Honour"), you can softly suggest it, but avoid technical jargon. For "Do Not Honor" (a general bank decline), simply say "The bank declined the transaction."
  - c. Suggest Alternatives Politely:** Immediately offer alternative payment methods: "Would you like to try a different card, cash, or perhaps a mobile payment option?"
  - d. Avoid Assumptions or Blame:** Never make the customer feel embarrassed or imply they don't have funds. The issue could be technical or bank-related.
  - e. Troubleshoot Basic Issues:** If it's a card, try re-swiping or re-inserting the chip. Check if the card seems damaged.
  - f. Provide a Reference:** If the customer needs to call their bank, give them the exact time and amount of the attempted transaction.
  - g. Offer to Hold Items:** If the customer needs to sort out their payment, offer to hold their items while they do so.
- B. Online (E-commerce):** Online retail enables customers to shop anytime and from anywhere through digital platforms. Easy navigation, secure payment options, detailed product information, quick delivery, and efficient customer support are key factors that influence customer satisfaction and increase online sales.
- a. Clear and Informative Error Messages:** Provide specific, but non-technical, reasons for the decline. Instead of "Error 403," say "Your bank declined the transaction. Please contact your bank or try a different payment method." or "Incorrect card details. Please check your card number and expiration date."
  - b. Prompt for Re-attempt or Alternative:** Allow the customer to easily re-enter details or select a different payment option on the same page.

- c. Prominently Display All Accepted Payment Methods:** Ensure your checkout clearly shows all available options (credit/debit, UPI, net banking, wallets, BNPL) to guide the customer.
- d. Provide Customer Support Contact:** Make it easy for customers to reach out via chat, phone, or email if they can't resolve the issue themselves.
- e. Implement Abandoned Cart Recovery:** For online declines, use automated emails or SMS to remind customers of their abandoned cart and help or alternative payment options.
- f. Optimize Payment Gateway Settings:** Work with the payment gateway to fine-tune fraud filters to minimize "false positives" (legitimate transactions incorrectly declined).

**General Best Practices for Retailers:** Retailers should maintain consistent quality, understand customer needs, use technology effectively, ensure ethical practices, and focus on customer satisfaction across all channels. A balance between in-store experience and online convenience helps retailers stay competitive in the market.

- a. Staff Training:** Train all customer-facing staff on common decline codes, polite communication, and alternative payment options.
- b. Monitor Decline Codes:** Regularly review decline reports from the payment processor to identify patterns (e.g., specific card types frequently declined, certain times of day, or particular products) that might indicate a larger issue with the processor or customer base.
- c. Diversify Payment Options:** Offer a wide range of payment methods to give customers choices and reduce the risk of a single payment method failure leading to a lost sale.
- d. Maintain System Health:** Ensure POS systems, internet connectivity, and e-commerce platforms are regularly maintained and updated to minimize technical failures.
- e. Proactive Communication (for known issues):** If anticipate system downtime or known bank issues, inform customers via website, social media, or in-store signage.

## PRACTICAL EXERCISES

**Activity 1:** Role Play on Digital Payments.

**Material Required:** Props: Office desk setup, headset (optional), notepads, name tags for roles ("Customer Service Executive," "Customer," "Supervisor"), Optional immersion: Smartphone for simulating UPI/Mobile Wallet app

interface, Mock bill or invoice to represent transaction and Scenario cards: “UPI Payment,” “Mobile Wallet Payment,” “QR Code Scan Payment,” etc.

**Procedure:**

1. Divide students into groups of 4–5.
2. Assign roles as Customer, Customer Service Executive, Supervisor.
3. Hand over a scenario card to each group (e.g., paying electricity bill via UPI, shopping bill through mobile wallet).
4. The "Customer" initiates the digital payment while the "Executive" explains step-by-step how to proceed.
5. The "Supervisor" ensures process accuracy and maintains professionalism.
6. The "Teacher" notes body language, clarity, accuracy, and customer-handling skills.
7. Students perform the role-play in front of the group.
8. Encourage use of real-life phrases, e.g., “Please scan this QR code” or “Your payment has been successfully received.”
9. Each group takes 5–7 minutes for performance.
10. Teachers provide constructive feedback on communication, technical clarity, and professionalism.
11. Supervisors summarize the correct procedure at the end.
12. Rotate roles so each student gets a chance to act as Customer and Executive.
13. Teacher highlights key learning points.
14. Students reflect on errors made and ways to improve.
15. Students note the main steps of digital payments in their notebooks.

**Activity 2:** Role Play on Demonstration of POS System

**Material Required:** Props: Office desk setup, headset, notepads, name tags ("Customer Service Executive," "Customer," "Supervisor"), Optional immersion: Debit Card, Credit Card, some Cash, Mock bill/invoice and Scenario cards: “Cash Payment,” “Debit Card Payment,” “Credit Card Payment,” “Contactless Tap Payment.”

**Procedure:**

1. Divide students into small groups of 4–5.
2. Assign roles (Customer, Executive, Supervisor, Teacher).

3. Provide scenario cards to groups, each representing a different POS payment mode.
4. The "Customer" makes a purchase and approaches the POS counter.
5. The "Executive" explains the process: cash counting, card swiping, PIN entry, receipt generation.
6. If it's a cash scenario, Executive demonstrates checking currency and returning change.
7. If it's a card payment scenario, Executive explains authorization and receipt handover.
8. The "Supervisor" ensures procedure accuracy.
9. Teacher notes clarity, speed, politeness, and professionalism.
10. Each role-play takes 5–7 minutes.
11. Rotate roles so all students practice different scenarios.
12. After presentations, each group explains how POS enhances accuracy and security.
13. Teacher discusses errors noticed and corrects practices.
14. Supervisor summarizes important customer-handling points.
15. Students note steps for POS transactions in notebooks.

**Activity 3:** Prepare a Flow Chart to Show Retail Payment Process at an Identified Retail Store

**Material Required:** Drawing sheet, pen/pencil, ruler, notebook, Rubber, color pens for neatness and Sample invoice template (if available).

**Procedure:**

1. Organize a field visit to a nearby retail store (supermarket/departmental store).
2. Students go in groups and observe the payment counter.
3. Politely greet the Customer Service Executive and introduce the purpose of the visit.
4. Note how customers make payments (cash, cards, UPI, wallets, etc.).
5. Ask about authorization of online transactions (OTP, PIN, network verification).
6. Enquire about POS machine functioning, reconciliation, and receipt process.
7. Take notes and confirm accuracy with the Executive.

8. Back in class, students create a flow chart (e.g., Customer Purchase → Billing → Payment Mode → Verification → Receipt → Feedback).
9. Use symbols (arrows, boxes, circles) to make it neat and professional.
10. Discuss in groups and finalize the flowchart.
11. Present the flowchart to the teacher for validation.
12. Teacher provides corrections and suggestions.
13. Students refine their work based on feedback.
14. Groups present their flowcharts in class for comparison.
15. Class discussion on common steps and best practices in retail payment.

#### **Activity 4:** Case Studies on Retail Payment Methods

**Material Required:** Case study printouts on retail payment methods (Cash Payment Issues, UPI Error, POS Machine Down, etc.) and Worksheets for analysis (problem, solution, learning points).

#### **Procedure:**

1. Divide students into small groups.
2. Provide each group with a case
3. Instruct them to carefully read the situation.
4. Identify payment method used in the scenario.
5. Discuss challenges faced by the customer and store staff.
6. Identify steps taken to resolve the problem.
7. Note importance of communication, verification, and professionalism.
8. Fill in the worksheet (Problem → Causes → Solution → Learning).
9. Each group presents their findings to the class.
10. Teacher facilitates discussion, correcting misconceptions.
11. Compare different payment methods in terms of speed, safety, and reliability.
12. Highlight challenges like network issues, fraud risks, and reconciliation problems.
13. Supervisor or teacher adds industry best practices.
14. Students summarize their learning individually.
15. Teacher evaluates based on participation, accuracy, and creativity.

### **CHECK YOUR PROGRESS**

#### **A. Fill in the Blanks**

1. In retail, payment processing refers to the entire system and sequence of actions that securely facilitate the transfer of funds from a customer to a merchant for \_\_\_\_\_ or \_\_\_\_\_.
2. A robust payment system offers customers convenience and \_\_\_\_\_, allowing them to use their preferred methods.
3. The retail payment process is fundamentally important for improved \_\_\_\_\_ and fraud prevention.
4. When a customer uses a \_\_\_\_\_ card, the funds are directly withdrawn from their linked bank account.
5. UPI-linked Payments leverage UPI to link directly to a user's \_\_\_\_\_ account, enabling instant transfers.

### **B. Multiple Choice Questions**

1. Which of the following is NOT a primary benefit of an effective retail payment process?
  - a) Enhanced Customer Experience
  - b) Increased Sales and Revenue
  - c) Reduced Operational Efficiency.
  - d) Improved Security and Fraud Prevention.
2. What is the main security challenge associated with cash payments?
  - a) High transaction fees
  - b) Lack of traceability
  - c) Risk of bounced payments
  - d) Non-transferability.
3. Which characteristic primarily differentiates a Demand Draft (DD) from a cheque?
  - a) It provides a paper trail.
  - b) It can be post-dated.
  - c) It is guaranteed by the issuing bank.
  - d) It is primarily used for small transactions.
4. What is a key challenge for retailers accepting credit and debit cards?
  - a) Absence of transaction fees
  - b) Compliance with PCI DSS
  - c) Lack of fraud detection tools

- d) Very slow processing times.
5. What is the mathematical formula applied to a card number to verify its validity?
- AVS
  - CVV/CVC
  - Luhn Algorithm (Mod 10 Check)
  - PIN verification.

**C. State whether the following statements are True or False.**

- Payment processing only involves electronic transactions in retail.
- A swift and effortless payment experience can encourage impulse purchases.
- Cheques are generally considered less secure than Demand Drafts due to the risk of dishonor.
- Mobile wallets typically incur high transaction fees for consumers.
- Authorization in payment processing refers to additional layers of security to confirm user identity.

**D. Match the Columns**

S. No	Column A	S. No	Column B
1	Cash Payment	A	Guaranteed payment from a bank
2	Cheque	B	Funds directly withdrawn from bank account
3	Demand Draft	C	Vulnerable to physical theft and counterfeiting
4	Debit Card Payment	D	Risk of "bounced" payments
5	Mobile Wallets (UPI-linked)	E	Funds instantly transferred bank-to-bank via mobile app

**E. Short Answer Questions**

- What do you understand by the payment processing in retail?
- What is the primary function of a "payment gateway" in retail payment processing?

3. Name two key benefits of mobile wallets and digital payments for customers in India.

**F. Long Answer Questions**

4. Discuss the importance of retail payment process.
5. Explain Handling declined transactions and payment failures:
6. Elaborate Authorization and Verification procedures in retail payment.
7. Discuss how to handle declined transactions and payment failures

**G. Check Your Performance**

1. Draw a chart on the types of payment methods.
2. Spell out the types of payment methods in Retail along with their importance and challenges.
3. Draw chart on general best practices for retailers for payment processing.

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## SESSION 2: RETAIL PAYMENT MANAGEMENT

In retail, refund and exchange payment procedures are essential processes that define how money is returned or adjusted when a customer returns an item or exchanges it for another. These procedures are crucial for customer satisfaction, maintaining trust, and ensuring accurate financial records.

### Refund Payment Procedures

The fundamental principle of a refund is to return the money to the customer using the original payment method wherever possible. This is a best practice for security, fraud prevention, and efficient financial reconciliation.

#### 1. Credit and Debit Card Refunds

Credit and debit card refunds occur when the amount paid for a canceled or returned purchase is credited back to the customer's card account. The refund is processed through the same payment gateway used for the original transaction and may take a few business days to reflect, depending on the bank's processing time. This method ensures secure and traceable reimbursement.

- a. Process:** When a customer returns an item originally paid for by card, the refund is typically processed as a "return" or "credit" transaction through the POS system (for in-store) or e-commerce platform (for online). This initiates a reversal of the original charge.
- b. Mechanism:** The refund request goes through the payment processor to the acquiring bank, then to the card network, and finally to the customer's issuing bank. The funds are credited back to the customer's original card account.
- c. Timing:** While the merchant processes the refund immediately, it can take 3-10 business days for the funds to reflect in the customer's account due to bank processing times. Retailers must manage customer expectations regarding this delay.

#### 2. Cash Refunds

A cash refund is a process where a customer receives the return of money paid for a product or service that has been canceled, returned, or found defective. It is usually provided when the original payment was made in cash, ensuring immediate reimbursement to the buyer. Businesses typically verify the purchase receipt and product condition before issuing a refund to maintain transparency and prevent misuse.

- a. Process:** For items originally purchased with cash, the refund is generally given back in cash from the till.

- b. Considerations:** Retailers often have policies on the maximum cash refund amount they can provide. For very large cash purchases being returned, a refund might be issued via bank transfer or cheque to ensure security and traceability.

### 3. Mobile Wallet and UPI Refunds

Refunds through mobile wallets and UPI are processed digitally, where the refunded amount is credited directly to the customer's linked account or wallet. These refunds are usually quick, often completed within a few hours to a couple of days, ensuring convenience and transparency for both buyers and sellers.

- a. Process:** When a payment made via a mobile wallet or UPI is refunded, the money is typically credited directly back to the source from which the payment originated (i.e., the customer's linked bank account for UPI, or their wallet balance for pre-loaded wallets).
- b. Mechanism:** The refund transaction is initiated by the merchant, and the payment network facilitates the direct transfer back to the customer's account/wallet.
- c. Timing:** These refunds are often near-instantaneous, particularly for UPI-linked bank accounts, which is a major convenience for customers in India.

#### d. Gift Card, Voucher, and Store Credit Refunds

- e. Process:** If an item was purchased using a gift card or store credit, the refund is typically issued back onto a gift card or as store credit, not as cash or to a bank card.
- f. Policy:** Retailers generally have a clear policy on this, as gift cards/store credit are considered a form of payment specific to the store.

### 4. Buy Now Pay Later (BNPL) Refunds

In BNPL refunds, when a transaction is canceled or returned, the refund is adjusted against the pending installment or credited back to the customer's BNPL account. The provider updates the repayment schedule or reverses the billed amount to maintain accurate financial records.

- a. Process:** When an item purchased via BNPL is returned, the merchant processes the refund to the BNPL provider. The BNPL provider then adjusts the customer's outstanding instalment plan.
- b. Mechanism:** This could mean cancelling future instalments, or refunding payments already made, depending on the stage of the

repayment schedule and the amount of the refund. The customer's refund experience is managed by the BNPL provider, not directly by the retailer.

### **Credit Note and Exchange Process**

**Credit Note:** A credit note is a document issued by a retailer to a customer, acknowledging that the customer has returned goods and is owed a certain amount of money from the retailer. Essentially, it represents a store credit that the customer can use for future purchases at that specific store or chain. It's an alternative to a direct refund to the original payment method or a direct exchange for another item at that moment. The credit note provides a record of a return, confirm the value owed to the customer, and act as a redeemable instrument for future purchases. They can be physical paper slips, digital codes, or loaded onto a store-specific gift card. They typically include details like the credit note number, date of issue, value, original transaction details, and an expiration date (if any).

**Exchange Process:** An exchange involves a customer returning a purchased item and immediately replacing it with another item. This process can happen with or without an accompanying credit note, depending on the value of the items.

**a. Even Exchange:** The customer returns an item and takes a new item of the exact same value (e.g., same shirt in a different size). No additional payment is required from the customer, and no refund is issued. The POS system simply records the exchange.

**b. Exchange for a Higher Value Item:**

The customer returns an item and chooses a new item that costs more. The value of the returned item is credited towards the new purchase, and the customer pays the difference using any accepted payment method (cash, card, UPI, etc.).

**c. Exchange for a Lower Value Item:**

The customer returns an item and chooses a new item that costs less. The value of the returned item is credited towards the new purchase. For the remaining difference, the retailer will either:

- i. Issue a refund for the difference
- ii. Issue a credit note for the difference, which the customer can use for future purchases. This is a common approach when a direct refund for a small difference is not practical or when the retailer's policy dictates store credit for returns without a full exchange.

## SECURITY PROTOCOLS AND FRAUD PREVENTION

Security protocols and fraud prevention are non-negotiable pillars for any retail business accepting payments, whether in a physical store or online. Given the continuous evolution of payment methods and fraud tactics, a multi-layered, adaptive approach is essential. In India, with its significant push towards digital payments like UPI, these measures are particularly vital (Fig.2.12).



**Fig. 2.12: Security Protocols and Fraud Prevention**

### Identifying Counterfeit Currency and Cards

Identifying counterfeit currency and cards is a critical skill for retail staff, especially given the continuous efforts by fraudsters to replicate genuine payment instruments. Vigilance and knowledge of security features are key.

1. **Counterfeit Currency:** The Reserve Bank of India (RBI) regularly updates the security features of banknotes. Retail staff should be trained to check for multiple features, as counterfeiters often only manage to replicate a few. (Fig.2.13). Such as:

**Watermark:** A watermark is a faint design or text embedded in paper or digital documents to indicate authenticity.

It helps prevent duplication, forgery, and unauthorized use of important documents. (Fig.2.13)

- i. **Check:** Hold the note against a light source. You should see a clear, distinct portrait of Mahatma Gandhi and the denominational numeral (e.g., 500, 100 etc.) in the blank space. The watermark should have subtle variations in light and shade, not be flat or blurry.
- ii. **Counterfeit:** Often appears as a simple print, blurry, greasy, or with uneven thickness.



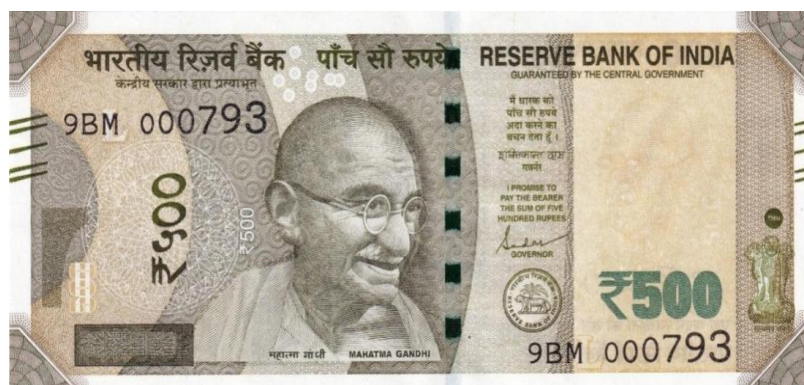
**Fig. 2.13: Identifying Counterfeit Currency and Cards**

**a. Security Thread**

- i. **Check:** Hold the note to the light. The security thread should appear as a continuous line embedded in the paper (not printed on the surface). It should also show "RBI," "भारत" (Bharat in Devanagari), and the denomination (e.g., '500') that alternates when tilted.
- ii. **Counterfeit:** Often a printed line on the surface, lacking the continuous look and colour/text shift.

**b. Latent Image**

- i. **Check:** For denominations like ₹200 and ₹500, hold the note horizontally at eye level (at a 45-degree angle). The denominational numeral (e.g., '500') should become visible in the green band near the Mahatma Gandhi portrait (Fig. 2.14).
- ii. **Counterfeit:** The image may be absent or not clear at the correct angle.



**Fig. 2.14: Latent Image**

**c. See-through Register**

- i. **Check:** On the left side of the note (above the flower motif for some denominations), when held against the light, the denominational numeral (e.g., '500') will appear complete, formed by the front and back patterns aligning perfectly.
- ii. **Counterfeit:** The alignment will be poor or the image incomplete.

**d. Intaglio (Raised) Printing**

- i. **Check:** Run your fingers over Mahatma Gandhi's portrait, the Ashoka Pillar emblem, the guarantee and promise clause, and the RBI governor's signature. You should feel a distinct raised texture. This feature is also crucial for visually impaired individuals.
- ii. **Counterfeit:** Often flat, lacking the tactile feel.

**e. Micro-lettering**

- i. **Check:** Use a magnifying glass to inspect areas like between the Mahatma Gandhi portrait and the security thread, or on the security thread itself. You should see tiny, clear text like "RBI," "INDIA," and the denominational numeral.
- ii. **Counterfeit:** Text will appear blurred, illegible, or missing.

**f. Colour-Shifting Ink (Optically Variable Ink - OVI)**

- i. **Check:** On the lower right side of the note (e.g., ₹500), the denominational numeral (e.g., '500') is printed with OVI. When the note is tilted, the color of the numeral should change from green to blue.
- ii. **Counterfeit:** The color may not shift or the change is indistinct.

**g. Identification Mark (for Visually Impaired)**

- i. **Check:** Raised geometric shapes (circle for ₹500, triangle for ₹200) that can be felt by touch.
- ii. **Counterfeit:** Flat or poorly defined.

**h. Serial Number**

- i. **Check:** Serial numbers should be ascending in size from left to right (for new series notes). All digits should be uniform in font, spacing, and alignment.
- ii. **Counterfeit:** Uneven spacing, different font sizes, or misaligned numbers.

**i. Paper Quality**

- i. **Check:** Genuine banknotes are made from a unique paper that is crisp, durable, and feels distinct from ordinary paper.
  - ii. **Counterfeit:** Counterfeits may feel waxy, flimsy, or like regular printing paper.
2. **Counterfeit Cards:** While electronic authorization handles much of the security, physical inspection of cards at the POS remains crucial, especially for older magnetic stripe transactions or for identifying cloned cards.

**a. Examine the Physical Card**

Quality and feel, embossing (Raised Numbers), holograms, magnetic strip, signature panel, check microprinting, and chip

- i. **Verify Printed Details:** Card number, Card Verification Value or Card Verification Code, Expiration Date, Logos and Branding.
- ii. **During Transaction Processing:** Mismatch in card number on Receipt, Signature Verification, Unexpected Declines, Suspicious Behaviours

**b. Ensuring safe digital transactions**

Ensuring safe digital transactions in retail, especially in a rapidly digitizing market like India, requires a multi-layered approach that addresses security from the merchant's infrastructure to the customer's device. Here's a comprehensive look:

- i. **Payment Card Industry Data Security Standard (PCI DSS) Compliance and Tokenization:** Any Indian retailer that accepts, processes, stores, or transmits credit/debit card data must comply with PCI DSS. Tokenization for online transactions (as mandated by RBI for card-on-file) significantly reduces the scope of PCI DSS for retailers by ensuring sensitive card data never hits their systems unencrypted. This involves stringent requirements like maintaining firewalls, encrypting stored cardholder data, using unique IDs for access, regularly testing security systems, and maintaining an information security policy.
- ii. **Encryption (SSL/TLS and P2PE):** For e-commerce, Secure Sockets Layer (SSL) and Transport Layer Security (TLS) encrypt the connection between the customer's browser and the retailer's server. This is fundamental for protecting data (like card numbers, personal info) in transit. Retailers must ensure their websites have valid SSL/TLS certificates (indicated by "https://" and a padlock icon). Point-to-Point Encryption is crucial for

physical retail. It encrypts card data right at the swipe/dip/tap of the POS terminal, before it even enters the retailer's system, and keeps it encrypted all the way to the payment processor. This prevents data interception at the point of sale.

- iii. **Secure Payment Gateways and Processors:** Retailers must partner with reputable, PCI-compliant payment gateways and processors (like Razorpay, PayU, Stripe, etc., in India) that handle the complex routing and encryption of transactions. These providers offer built-in security features, fraud detection tools, and adhere to the latest industry standards.

**Handling Suspicious Payment Behaviour:** Handling suspicious payment behaviour is a critical aspect of fraud prevention in retail, protecting businesses from financial losses and maintaining a secure environment for legitimate customers. This requires staff vigilance, robust systems, and clear protocols for both in-store and online transactions.

### 1. In-Store Handling

- a. Stay Calm and Professional
- b. Politely Ask for Alternative Payment
- c. Request ID for Suspicious/Large Transactions
- d. Verify Security Features (for Cash)
- e. Involve a Supervisor
- f. Delay Tactics (if applicable)
- g. Refuse Transaction (If Confirmed Fraud)
- h. Document the Incident
- i. Contact Authorities

### 2. Online/E-commerce Handling

- a. Leverage Automated Fraud Detection Systems using AI
- b. Manual Review Queues through Cross-referencing Data, Public Record Checks, Social Media Checks.
- c. Cautious customer for moderately suspicious orders
- d. Order Cancellation/Hold if requires.
- e. Secure Data Storage.

## TRADITIONAL AND MODERN PAYMENT PROCESS

**Traditional Payment Process:** Traditional payment methods primarily relied on physical exchanges and manual processing. Following are the types of traditional payment methods:

- a. Cash
- b. Cheques and Demand Drafts
- c. Traditional Credit/Debit Card Terminals

### Benefits of traditional payment methods in retail

**1. Cost Savings:** No transaction fees for cash payments, directly increasing profit margins, especially for small-value transactions. Typically, lower processing fees for cheques compared to electronic methods.

**a. Immediate Fund Availability:** Cash payments provide instant access to funds, aiding immediate cash flow and operational needs. Wider Customer Reach and Financial Inclusion.

**b. Resilience to Technical Issues:** Unaffected by power outages, internet connectivity problems, or system glitches, ensuring business continuity.

**c. Simplicity in Setup:** Requires minimal infrastructure (e.g., a cash register), making it easy and inexpensive to implement for any retailer.

**d. Payment Flexibility (in case of Cheques):** Allows for post-dating, offering flexibility in managing payment dates for both parties.

**2. Challenges of Traditional Methods:** Traditional payment and refund methods, such as cash or cheque, are often time-consuming, inconvenient, and prone to errors. They require manual verification, physical handling, and longer processing times, which can delay customer satisfaction. Additionally, maintaining accurate records and ensuring security in these manual systems can be difficult.

**a. High Fraud Risk:** Especially with magnetic stripe cards and easily counterfeited cash.

**b. Slow Reconciliation:** Manual processes lead to errors and delays in balancing books.

**c. Operational Inefficiencies:** High labour costs for cash handling, counting, security, and banking.

**d. Limited Data and Insights:** Minimal data captured on customer preferences or sales patterns.

- e. **Restricted Reach:** Primarily brick-and-mortar focused.
- f. **Inconvenience:** Carrying large amounts of cash, writing cheques, dealing with physical cards.
- g. **Lack of Scalability:** Difficult to manage high transaction volumes manually.

### Modern Payment Process

Modern payment processes are characterized by digital transformation, advanced technology, and a focus on speed, security, and customer convenience. Following are the types of Modern payment process:

- a. Integrated Point-of-Sale (POS) Systems
- b. EMV Chip Cards
- c. Contactless Payments - Near Field Communication (NFC)
- d. Mobile Wallets and Digital Payments
- e. Buy Now, Pay Later (BNPL) Services and others.

### Benefits of Modern Methods

- a. **Enhanced Security:** Encryption, tokenization, EMV chips, and Card Not Present fraud. (Fig.2.15)
- b. **Increased Speed and Efficiency:** Faster checkout times, reduced queues, streamlined back-end operations, real-time reconciliation.
- c. **Improved Customer Experience:** Convenience, multiple payment options, frictionless checkout, personalized offers.
- d. **Expanded Reach:** E-commerce capabilities allow retailers to serve customers globally, 24/7.
- e. **Better Data and Insights:** Detailed transaction data provides valuable insights for inventory management, marketing, and business strategy.
- f. **Reduced Operational Costs:** Less cash handling, fewer manual errors, lower administrative burden.
- g. **Scalability:** Easily handles increasing transaction volumes and supports business growth.
- h. **Financial Inclusion:** In India, UPI and mobile wallets have brought millions into the digital economy who might not have traditional bank accounts or cards.

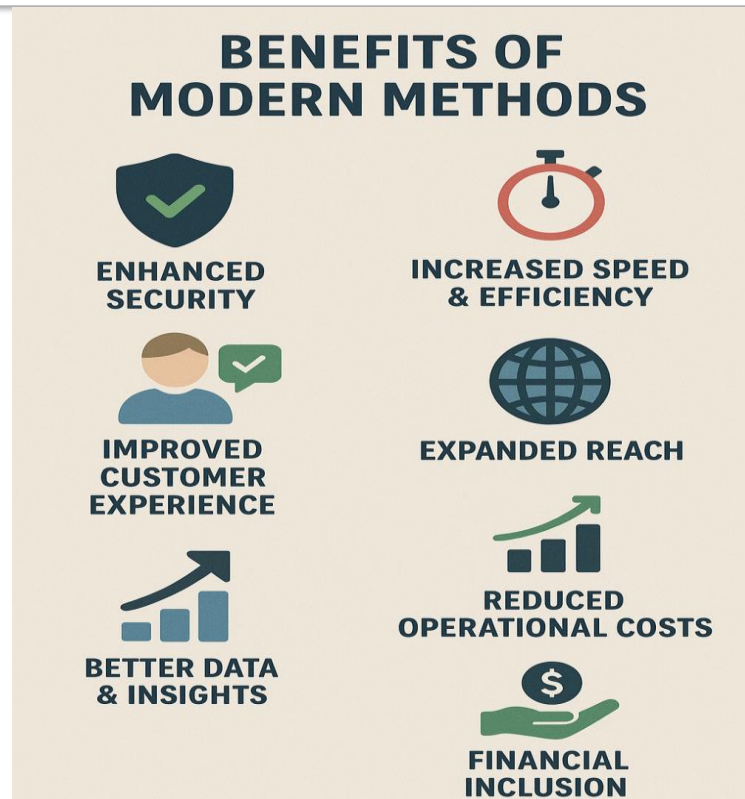


Fig. 2.15: Modern Methods

### Challenges of Modern Methods

- a. **Complexity of Integration:** Integrating various payment technologies can be challenging for smaller businesses.
- b. **Cybersecurity Threats:** While secure, digital systems are still targeting for sophisticated cyberattacks (data breaches etc.), requiring continuous vigilance and investment.
- c. **Processing Fees:** Digital payments usually incur transaction fees from processors and networks, which can be a significant cost for retailers.
- d. **Dependence on Technology:** System outages or internet connectivity issues can disrupt payments.
- e. **Digital Divide:** Some segments of the population may still prefer or only have access to traditional methods, especially in less urban areas.

### PRACTICAL EXERCISES

**Activity 1:** Role play –Refund of payment.

**Material required:** Props: Office desk setup, headset (optional), notepads, name tags, smartphone to simulate the UPI app interface. A mock bill or invoice. Scenario printouts “UPI Payment - Refund”, “Cash Payment - refund

**Procedure:**

Ask students to perform role plays, demonstrating how the refunds of payments are handled.

1. Teacher explains the importance of refunds and customer satisfaction. Share real-life examples of refund delays or issues.
2. Students are assigned roles as Customer, Customer Service Executive, and Supervisor
  - a) Customer – comes with a product and asks for a refund.
  - b) Customer Service Executive – receives the request and explains the refund process.
  - c) Supervisor – resolves disputes if the customer is unsatisfied.
3. Each group is given a scenario card such as:
  - a) UPI Payment refund not credited immediately.
  - b) Cash Payment refund exceeding cash counter limit.
  - c) Debit/Credit Card refund requiring 3-5 days.
4. Students practice:
  - a) Greeting the customer politely.
  - b) Checking proof of purchase (bill/invoice).
  - c) Explaining refund timeline clearly.
  - d) Offering alternatives (store credit, exchange, bank transfer).
  - e) Handling customer frustration with empathy.
5. Each group presents. Teacher highlights strengths and areas for improvement. Teacher adds insights on professional handling.
6. Students will learn refund protocols, develop soft skills in communication, and learn escalation procedures. To practice customer service skills while processing refunds.
7. To understand refund policies for different payment modes.
8. To build confidence in handling customer queries and escalations.
9. Assign roles to students, such as Customer, Customer Service Executive, Supervisor and (Optional) Teacher to give feedback on performance.
10. Provide each group with a scenario card.
11. After the role-plays, each group will briefly present their scenario and the Teacher will lead the feedback.

12. After the role-plays, each group will briefly present their scenario and the Teacher will give the feedback.

**Activity 2:** Role play - Counterfeit notes/Cards.

**Material required:** Office desk setup, headset, notepads, and name tags for roles Debit Card or Credit Card and Cash. mock bill or invoice to represent the transaction.

**Procedure:**

1. Assign roles to students, such as Customer, Customer Service Executive, Supervisor and (Optional) Teacher to give feedback on performance.
2. Provide each group with a scenario card.
3. Ask students to perform role plays, demonstrating how to handle payment through counterfeit Cash, Debit and Credit Card.
4. To train students in identifying counterfeit currency or cards.
5. To practice calm and professional handling of sensitive situations.
6. To learn compliance procedures for fraud prevention.
  - a. Teacher explains risks of counterfeit currency/cards and why vigilance is important. Share RBI guidelines and penalties.
  - b. Customer, Customer Service Executive, Supervisor, Observer.
  - c. Customer pays with counterfeit cash (Executive must detect via watermark, texture, or UV marker).
  - d. Customer uses a cloned debit/credit card (Executive notices machine rejection or mismatch).
  - e. Customer denies wrongdoing and becomes defensive.
  - f. Customer Service Executive politely verifies payment.
  - g. If counterfeit suspected, discreetly informs Supervisor.
  - h. Supervisor follows company's fraud protocol (retain note/card if possible, involve security, issue receipt).
  - i. Customer is handled with calmness—no public embarrassment.
  - j. Observer comments on professionalism, tone, body language, and escalation steps. Teacher shares real fraud case studies.
7. Students gain awareness of fraud risks, learn to follow protocol without panic, and practice professional customer handling.
8. After the role-plays, each group will briefly present their scenario, and the Teacher will lead the feedback.

**Activity 3:** Prepare a chart to show differentiation between traditional and modern payment process.

**Material required:** Drawing Sheet, Pen and Pencil, Rubber, Notebook.

**Procedure:**

1. Visit the identified retail store along with your peers.
2. Meet the customer service staff and others and greet them.
3. Take a round of the retail store and enquire from the manager/supervisor about the following:
  2. How customer 'spays in retail (e.g., Cash, Debit Cards, UPI etc)
  3. Which type of payment process is most preferred.
  4. What are the features of traditional and modern payment process?
  5. To compare features, advantages, and disadvantages of different payment methods.
  6. To develop observation, note-taking, and presentation skills.
  7. To analyze customer trends in retail payments.
8. Teacher explains examples of traditional (Cash, Cheque) and modern (UPI, Cards, BNPL, Wallets) payments.
9. Students visit a retail store in groups.
  - a. Greet staff politely, introduce themselves as learners.
  - b. Ask staff about modes of payment customers use.
  - c. Observe which payment counters are busiest.
10. Students note answers to
  - a. Which methods are most used?
  - b. Why do customers prefer UPI over cash (or vice versa)?
  - c. What are advantages/disadvantages of each?
11. Notes are shown to the manager/customer service executive for confirmation.
12. On drawing sheets, students make a comparison chart with two columns:
  - a. Traditional Payments → Cash, Cheque
  - b. Modern Payments → Debit/Credit Cards, UPI, Wallets, BNPL  
Include aspects like Speed, Convenience, Security, Record Keeping, Risk of Fraud.

- c. Each group presents their chart, compares findings, and teacher summarizes key points.
13. Students will learn to research, analyze real-world practices, and present structured comparisons.
14. Show your notes to the customer service executive and confirm that they are correct.
15. Prepare a chart, discuss it with peers, and show it to the teacher.
16. Discuss your chart in the class.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. The fundamental principle of a refund is to return the money to the customer using the \_\_\_\_\_ payment method wherever possible.
2. The identification mark on a banknote, which is a raised geometric shape, is designed for \_\_\_\_\_ individuals.
3. Point-to-Point Encryption (P2PE) encrypts card data right at the \_\_\_\_\_ of the POS terminal.
4. For very large cash purchases being returned, a refund might be issued via bank transfer or \_\_\_\_\_ to ensure security and traceability.
5. When an item purchased via BNPL is returned, the merchant processes the refund to the \_\_\_\_\_.

### B. Multiple Choice Questions

1. How long does it typically take for a credit or debit card refund to reflect in the customer's account after the merchant processes it?
  - a) Immediately
  - b) 1-2 business days
  - c) 3-10 business days
  - d) Over 15 business days
2. If an item was purchased using a gift card, how is the refund typically issued?
  - a) As cash from the till
  - b) To the customer's bank account
  - c) Onto a gift card or as store credit
  - d) Via a bank transfer
3. What happens in an "Even Exchange" scenario?

- a) The customer pays the difference for a higher-value item.
  - b) The retailer issues a refund for the difference.
  - c) No additional payment or refund is required; items are of exact same value.
  - d) A credit note is always issued for the full amount.
4. Which security feature on a banknote involves checking if the serial numbers are ascending in size from left to right?
- a) Micro-lettering
  - b) See-through Register
  - c) Serial Number check
  - d) Paper Quality
5. What standard ensures that retailers protect sensitive cardholder data by maintaining firewalls and encrypting stored data?
- e) SSL/TLS
  - f) RBI guidelines for UPI
  - g) PCI DSS
  - h) AVS.

**C. State whether the following statements are True or False**

1. Mobile wallet and UPI refunds are typically slower than credit card refunds.
2. A credit note represents a store credit that a customer can use for future purchases.
3. The security thread on a banknote should appear as a printed line on the surface.
4. Tokenization for online transactions helps ensure sensitive card data never hits a retailer's systems unencrypted.
5. In an exchange for a higher value item, the customer is refunded the difference.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Credit Note	A	Refund credited directly to the customer's linked bank account or mobile wallet, usually quickly.
2	Even Exchange	B	A document given to the customer showing an amount owed for use in future store purchases.
3	Exchange for Lower Value Item	C	Returning an item and receiving another item of the exact same value.
4	Mobile Wallet/UPI Refund	D	Payment made using borrowed funds from a bank up to a pre-approved limit.
5	Credit Card Payment	E	Returning an item, choosing a cheaper one, and getting a refund or credit for the price difference.

**E. Short Answer Questions**

1. Define Credit note.
2. Name one specific security feature that staff should check on an Indian banknote for counterfeit detection.
3. For which type of refund is the customer's experience primarily managed by the BNPL provider, not directly by the retailer?

**F. Long Answer Questions**

1. Discuss refund and exchange payment procedures.
2. Elaborate in detail note on fraud prevention.
3. Discuss how to handle suspicious payment behaviour?

**G. Check Your Performance**

1. Differentiate between traditional and modern payment process.
2. Demonstrate the steps involve in processing returned goods.
3. Demonstrate how one can identify counterfeit currency.

## SESSION 3: MANAGING RETAIL PAYMENT PROCEDURES

A Retail Sales Executive plays a crucial and multifaceted role in payment procedures, extending far beyond simply accepting money. They are the primary point of contact for customers during the transaction, directly influencing satisfaction, security, and the overall efficiency of the sale.

First and foremost, the Sales Executive is responsible for accurately processing payments using the store's Point-of-Sale (POS) system. This involves selecting the correct payment method (cash, card, mobile wallet, BNPL, etc.), entering the correct amount, and ensuring all transaction details are recorded. For cash transactions, they must accurately count money received, provide correct change, and identify any potential counterfeit currency. With card transactions, they guide customers through the terminal (tap, dip, or swipe), ensure PIN or signature verification, and handle receipts. Their proficiency with the POS software is paramount, as errors can lead to financial discrepancies, delays, and customer frustration.

### ROLE OF A RETAIL SALES EXECUTIVE IN PAYMENT PROCEDURES

Beyond the technical steps, sales executives are vital in ensuring payment security and preventing fraud. They are on the front lines for identifying suspicious behaviour, whether it's unusual card activity, questionable currency, or a customer acting nervously. This requires vigilance and knowledge of security protocols like checking banknote features or observing card details. Moreover, they are key in managing refund and exchange procedures, accurately processing returns, issuing credit notes, or facilitating exchanges according to store policy. Their professionalism and adherence to these procedures directly impact customer trust and loyalty, making their role indispensable in maintaining smooth, secure, and customer-friendly retail operations. Retail Sales Executive also contribute more to following:

- a. Customer Service Aspect:** Beyond the technicalities, a Retail Sales Executive's role in payment procedures is deeply intertwined with customer service. They need to be knowledgeable about the various payment options available and clearly communicate any associated timelines for refunds or processing. This includes managing customer expectations, especially regarding delays for card refunds or the specific policies for gift card redemptions.

As professional, when dealing with failed transactions or complex exchanges, is vital for maintaining customer satisfaction and preventing frustration. The executive's ability to calmly troubleshoot minor payment issues or politely suggest alternative payment methods can significantly enhance the customer's overall shopping experience,

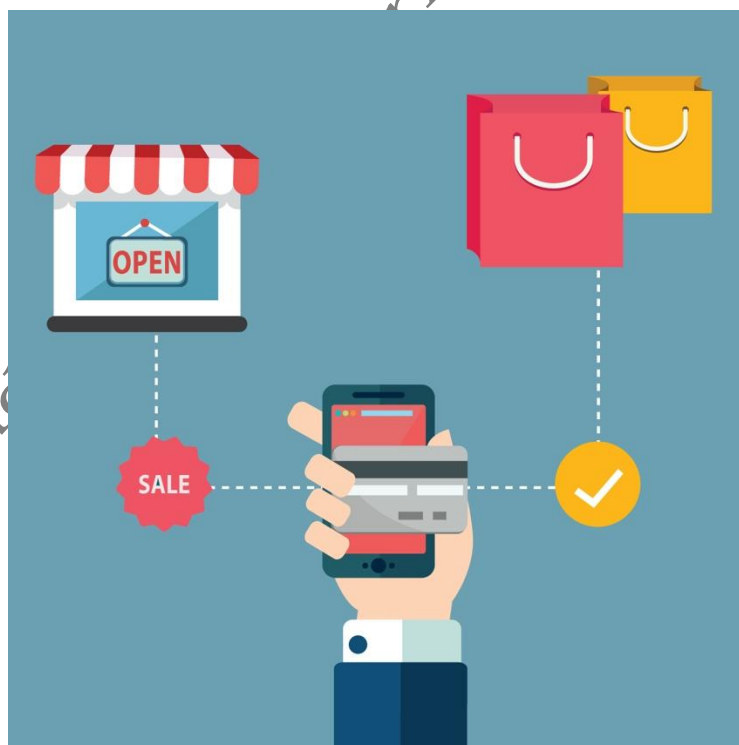
turning a potentially negative interaction into a positive one and fostering long-term loyalty.

- b. Compliance and Best Practices:** Retail Sales Executives are also critical in upholding the store's compliance with payment regulations and best practices. This includes adhering to internal policies regarding maximum cash refund limits or procedures for accepting cheques. More importantly, they are the frontline defense in fraud prevention, trained to identify suspicious payment behaviours, whether it's unusual card usage, altered currency, or hesitant customer actions.

Their vigilance in checking security features on banknotes and physical cards is paramount. By diligently following these protocols and escalating confirmed or suspected fraud to supervisors, they protect the business from financial losses and contribute to maintaining a secure transaction environment for all customers.

### PAYMENT PROCESSING WORKFLOW

The payment processing workflow in a retail environment is a systematic sequence of steps designed to efficiently and securely complete a customer's purchase. It moves beyond simply accepting money, encompassing interaction, verification, and technical execution (Fig.2.16).



**Fig. 2.16: Payment Processing Workflow**

- 1. Greeting and Guiding the Customer to Billing:** This initial step sets the tone for the entire transaction. The role of the retail sales executive here is crucial for customer experience.

- a. Greeting:** As the customer approaches the checkout or billing counter, the retail sales executive should offer a warm, polite, and professional greeting. This could be a simple "Hello!" or "Welcome! How may I help you today?" or "Ready to checkout?".
- b. Guiding:** Once the customer is ready, the executive guides them through the initial steps of the billing process. This might involve directing them to place items on the counter, asking if they are part of a loyalty program, or confirming if they have any coupons or gift cards to redeem. For online orders being picked up, it might involve asking for an order number. The goal is to create a welcoming and organized start to the transaction the purchased items, ensuring efficiency and preparing for handover.
- 2. Scanning Items and Checking Prices:** This phase focuses on accurately itemizing the customer's purchase. Accuracy here is paramount for both customer satisfaction and preventing financial discrepancies (Fig.2.17).



**Fig. 2.17: Scanning Items and Checking Prices**

- a. Scanning:** The sales executive systematically scans each item using a barcode scanner connected to the Point-of-Sale (POS) system. This action automatically retrieves the item's price and adds it to the transaction total.
- b. Manual Entry (if needed):** In cases where a barcode is missing, damaged, or unreadable, the executive must manually enter the

item's SKU (Stock Keeping Unit) or price into the POS system. This requires product knowledge and attention to detail.

**c. Price Checking:** As items are scanned, the executive should visually confirm that the price displayed on the POS matches the customer's expectation or the marked price. If there's a discrepancy, they must quickly resolve it, potentially by checking the physical price tag or consulting a supervisor. This proactive approach prevents disputes at the payment stage.

**d. Bagging/Packing:** While scanning, the executive often begins bagging or packing

**3. Confirming Payment Method and Amount:** This is the pivotal point where the transaction transitions from itemization to financial exchange. Clear communication is key.

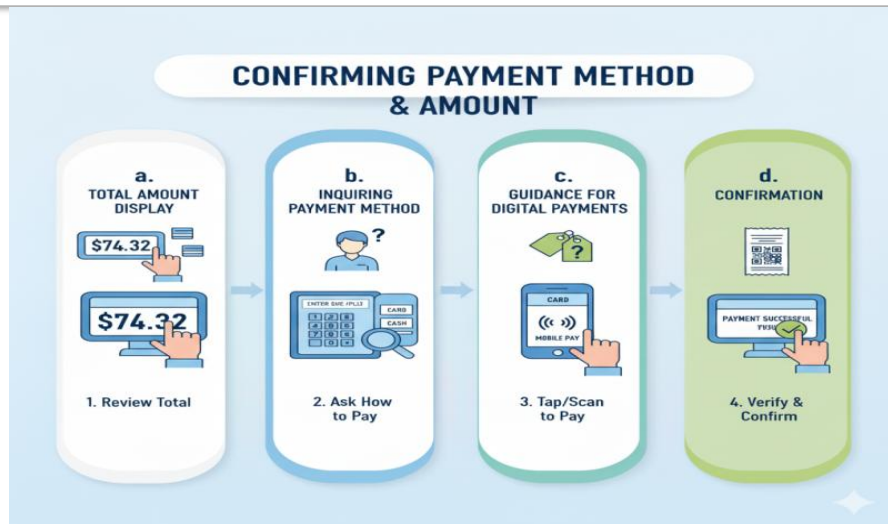
**a. Total Amount Display:** Once all items are scanned, the sales executive verbally states the total amount due to the customer, while also ensuring it's clearly displayed on the customer-facing screen of the POS.

**b. Inquiring Payment Method:** The executive then politely asks the customer for their preferred payment method: "How would you like to pay today?" or "Cash, card, or UPI?".

**c. Guidance for Digital Payments:** If the customer chooses a digital method (e.g., credit card, debit card, mobile wallet, UPI), the executive guides them through the process. This could involve:

- i. Directing them to tap/dip/swipe their card on the card terminal.
- ii. Guiding them to open their mobile wallet app and scan a QR code.
- iii. Confirming the amount before they authorize the transaction on their device.

**d. Confirmation:** Before proceeding, the executive visually or verbally confirms the chosen payment method and the exact amount being processed with the customer to prevent errors (Fig.2.18).



**Fig. 2.18: Confirming Payment Method and Amount**

**4. Completing the Transaction:** This final stage ensures the payment is successfully processed and the transaction is formally closed.

**a. Payment Processing:**

- i. **Cash:** Receive cash, count it accurately, provide correct change.
- ii. **Card/Digital:** The payment terminal/system communicates with the payment processor and issuing bank for authorization. The executive monitors the terminal for approval or decline messages.
- iii. **BNPL/Gift Card/Voucher:** Process through the dedicated system for that payment type, ensuring values are correctly applied or instalment plans initiated.

**b. Resolution of Issues:** If a payment is declined or fails, the executive must calmly inform the customer, offer alternative payment methods, and assist them in troubleshooting if possible.

**c. Receipt Generation:** Once payment is approved, the POS system generates a receipt. The executive offers or provides the receipt to the customer, confirming the transaction's completion.

**d. Thanking the Customer:** A final, polite "Thank you for shopping with us!" or "Have a great day!" reinforces positive customer experience and concludes the interaction professionally.

**e. System Update:** The POS system automatically updates sales records, inventory levels, and financial ledgers, ensuring accurate business data.

### ACCURACY IN BILLING AND INVOICING

Accuracy in billing and invoicing is a cornerstone of effective retail operations, directly impacting customer trust, financial integrity, and operational

efficiency. It ensures that the customer pays the correct amount for the goods received and that the retailer's financial records perfectly reflect sales, inventory, and revenue (Fig.2.19).

**1. Checking Item Quantity, Offers, and Discounts:** This critical step is where the sales executive ensures the customer is charged precisely for what they are purchasing, considering any applicable promotions.

**a. Item Quantity Verification:** As each item is scanned, the Retail sales executive must visually confirm that the quantity being added to the POS system matches the physical quantity of the item the customer intends to buy.

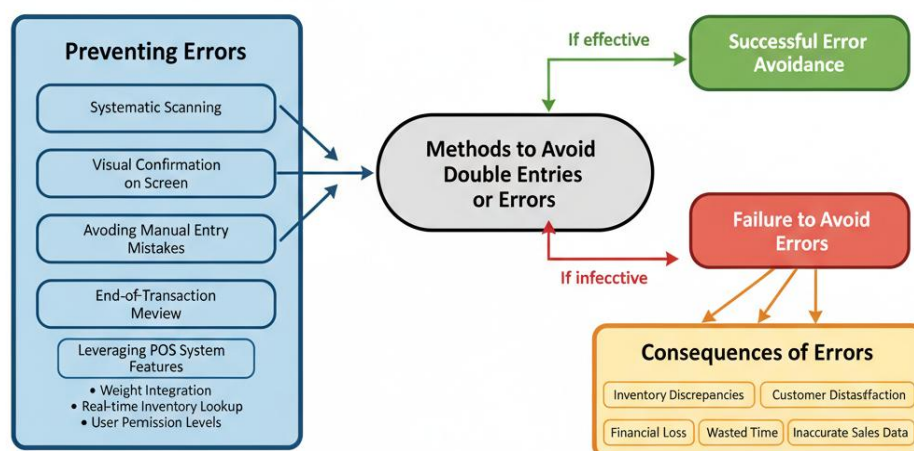
**b. Applying and Verifying Offers/Discounts:** This is often the most complex part. Retailers frequently run promotions like "Buy One Get One Free," "20% off on specific categories," or loyalty program discounts. The retail sales executive must:

- i. **Identify Applicable Offers:** Be knowledgeable about current promotions and correctly identify which ones apply to the customer's purchase.
- ii. **Accurate Application:** Ensure the POS system correctly applies these discounts. Many modern POS systems automate this, but the executive should still confirm the discount has been reflected in the subtotal.
- iii. **Customer Confirmation:** Verbally confirm the applied discounts and the final discounted price with the customer. For example, "Your buy-one-get-one-free offer has been applied, and your total is now..." This transparency builds trust and prevents disputes.
- iv. **Coupon/Voucher Redemption:** If the customer presents physical or digital coupons/vouchers, the executive must scan or manually enter them, verifying their validity (e.g., expiration date, applicable items) and ensuring their value is correctly deducted from the total.

**2. Avoiding Double Entries or Errors:** Preventing erroneous entries is fundamental to maintaining accurate inventory and financial records, safeguarding both the retailer's profits and customer satisfaction.

**a. Systematic Scanning:** Retail Sales executives should employ a systematic scanning method to ensure each item is scanned only once. This could involve scanning items in a specific order (e.g., left to right, or by category) and immediately moving scanned items to a separate area or bag.

- b. Visual Confirmation on Screen:** As items are scanned, the executive should observe the POS screen to confirm that the correct item name and price appear. This helps in catching mismatches if a wrong barcode was scanned or if the system pulled up an incorrect product.
- c. Avoiding Manual Entry Mistakes:** When manual entry (e.g., for missing barcodes, custom items) is necessary, the executive must double-check the SKU or price entered. Typos or incorrect item codes can lead to significant discrepancies.
- d. End-of-Transaction Review:** Before confirming the payment method, a quick mental or visual review of the item list on the screen (especially for shorter transactions) can catch forgotten items or accidental double scans. The final total displayed on the customer-facing screen also acts as a mutual verification point.
- e. Leveraging POS System Features:** Modern POS systems often have features designed to reduce errors, such as:
- Weight integration:** For produce, connecting scales directly to the POS to automatically calculate price by weight.
  - Real-time inventory lookup:** Preventing sales of out-of-stock items.
  - User permission levels:** Limiting access to functions that could lead to errors.
- f. Consequences of Errors:** Even small errors can accumulate. Overcharging damages customer loyalty and can lead to chargebacks or negative reviews. Undercharging results in direct revenue loss and inaccurate inventory counts, which can complicate restocking and financial planning.



**Fig. 2.19: Accuracy in Billing and Invoicing**

## SECURE HANDLING OF CASH AND CARD TRANSACTIONS

Secure handling of both cash and card transactions is paramount in retail, not only to prevent financial losses from theft and fraud but also to build and maintain customer trust. Retail sales executives are on the front lines of this responsibility, requiring diligent adherence to specific protocols.

**1. Counting and Returning Change Correctly:** Accuracy in cash handling is fundamental for financial integrity and customer satisfaction.

**a. Importance:** Incorrect change can lead to immediate financial loss for the retailer (over-giving) or customer dissatisfaction (under-giving). It also creates discrepancies in the till reconciliation at the end of a shift, potentially signaling errors or even internal theft.

**b. Procedure**

- i. **Receive and Verify:** Upon receiving cash from the customer, the sales executive should verbally state the amount received and lay the larger denominations on the counter for the customer to see before placing them in the till. This confirms the amount.
  - ii. **Count Up Method:** When giving change, the executive should count up from the total purchase price to the amount received, using the change given. For example, if the total is ₹75 and the customer pays ₹100, the executive would take ₹5 from the till and say "₹80," then take ₹20 and say "₹100." This verbal and visual method minimizes errors.
  - iii. **Show Change:** Always present the change clearly to the customer, allowing them to verify the amount before it is placed in their hand.
  - iv. **Minimize Errors:** Avoid distractions during cash handling. If unsure, recount immediately.
- c. Security Aspect:** Accurate counting reduces opportunities for disputes (e.g., customer claiming incorrect change), which can sometimes be a tactic used by fraudsters to confuse staff. It also minimizes discrepancies that could be exploited for internal theft.

## USING POS SOFTWARE EFFECTIVELY

Effective utilization of Point-of-Sale (POS) software is no longer just a convenience; it's a fundamental requirement for modern retail success. The POS system serves as the central hub for most retail operations, and mastering its use is critical for retail sales executives to enhance customer experience, improve efficiency, and contribute to the business's bottom line. Effective use of POS software lead to (Fig.2.20).

1. **Streamlining Transaction Processing:** The core function of POS software is to facilitate smooth and rapid transactions.
  - a. **Quick and Accurate Sales:** Effective use involves swiftly scanning items, accurately applying offers and discounts, and quickly tallying the final bill. Proficiency in navigating product categories and using search functions within the POS ensures that items without barcodes or special requests are processed without delay.
  - b. **Diverse Payment Handling:** A key aspect is the seamless processing of various payment methods. This includes accurately handling cash, integrating with card terminals for secure debit/credit card transactions, processing mobile wallet payments via QR codes or NFC, and integrating with Buy Now Pay Later (BNPL) platforms. Sales executives must know how to initiate, confirm, and troubleshoot each payment type within the software.
  - c. **Effortless Refunds and Exchanges:** Efficient POS use extends to managing post-sale operations. Executives should be adept at processing returns, issuing credit notes, facilitating even exchanges, and handling exchanges where price differences require additional payment or a partial refund/credit. The software's ability to track original transactions is crucial here.



**Fig. 2.20: Using Software Effectively**

2. **Enhancing Inventory Management:** The POS is intrinsically linked to inventory, providing real-time data.
  - a. **Real-time Stock Updates:** Every sale processed through the POS automatically updates inventory levels. Effective use ensures that stock counts are accurate, preventing situations where an item is sold but physically unavailable, or vice-versa.

- b. Informed Replenishment:** By correctly ringing up sales, the POS provides data that helps managers identify fast-moving items, seasonal trends, and slow-moving stock, informing smarter purchasing decisions and minimizing stockouts or overstocking.
- 3. Improving Customer Management and Loyalty Programs:** The POS system is a powerful tool for building customer relationships.
- a. Customer Data Capture:** Sales executives should effectively use the POS to capture customer information (with their consent) for loyalty programs, marketing lists, and personalized offers. This often includes linking purchases to customer profiles.
- b. Loyalty Points and Redemptions:** Seamlessly applying loyalty points, checking customer rewards balances, and processing redemptions within the POS system directly enhances the customer's loyalty experience and encourages repeat business.
- c. Personalized Service:** Accessing customer purchase history through the POS can enable sales executives to offer more personalized recommendations and a more tailored shopping experience.
- 4. Generating Valuable Data and Analytics:** Every transaction through the POS contributes to a rich dataset.
- a. Comprehensive Reporting:** Effective use ensures that all transaction details are accurately recorded. This data feeds into powerful reports on sales performance, popular products, peak hours, and more.
- b. Strategic Decision Making:** While executives might not directly analyze this data, their accurate input ensures that managers have reliable information to make informed decisions about inventory, staffing, marketing strategies, and store layouts.
- 5. Minimizing Errors and Fraud:** The structured nature of POS software reduces human error and provides security features.
- a. Automated Calculations:** The POS automatically calculates totals, taxes, and change, significantly reducing manual calculation errors.
- b. Audit Trails:** Every action performed on the POS is typically logged, creating an audit trail that helps in investigating discrepancies, identifying patterns of error, or deterring internal theft.
- c. Fraud Prevention Features:** Executives must effectively use integrated security features, such as transaction limits, mandatory PIN entry prompts, or flags for suspicious activity, which are managed through the POS.

## PRACTICAL EXERCISES

**Activity 1:** Role Play – The Dynamic Sales Transaction.

**Material required:** Office desk setup/counter, Headset, Notepads and pens, Name tags.", mock barcodes, Mock currency, Mock credit/debit cards and loyalty cards, - A printout or simple drawing of a POS screen interface, a smart phone.

**Procedure:**

1. Assign roles to students, such as Customer, Retail Sales Executive, Supervisor/Trainer and (Optional) Teacher to give feedback on performance.
2. Provide each group with a scenario card.
3. Each group performs their role play.
4. Ask students to perform role plays,
5. Each student will demonstrate the role of Retail sales executive, supervisor and others while dealing with customers.
6. The teacher will note down the performances
7. Teacher will give feedback to the required group
8. Students will incorporate the feedback and make a final play.
9. Each group will make report accordingly
10. Submit the report to the teacher.

**Activity 2:** Prepare a Flow chart to show Billing and Invoicing Process.

**Material required:** Drawing Sheet, Pen and Pencil, Rubber, Notebook.

**Procedure:**

1. Visit the identified retail store along with your peers.
2. Meet the customer service staff and others and greet them.  
Greet them politely and clearly state the objective of your visit (it's for an educational project to observe their billing process) to gain permission for observation
3. Take a round of the retail store and enquire from the manager/supervisor about the following:
  - i. How customer 'spays in retail (e.g., Cash, Debit Cards, UPI etc.)?
  - ii. How transactions are recorded for Billing and Invoicing?
  - iii. What are the precautions to be taken during the process?
  - iv. How customer's pays in retail (e.g., Cash, Debit Cards, UPI etc.)?

- v. Ask about which methods are most common and how refunds/returns are processed for each method.
  - vi. Ask about the specific POS software they use (e.g., *Is it a standalone PC or a mobile device?*),
  - vii. Specifically ask about handling damaged/un scannable items, applying discounts/coupons, and security measures against theft or error.
  - viii. Position yourselves discreetly near the billing counter (with permission).
  - ix. Observe at least 3-5 complete transactions from the point the customer places items on the belt to the printing of the invoice.
4. Show your notes to the customer service executive and confirm that they are correct.
  5. Prepare a Flow chart, discuss it with peers, and show it to the teacher.
  6. Discuss your Flow chart in the class.
  7. Prepare a report on the activity done
  8. Submit it to the teacher.

### **Activity 3:** Case Studies on Retail Sales Executive

**Material required:** Case studies or scenarios related to retail sales executive, worksheets for analysing case studies

#### **Procedure:**

1. Provide students with case studies involving retail sales executive facing various challenges or scenarios.
2. Instruct them to analyse the case studies, identifying the duties, responsibilities, and potential solutions for the retail sales executive.
3. Ask students to present their findings and discuss as a class.
4. Divide the class into small groups and assign each group a different case study to encourage teamwork and varied perspectives.
5. Instruct each group to list the key issues faced by the retail sales executive, including communication gaps, customer complaints, or operational difficulties.
6. Encourage students to apply relevant retail concepts (such as customer service techniques, sales targets, or product knowledge) to propose practical solutions.
7. Ask each group to prepare a short-written summary highlighting the problem, analysis, and recommended actions.

8. Facilitate a peer review session where groups exchange their analyses and provide constructive feedback to one another.
9. Conduct a class-wide discussion on the best strategies identified, emphasizing professionalism, customer satisfaction, and ethical conduct.
10. Conclude by summarizing the learning outcomes—focusing on how effective problem-solving and decision-making enhance the role of a Retail Sales Executive.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. A Retail Sales Executive is the primary point of contact for customers during the transaction, directly influencing satisfaction, security, and the overall efficiency of the\_\_\_\_\_.
2. For cash transactions, sales executives must accurately count money received, provide correct change, and identify any potential \_\_\_\_\_currency.
3. The sales executive should visually confirm that the price displayed on the POS matches the customer's expectation or the \_\_\_\_\_price.
4. When giving change, the executive should use the \_\_\_\_\_method, counting up from the total purchase price to the amount received.
5. Modern POS systems have features designed to reduce errors, such as \_\_\_\_\_integration for produce to automatically calculate price by weight.

### B. Multiple Choice Questions

1. What is a key responsibility of a Retail Sales Executive regarding payment security?
  - a) Designing the POS system architecture
  - b) Identifying suspicious behavior like unusual card activity
  - c) Setting interest rates for BNPL services
  - d) Directly managing the store's bank accounts
2. Which step in the payment processing workflow involves asking the customer if they are part of a loyalty program?
  - a) Scanning Items and Checking Prices
  - b) Confirming Payment Method and Amount
  - c) Greeting and Guiding the Customer to Billing

- d) Completing the Transaction
3. If a barcode is missing or unreadable, how should a sales executive typically enter the item's price into the POS system?
- By guessing the price based on similar items
  - By calling a supervisor for every such item
  - By manually entering the item's SKU or price
  - By skipping the item from the bill
4. What is a major benefit of using POS software effectively in terms of inventory?
- It eliminates the need for any backroom storage.
  - It provides real-time stock updates for accurate counts.
  - It automatically orders new stock without human intervention.
  - It sets product prices automatically based on market demand.
5. What is the security aspect of accurate cash counting in retail?
- It helps in designing new currency features.
  - It reduces opportunities for disputes and minimizes discrepancies that could be exploited for internal theft.
  - It allows the executive to keep personal tips from the till.
  - It eliminates the need for bank deposits.

**C. State whether the following statements are True or False.**

- A Retail Sales Executive's proficiency with POS software is paramount, as errors can lead to financial discrepancies.
- For very large cash purchases, a refund is typically given directly from the till without any security considerations.
- In the "Count Up Method" for giving change, the executive counts down from the amount received to the purchase price.
- Modern POS systems inherently reduce manual calculation errors.
- An "End-of-Transaction Review" on the POS screen helps catch forgotten items or accidental double scans.

**D. Match the Columns**

S. No	Column A	S. No	Column B
1	Customer Service Aspect	A	Preventing errors and fraud through automated calculations and audit trails
2	Compliance and Best Practices	B	The step where the executive asks the customer "How would you like to pay today?".
3	Confirming Payment Method	C	Being knowledgeable about payment options and managing customer expectations regarding refund timelines.
4	Minimizing Errors and Fraud (POS)	D	The automatic update of inventory levels with every sale processed through the POS..
5	Real-time Stock Updates	E	Adhering to internal policies and being the frontline defence in fraud prevention by checking security features.

**E. Short Answer Questions**

1. What is the primary system a Retail Sales Executive uses for processing payments?
2. Name two types of suspicious behaviour a sales executive should watch for to prevent fraud.
3. What is the initial step in the payment processing workflow?

**F. Long Answer Questions**

1. Explain the importance of Accuracy in Billing and Invoicing for a Retail Sales Executive.
2. Describe the key steps involved in the "Payment Processing Workflow".
3. Discuss why it is important to use POS software effectively?

**G. Check Your Performance**

1. Draw a chart on the effective use of POS software.
2. List out role of retail sales executive while handling customers.
3. Demonstrate securely handling of cash and card transactions.

## SESSION 4: RECORDKEEPING AND DOCUMENTATION

Recordkeeping and documentation are essential components of any retail operation, ensuring legal compliance, financial accuracy, and operational efficiency. This session focuses on the systematic procedures for capturing, organizing, and storing transaction data, sales reports, inventory logs, and staff records. Accurate recordkeeping directly supports the billing and invoicing process by providing the necessary audit trail to verify every transaction, track income and expenses, and reconcile cash flows. Effective documentation practices, such as maintaining organized files and utilizing secure digital storage, protect the business from errors, fraud, and disputes, while also providing critical data needed for strategic decision-making, tax filing, and demonstrating due diligence during audits.

**Recordkeeping:** This refers to the overarching process of systematically recording and maintaining all financial transactions, operational activities, and relevant business information within a retail business. It's about capturing data as it happens and storing it for future reference. Think of it as the continuous act of putting information down, usually in a structured way (like entries in a ledger, sales data in a POS system, or inventory counts). Examples of what is record-kept:

- Every sale transaction (date, time, items, price, discount, payment method).
- Every refund or exchange.
- Purchases from suppliers (inventory received, cost).
- Employee work hours and payroll data.
- Daily cash reconciliation reports.
- Inventory levels and movements.

**Documentation:** This refers to the specific, tangible output or evidence of these records, as well as written policies, procedures, and manuals that guide the business's operations. Documentation is about creating and organizing the "proof" or the "how-to" guides. It's the physical or digital manifestation of the recordkeeping process. Examples of documentation:

- Transaction-related: Sales receipts, invoices, credit notes, purchase orders, delivery challans.
- Operational: Standard Operating Procedures (SOPs) for opening/closing the store, handling cash, managing inventory, customer service protocols.
- Policy-related: Return policies, employee handbooks, privacy policies.

- **Financial Reports:** Daily sales reports, monthly sales reports, profit and loss statements, balance sheets.
- **Legal/Compliance:** Business licenses, tax filings, insurance certificates, contracts.

### **Importance of Recordkeeping and Documentation**

- 1. Financial Accuracy and Control:** Accurate records (captured through recordkeeping) and supporting documentation (invoices, receipts) ensure that money is tracked precisely, preventing theft, errors, and facilitating financial audits.
- 2. Legal and Tax Compliance:** Both provide the necessary evidence to comply with local laws, tax regulations (e.g., GST filings in India), and industry standards. Without proper documentation, a retailer could face fines or legal issues.
- 3. Operational Efficiency:** Clear documentation (SOPs) ensures consistency in processes, reduces training time for new staff, and allows for smooth operations even with employee turnover. Well-kept records enable quick retrieval of information.
- 4. Informed Decision-Making:** The data generated through recordkeeping and summarized in various documents (reports) provides crucial insights into sales trends, customer behaviour, inventory performance, and profitability, guiding strategic business decisions.
- 5. Customer Satisfaction:** Accurate billing (a result of good recordkeeping) and clear return policies (documentation) build customer trust and provide a seamless shopping experience.
- 6. Risk Mitigation:** Comprehensive records and documentation act as a safety net against disputes, fraud, and unexpected challenges. They provide a historical account for analysis and problem-solving.

### **LOGGING TRANSACTIONS AND KEEPING PAYMENT RECORDS**

It refers to the meticulous process of capturing, storing, and organizing every detail related to a customer's purchase and the associated financial exchange. It's the digital or physical trail that validates every sale, refund, or exchange, serving as the definitive history of a business's daily operations.

#### **What is Logged and Recorded?**

For each transaction, comprehensive logging and recordkeeping typically includes:

1. **Transaction ID/Reference Number:** A unique identifier for each sale.
2. **Date and Time:** When the transaction occurred.

3. Items Purchased: Specific products descriptions, quantities, and individual prices.
4. Discounts/Others: Any promotions applied, including the discount amount.
5. Subtotal and Total Amount: The price before and after taxes/discounts.
6. Payment Method: How the customer paid (Cash, Credit Card, Debit Card, UPI, Mobile Wallet, Gift Card, BNPL, Cheque, DD).
7. Payment Details:
  - a. For cards: Last four digits of the card number, card type (Visa, Mastercard), authorization code.
  - b. For UPI/Wallets: Transaction ID from the payment app.
  - c. For Cash: Amount received, change given.
  - d. For BNPL: Reference to the BNPL provider and instalment plan.
8. Sales Executive/Cashier ID: Who processed the transaction.
9. Store/Terminal ID: Where the transaction took place.
10. Customer Information (Optional but valuable): For loyalty programs or personalized marketing (e.g., customer name, loyalty ID, contact info).
11. Return/Exchange Details: If it's a refund or exchange, the reason for return, original transaction reference, and method of refund/credit note issuance.

### Methods of Logging and Recordkeeping

**1. Traditional/Manual Methods:** Traditional or manual methods involve performing retail activities using paper records, face-to-face communication, and human effort. Tasks such as billing, inventory tracking, customer service, and record maintenance are done manually. These methods are simple and suitable for small retail setups, but they are time-consuming, prone to errors, and less efficient compared to modern automated systems.

- a. Cash Registers (Basic): Print paper receipts and aggregate daily totals, but offer limited itemized detail or electronic storage.
- b. Manual Ledgers/Books: Businesses would manually write down transaction details in physical books.
- c. Physical Receipts: Paper copies of every transaction stored in files.

Limitations: Highly prone to human error, time-consuming, difficult to retrieve data, lack of real-time insights, poor scalability, and security risks (physical theft, damage) (Fig.2.21).



**Fig. 2.21: Traditional/Manual Methods**

**2. Modern/Digital Methods (Dominant in today's retail):** Modern digital methods use technology and software to manage retail operations efficiently. These include POS systems, barcode scanners, digital payments, inventory management software, CRM tools, and online sales platforms. Digital methods save time, reduce errors, improve accuracy, and help retailers analyze customer data for better decision-making and enhanced customer experience.

**Point-of-Sale (POS) Systems:** This is the backbone. Modern POS software automatically logs every detail of a transaction as it happens. It's the primary tool for real-time recordkeeping.

- a) **Integrated Accounting Software:** POS systems often integrate seamlessly with accounting software (e.g., Tally, Zoho Books, QuickBooks), automatically feeding sales and payment data for financial reporting and reconciliation.
- b) **E-commerce Platforms:** Online stores automatically log all transaction data within their backend systems, which then connects to payment gateways and financial software.
- c) **Cloud-Based Solutions:** Many modern POS and accounting systems are cloud-based, meaning data is securely stored off-site, accessible from anywhere, and backed up automatically (Fig.2.22).



**Fig. 2.22: Modern Digital Methods (Dominant in today's retail)**

### **FILING PROCEDURE**

The Filing Procedure refers to the systematic process of organizing, categorizing, storing, and retrieving various business documents, both physical and digital. It's a critical component of effective record-keeping and ensures that information is accessible when needed, compliant with regulations, and secure (Fig.2.23).



**Fig. 2.23: Filing Procedure**

### Steps in a Retail Filing Procedure

**1. Categorization/Classification:** Categorization (or Classification) is the fundamental cognitive process of grouping distinct objects, ideas, or events into classes based on shared characteristics, properties, or attributes. It is essential for organizing information, making sense of the complex world, and facilitating decision-making. In retail, for instance, this involves grouping products into defined categories like "Produce," "Electronics," or "Apparel," which aids in inventory management, sales analysis, and creating logical store layouts. In data science and recordkeeping, categorization is a critical step where items are labeled to enable efficient retrieval, comparison, and the application of machine learning algorithms to predict or infer further information.

- a. Documents are first categorized based on their type (e.g., Sales, Purchases, HR, Finance, Inventory).
- b. Further sub-categorization might occur (e.g., within "Sales": Daily Reports, Weekly Reports; within "Purchases": Supplier A, Supplier B).
- c. A consistent naming convention (for digital files) or labelling system (for physical folders) is established.

**2. Indexing/Referencing:** Indexing and Referencing are systematic methods used in recordkeeping and documentation to quickly locate and retrieve specific information. Indexing involves creating a structured list or scheme (like an alphabetical list, numerical code, or keyword tags) that points to the physical or digital location of a document or record.

This acts as a roadmap, converting large volumes of unsorted data into an organized, searchable database. Referencing is the act of using these indexes to cite or retrieve a specific record when needed, establishing a verifiable link between a query (e.g., a customer name or transaction date) and the corresponding document (e.g., the invoice). Together, they dramatically improve the efficiency of audits, customer service, and data analysis by ensuring that records are not only maintained but are also readily accessible.

- a. Each document is assigned a unique identifier or a reference number (e.g., invoice number, transaction ID).
- b. For physical files, a log or index might be kept to track where specific documents are located. For digital, metadata (tags, keywords) helps.

**3. Sorting:** Documents are sorted within their categories, usually by date (chronological order) or by reference number. This ensures easy retrieval later.

**4. Storage:** Storage refers to the methods and locations used for safely preserving and organizing business records, documentation, and assets over time. Effective storage is crucial for maintaining the integrity, security, and accessibility of information, whether in physical form (e.g., archived paper files, secured cash boxes) or digital form (e.g., cloud servers, secure databases, hard drives). The choice of storage method must balance security requirements, ease of retrieval (indexing), regulatory compliance timelines, and cost. Proper storage ensures that records are protected from damage, unauthorized access, and loss, making them reliably available for auditing, reporting, and historical analysis.

- a. Physical Filing: Documents are placed in appropriate physical storage solutions such as:
  - i. Filing cabinets (with labelled drawers and folders)
  - ii. Binders
  - iii. Archival boxes (for long-term storage of older documents)
  - iv. Secure safes (for highly sensitive documents like cash reconciliation reports before deposit).

**5. Digital Filing:** Documents are stored digitally in:

- i. POS system databases
- ii. Cloud storage (e.g., Google Drive, Dropbox, OneDrive)
- iii. Local servers or hard drives

- iv. Dedicated Document Management Systems (DMS) or ERP software.
- v. Scanned copies of physical documents.

**6. Retrieval and Return: Retrieval and Return** refers to the efficient process of locating and accessing stored records when needed, and then restoring them to their proper storage location. Retrieval is triggered by a request—for instance, a customer service query needing an old invoice or an auditor needing a past sales report. The speed and accuracy of retrieval depend directly on effective indexing and organization. Once the document or data is used, Return ensures it is filed back correctly, maintaining the integrity of the storage system and preventing records from becoming lost or misfiled, which is critical for continuous operational efficiency and compliance.

- a. A clear process for retrieving documents when needed.
- b. For physical files, a sign-out/sign-in system might be used to track who has a document.
- c. For digital, appropriate access permissions are set.
- d. Ensure documents are returned to their correct location after use to maintain order.

**7. Retention and Archiving/Disposal:** Retention and Archiving/Disposal deals with the lifespan and final disposition of business records, governed primarily by legal and operational requirements. Retention policies dictate the minimum period records must be kept, often mandated by tax authorities or regulatory bodies. Once records are past their active use period, they are moved to Archiving—long-term, secure storage for historical or compliance purposes. Finally, Disposal is the secure and systematic destruction (shredding for paper, irreversible deletion for digital) of records that have exceeded their required retention period, protecting sensitive information and minimizing storage costs.

- a. Establish a clear document retention policy based on legal requirements and business needs (e.g., how long sales receipts, tax documents, or HR records must be kept).
- b. Periodically review old records. Documents past their retention period are either archived (moved to long-term, less accessible storage) or securely disposed of (shredded for physical, securely deleted for digital).

## **RECONCILIATION AND END-OF-DAY REPORTS**

### **Meaning of Reconciliation**

Reconciliation is the process of comparing and matching two or more sets of financial records to ensure they align and identify any discrepancies. In a retail context, the primary reconciliation performed at the end of the day is usually between the sales data captured by the Point-of-Sale (POS) system and the actual payments received (cash, card transactions, and digital payments).

### **Purpose of Reconciliation**

Reconciliation serves the critical purpose of verifying that the internal financial records of an organization are consistent with external financial statements, most commonly comparing a company's cash account ledger against its bank statement. The primary aim is to identify and investigate any discrepancies, such as outstanding checks, deposits in transit, bank errors, or errors in the company's books. By systematically matching and explaining every difference, reconciliation ensures that the organization's financial reports, including the balance sheet, accurately reflect its true financial position. This process is fundamental to maintaining financial integrity, detecting fraud, preventing costly errors, and providing a reliable foundation for all subsequent accounting and auditing activities.

1. **Accuracy Verification:** Confirms that all sales recorded by the POS system genuinely reflect the money received.
2. **Error Detection:** Helps identify discrepancies caused by human error (e.g., incorrect change, mis-keyed amounts), system glitches, or unrecorded transactions.
3. **Fraud Prevention:** Uncovers potential theft or unauthorized transactions (e.g., unexplained cash shortages, excessive voids/refunds).
4. **Cash Flow Management:** Provides an accurate picture of the day's earnings, crucial for preparing bank deposits.
5. **Simplified Auditing:** Maintains clean and accurate records, making internal and external audits much smoother.

### **Reconciliation Steps at End-of-Day**

At the end of each business day, reconciliation is an essential process to ensure that all financial transactions are accurate and accounted for. It involves comparing daily sales, payments received, refunds, and cash or digital transactions recorded in the Point of Sale (POS) system with the actual cash in hand, bank deposits, and receipts. This step helps identify any discrepancies, detect possible errors, and maintain financial transparency. A proper end-of-day reconciliation ensures that records are up to date and ready for the next business day's operations.

- 1. Gather All Data:** Begin by collecting all relevant data from the day's transactions. This includes POS summaries, sales reports, credit/debit card receipts, cash register totals, and online payment details. Make sure all transaction slips, invoices, and refund notes are available. Gathering accurate data at the start of reconciliation helps ensure that the process runs smoothly and that no transaction is overlooked.
  - a. POS System Sales Report: Print or access the daily sales summary from the POS, detailing sales by product, category, payment method, discounts, refunds, and voids.
  - b. Cash Register/Till Count: Physically count all cash in each cash drawer, including the starting float, and record the total.
  - c. Card Terminal Reports: Print "Z-reports" or "batch reports" from credit/debit card terminals, summarizing all card transactions processed.
  - d. Digital Payment Summaries: Access reports from UPI, mobile wallet, or BNPL providers showing the day's collections.
  - e. Other Documentation: Collect records of petty cash payouts, received checks, gift card redemptions, etc.
- 2. Reconcile Cash:** Count the physical cash collected during the day and compares it with the total cash sales recorded in the POS system or sales register. Ensure that any cash withdrawals, petty cash expenses, or refunds are properly documented and deducted from the total. If there are discrepancies, investigate immediately to identify errors such as incorrect entries or missing receipts. Accurate cash reconciliation ensures that the actual cash on hand matches the recorded figures, maintaining financial integrity.
  - a. Compare the actual physical cash count from the till(s) against the "cash sales" total reported by the POS system.
  - b. Calculate any overages (more cash than expected) or shortages (less cash than expected).
  - c. Account for any non-sales cash movements (e.g., petty cash withdrawals, cash added to the till during the day).
- 3. Reconcile Electronic Payments:** Verify all electronic payment transactions such as credit and debit card payments, mobile wallet transfers, UPI transactions, and online orders against the POS records and payment gateway reports. Ensure that each transaction has been successfully processed and settled in the bank account. Any pending or failed transactions should be noted and followed up with the payment

service provider. This step helps ensure accuracy in non-cash transactions and prevents financial mismatches.

- a. Compare the total card transactions from the card terminal batch report with the "card sales" total from the POS system.
- b. Verify totals from UPI and other digital payment platforms against the corresponding POS records.
- c. Check for any pending transactions or fees.

**4. Verify Overall Sales:** Review the total sales for the day by cross-checking POS summaries, invoices, and sales receipts with the recorded figures in the sales register or system. Ensure that all items sold, discounts given, and returns processed are correctly reflected. This step confirms that the total sales amount aligns with the combined total of cash and electronic payments, ensuring that no transaction has been missed or duplicated.

- a. Sum up all reconciled payment totals (cash + card + digital + other payments).
- b. Compare this grand total to the "total net sales" reported by the POS system for the day. These two figures should ideally match.

**5. Investigate and Resolve Discrepancies:** If any differences are found between recorded and actual amounts during reconciliation, identify their source by reviewing transaction slips, receipts, and system entries. Common causes may include data entry errors, missed transactions, or incorrect refunds. Once identified, make the necessary corrections and document the reasons for each adjustment. Promptly resolving discrepancies ensures financial accuracy and prevents issues from carrying over to the next business day.

- a. If there are any differences (variances), investigate immediately. This might involve:
  - i. Reviewing individual transactions on the POS for errors.
  - ii. Checking voided transactions or refunds for proper authorization.
  - iii. Recounting cash.
  - iv. Reviewing security footage (for significant cash discrepancies).
- b. Document the discrepancy, its cause, and the resolution steps taken.

**6. Prepare Bank Deposit:** After reconciling all cash and electronic transactions, set aside the cash amount that needs to be deposited into the bank. Count and verify the deposit amount carefully, ensuring it matches the reconciled cash total. Fill out the bank deposit slip accurately and record the deposit details in the daily cash register or

system. Timely and accurate bank deposits help maintain proper cash flow and financial accountability.

- a. Once cash is reconciled, prepare the physical cash for deposit, leaving the designated "float" for the next day's operations. Fill out the bank deposit slip accurately.

**7. Document and File:** Record all reconciliation details, including sales summaries, payment reports, cash counts, and bank deposit slips, in the daily records. File these documents systematically—both in physical folders and digital formats—for easy reference and auditing. Proper documentation ensures transparency, supports future verification, and helps maintain organized financial records for the business.

- a. Complete a daily reconciliation form or log, summarizing all findings, discrepancies, and adjustments.
- b. File all relevant reports and physical slips securely.

### **Meaning of End-of –day (EOD) Reports**

End-of-Day (EOD) reports are comprehensive summaries generated at the close of business, consolidating the day's operational and financial activities. They provide management with a snapshot of performance and ensure that all daily processes are properly closed out.

### **Purpose of EOD Reports**

End-of-Day (EOD) reports provide a complete summary of the day's financial and operational activities. They help track total sales, payments received, refunds, and any discrepancies identified during reconciliation. These reports enable management to assess daily performance, monitor cash flow, and make informed business decisions. Regular EOD reporting ensures accountability, transparency, and accuracy in financial record-keeping.

1. Performance Overview: Provides a quick and clear summary of the day's sales and operational performance.
2. Decision Support: Offers data insights for making informed decisions on staffing, inventory replenishment, and marketing.
3. Accountability: Summarizes the work performed by staff and the financial outcomes.
4. Financial Reporting Input: The summarized data feeds into broader accounting and financial statements (e.g., monthly Profit and Loss).
5. Preparation for Next Day: Ensures systems are properly reset and balanced for the next business day.

## Types of End-of-Day Reports in Retail

In retail, End-of-Day (EOD) reports can include various summaries such as the Sales Report, which details total sales and revenue; the Cash Reconciliation Report, which compares actual cash with recorded sales; the Payment Summary Report, showing all electronic transactions; the Inventory Report, highlighting stock sold and remaining; and the Refund or Return Report, listing all customer returns. Together, these reports provide a clear picture of the store's daily performance and financial accuracy.

- 1. Sales Summary Report:** Content: Total gross sales, total net sales (gross sales minus returns and discounts), sales broken down by product category, individual item sales, sales by hour or period, average transaction value. Core performance metric, shows what sold well, identifies peak selling times.
- 2. Payment Method Breakdown Report:** Total sales broken down by how customers paid (cash, credit card, debit card, UPI, mobile wallet, gift card, BNPL, cheque). Helps track cash flow, manage payment processing fees, and understand customer payment preferences.
- 3. Refunds and Voids Report:** A detailed list of all refunds issued and transactions voided during the day, including item details, reason for refund/void, amount, and the sales executive who processed it. Critical for loss prevention, identifying potential fraud or training needs, and ensuring accurate inventory adjustments.
- 4. Cash Drawer/Till Reconciliation Report:** This is the output of the reconciliation process, showing the expected cash balance, the actual cash count, and any over/short variances. Ensures cash accountability and helps identify errors in cash handling.
- 5. Employee/Cashier Performance Report:** Sales figures attributed to each sales executive or cashier, their average transaction value, number of transactions, and possibly refunds/voids processed by them. Useful for performance evaluation, commission calculation, and identifying training opportunities.
- 6. Inventory Impact Report:** A summary of inventory changes due to sales, returns, and sometimes adjustments (though full inventory reports are usually weekly/monthly). Provides a quick check on stock levels after the day's sales activity.
- 7. Tax Summary Report:** Total sales tax collected for the day, broken down by tax rate or category. Essential for accurate tax filings.

## PRACTICAL EXERCISES

**Activity 1:** Role Play – Filing Procedure.

**Material required:** Props: Office desk setup, headset (optional), notepads, name tags for roles Scenario Cards.

**Procedure:**

1. Gather students and take them to an office
2. Obtain prior approval from the HR or office manager to use the workplace environment for the demonstration. Ensure all safety and confidentiality guidelines are followed.
3. Take permission from HR to conduct the activity
4. Conduct a short meeting with office officials or administrative staff to explain the purpose of the activity and seek their input on the filing procedures followed in the organization.
5. Assign roles to students, such as Customer, Retail Sales Executive, Supervisor and Teacher to give feedback on performance.
6. Distribute specific roles to the students to simulate a real office environment. Each participant should understand their responsibilities before beginning the role play.
7. Provide each group with a scenario card describing different types of filing procedure.
8. Give each team a written scenario—such as alphabetical filing, numerical filing, subject-wise filing, or electronic filing.
9. Ask students to perform role plays, demonstrating how filing is done.
10. Students act out the assigned scenarios, showing step-by-step how documents are sorted, labelled, arranged, and stored in physical or digital files.
11. Allow other students to observe each group's role play and take notes on strengths and areas for improvement.
12. The teacher reviews each group's performance, offering constructive feedback on accuracy, communication, teamwork, and adherence to filing procedures.
13. Conclude the session with an open discussion where students share what they learned about filing systems, challenges faced during the activity, and how they can apply this knowledge in real office settings.

**Activity 2:** Case Studies on Record-Keeping and Documentation.

**Material required:** Case studies or scenarios related to Record-Keeping and Documentation, Worksheets for analyzing case studies

**Procedure:**

1. Take the students to a Retail Store
2. Take permission to conduct activity.
3. Meet the Retail sales Executive,
4. Begin with a short discussion on the importance of record-keeping and documentation in retail operations.
5. Explain how accurate records support sales tracking, inventory control, and customer satisfaction.
6. Distribute printed or digital case studies featuring scenarios where Retail Sales Executives handle various documentation tasks, such as maintaining sales records, preparing reports, or managing inventory files.
7. Clearly outline what students need to analyze — for example, identifying the main problem, understanding the documentation process, and suggesting practical solutions.
8. Form groups of 4–5 students to encourage collaboration and exchange of ideas. Assign each group a different case study for variety in analysis.
9. Ask each group to read and discuss their case, focusing on the roles, responsibilities, and challenges faced by the Retail Sales Executive in maintaining accurate records.
10. Students should list the specific duties related to documentation, such as preparing invoices, maintaining stock records, updating sales databases, or filing customer receipts.
11. Each group should identify any errors, inefficiencies, or ethical issues in the record-keeping process and suggest suitable corrective actions or best practices.
12. Provide worksheets with guiding questions (e.g., “What went wrong?”, “What should have been done?”, “How can documentation be improved?”) to help organize their findings.
13. Ask each group to summarize their analysis and proposed solutions on chart paper or PowerPoint slides to present to the class.
14. Each group presents their case study analysis. Encourage the audience to ask questions or share alternative viewpoints to deepen understanding.
15. The teacher reviews each presentation, offering feedback on accuracy, clarity, teamwork, and understanding of documentation practices.

16. Conclude the session by summarizing key lessons about the importance of proper record-keeping, common documentation errors, and best practices for maintaining accurate and organized retail records.
17. Prepare a proper Report draft and submit to the Teacher.

**Activity 3:** Role Play – Logging and Recording.

**Material required:** Office desk setup, headset (optional), notepads, name tags for roles, Mock everyday items, Mock Payment Methods – credit card or debit card and different types of Logging and Recording scenario cards.

**Procedure:**

1. Gather the students in class or lab.
2. Begin by explaining the importance of accurate logging and recording in retail operations. Emphasize how proper documentation helps in maintaining records, ensuring accountability, and supporting business decisions.
3. Divide the class into groups and assign roles such as *Customer, Retail Sales Executive, Supervisor, and Teacher* as evaluator.
4. Give each group a different scenario describing specific logging or recording situations—for example, recording a new sale, updating stock levels, handling customer complaints, or documenting a return.
5. Allow students 10–15 minutes to read their scenario, plan their dialogue, and organize the props they will use during their performance. Encourage creativity and teamwork.
6. Each group performs their role play, demonstrating how logging and recording are carried out step by step—such as noting transaction details, updating systems, or verifying customer information.
7. Students should act naturally as if working in a real retail setting. Encourage them to use professional greetings, maintain eye contact, and record information accurately.
8. Other groups should observe the performance closely and note down what was done well and what could be improved in terms of communication, accuracy, and documentation.
9. The teacher evaluates each group’s performance based on clarity, professionalism, teamwork, and understanding of proper logging and recording procedures.
10. After feedback, discuss common mistakes made during the activity—such as incomplete records, lack of confirmation, or missed details—and how they can be avoided in real scenarios.

11. Conduct a short discussion on how accurate record-keeping affects stock management, sales reporting, and customer satisfaction.
12. Highlight the key principles of effective logging—such as double-checking entries, maintaining confidentiality, using proper formats, and updating data regularly.
13. Ask students to share what they learned from the role play, how they felt performing their roles, and how these practices are essential in a real retail environment.
14. After Role Play – Teacher may give feedback to students.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. \_\_\_\_\_ refers to the overarching process of systematically recording and maintaining all financial transactions, operational activities, and relevant business information within a retail business.
2. \_\_\_\_\_ refers to the specific, tangible output or evidence of records, as well as written policies, procedures, and manuals that guide business operations.
3. For physical files, a log or \_\_\_\_\_ might be kept to track where specific documents are located.
4. Modern \_\_\_\_\_ systems automatically log every detail of a transaction as it happens, making them the primary tool for real-time recordkeeping.
5. Reconciliation is the process of comparing and matching two or more sets of \_\_\_\_\_ records to identify any discrepancies.

### B. Multiple Choice Questions

1. Which of the following is an example of documentation in retail, as per the text?
  - a) Every sale transaction
  - b) Employee work hours
  - c) Standard Operating Procedures (SOPs)
  - d) Inventory levels and movements
2. What is a key benefit of well-kept records and clear documentation for Operational Efficiency?
  - a) Increases direct revenue
  - b) Ensures consistency in processes and reduces training time

- c) Eliminates the need for physical inventory counts
  - d) Automates customer service interactions
3. What is typically NOT included in the detailed logging and recordkeeping for each transaction?
- a) Transaction ID/Reference Number
  - b) Sales Executive/Cashier ID
  - c) Customer's full bank account number
  - d) Discounts/Offer applied
4. Which of the following is a limitation of Traditional/Manual Methods of logging and recordkeeping?
- a) Cloud-based storage
  - b) Real-time insights
  - c) High proneness to human error
  - d) Seamless integration with accounting software
5. What is the primary purpose of an End-of-Day (EOD) Sales Summary Report?
- a) To detail specific reasons for customer returns.
  - b) To show the total sales broken down by payment method.
  - c) To provide a quick and clear summary of the day's sales and operational performance.
  - d) To list all employees' work hours for payroll processing

**C. State whether the following statements are True or False.**

- 1. Recordkeeping is solely about capturing financial transactions.
- 2. Sales receipts are considered a form of documentation.
- 3. In modern retail, manual ledgers are still the primary method for logging transactions.
- 4. Reconciliation is a monthly process, and it is not a day to day activity.
- 5. The purpose of EOD reports includes providing data insights for strategic decision-making.

**D. Match the Columns**

S. No	Column A	S. No	Column B
1	Recordkeeping	A	A unique identifier for each sale, captured during transaction logging.
2	Documentation	B	The process of comparing POS sales data with actual payments received at the end of the day.
3	Transaction ID	C	Ensures consumers have a fair and effective avenue for redressal.
4	Reconciliation	D	Written policies, procedures, and tangible outputs like sales receipts and SOPs.
5	Audit Trails (POS)	E	Logs every action performed on the POS, helping investigate discrepancies and deter theft.

### E. Short Answer Questions

1. Define recordkeeping.
2. What is the primary purpose of reconciliation in retail?
3. Define documentation.

### F. Long Answer Questions

1. Discuss in detail how the combined efforts in recordkeeping and documentation contribute to the Financial Accuracy and Control and Risk Mitigation for a retail business.
2. Elaborate filing procedure.
3. Discuss End-of-day (EOD) Reports and its importance.

### G. Check Your Performance

1. List any three types of End-of-Day Reports in Retail.
2. Provide an example of a situation where Recordkeeping and documentation improves the functioning of Retail store.
3. Differentiate Traditional and Modern Methods of Logging and Recordkeeping.

## MODULE 3: RETAIL SALES TRANSACTIONS

Retail sales transactions are the backbone of all retail operations, representing the point where goods and services are exchanged for money between the retailer and the customer. This module focuses on understanding the entire process of handling sales — from greeting the customer and identifying their needs, to recording the sale, receiving payment, issuing receipts, and ensuring customer satisfaction. It covers both cash and credit sales methods, emphasizing accuracy, efficiency, and transparency in every step of the transaction. Students will learn how to operate Point of Sale (POS) systems, handle various payment modes such as cash, cards, mobile wallets, and UPI, and maintain proper documentation and reconciliation of sales records. The module also highlights the importance of maintaining ethical behavior, security during cash handling, and compliance with store policies and legal requirements. By mastering these skills, learners will be equipped to perform retail sales duties confidently, deliver professional customer service, and contribute to the smooth functioning and profitability of any retail establishment. This module consists of four sessions, the First session

Processing of Part Exchange Sales Transactions discuss about Definition and Concept of Part-Exchange Transactions, the second session elaborate Processing of Cash and Credit Sales Transactions. Whereas the third session Processing of Cash and Credit Sales Transactions discuss the cash and credit transactions in retail. The fourth Session Recordkeeping and Documentation talk about the importance of Record keeping in Retail.

Retail sales transactions are not only about completing a sale but also about building trust and long-term relationships with customers. Effective handling of transactions ensures smooth store operations, accurate financial reporting, and positive customer experiences. Through systematic procedures, proper use of technology, and adherence to ethical and legal standards, retailers can minimize errors, prevent losses, and enhance operational efficiency. This module, therefore, prepares learners with practical knowledge and skills essential for real-world retail environments, enabling them to adapt to both traditional and modern retail formats with confidence.

## **SESSION 1: PROCESSING OF PART EXCHANGE SALES TRANSACTIONS**

Processing a part exchange involves a transaction where a buyer receives a new property or product and provides their existing one (the part exchange) towards the purchase price. This standard is about negotiating part exchange sales transactions with retail customers, where the items offered in part exchange have been inspected and valued according to the retail organization's policies and procedures. The potential buyer expresses interest in a new product or property and informs the seller they have a used item to part exchange. The seller assesses the value of the part exchange item. This may involve an inspection, appraisal, or using market data. A price for the new product or property is agreed upon, and the part exchange value is deducted from the total price. The buyer pays the remaining amount, which can be through cash, credit card, or other payment methods. The new product/property is transferred to the buyer, and the seller takes possession of the part exchange item in the context of real estate, this process might involve a detailed inspection of the property being part-exchanged, as well as a discussion of any potential issues or repairs. The seller will also need to consider factors like the market value of the part-exchange property and any potential restrictions on what the developer will accept.

Part exchange is when the customer takes the value of his/her current car and uses this towards the cost of his/her new car. For example, if the customer current car is valued at Rs.5,00,000 and his/her new car is priced at Rs.8,00,00, then he/she will only pay the difference towards his/her new car.

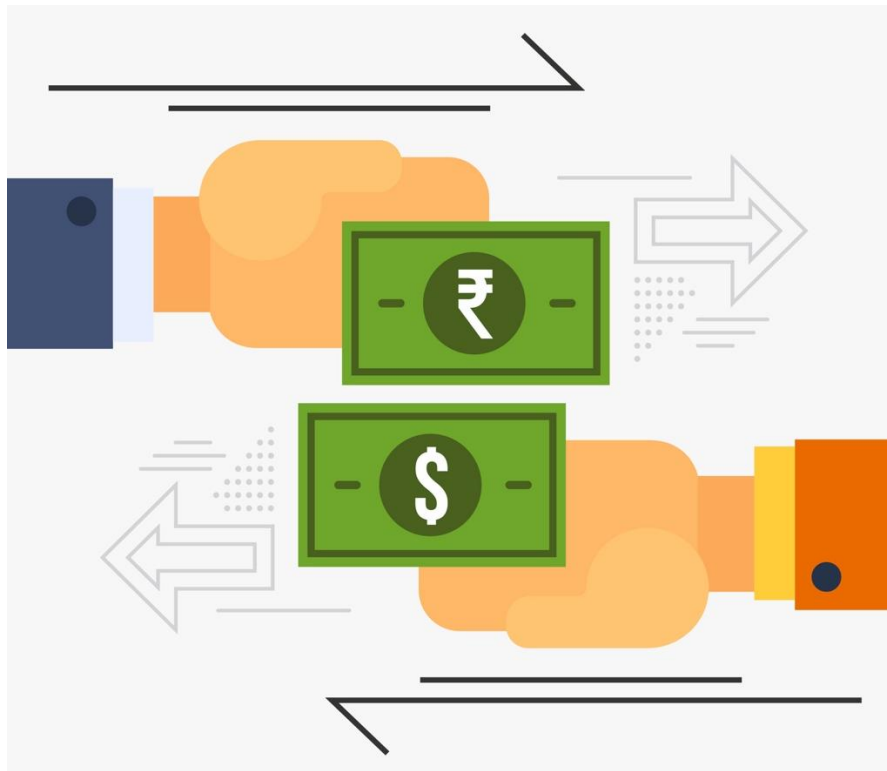
One more Example If customer give an old item in part exchange for something he/she are buying, the seller accepts the old item as part of the payment, so customer do not have to give them as much money [British]. The dealer said it could not take my old car in part-exchange.

### **Definition and Concept of Part-Exchange Transactions**

Part exchange deal is a type of contracts. In a part exchange, instead of one party to the contract paying money and the other party supplying goods/services, both parties supply goods/services, the first party supplying part money and part goods/services.

A "part-exchange" transaction occurs when a customer uses an old item as part of the payment for a new product, rather than paying the full amount in cash mode. The seller accepts the old product in lieu of a portion of the cash payment, effectively reducing the buyer's purchase amount. This concept is commonly used in various industries, sector like car sales, property transactions, and even trade-in programs for electronics (Fig.3.1).

Key aspects of part-exchange in retail are:



**Fig. 3.1: Part-Exchange Transactions**

**Goods and Services:** Part-exchange involves the exchange of goods products or services, where one party's contribution is at least partly non-monetary.

**Payment Reduced:** The buyer's financial commitment is reduced by the value assigned to the traded-in item.

**The Acceptance:** The seller agrees to accept all the old items as part of the transaction, acknowledging its value towards the purchase price.

**Potential Discounts:** Part-exchange can offer discounts on the purchase of a new item, as the value of the old item is deducted from the total cost.

**Help to make Simplified Transactions:** In Few cases, like property or part-exchange can streamline the buying process by avoiding the delays and complexities of traditional sales chains

### **Meaning of Part-exchange in Retail Industries**

In retail Industries, a "part-exchange" refers to a transaction where a customer uses an existing item or product as part of the payment for a new purchase. The seller accepts the old product as a trade-in, reducing the amount the customer needs to pay in Credit cash. This practice is common in the industries like car sales, where a customer might trade in their old car for a new car.

**Car Sales:** A customer trades in their existing car as part of the purchase price of a new vehicle.

**Electronics:** A customer exchanges a used laptop or mobile for a newer model, with the trade-in value reducing the cost of the new device. A customer trades in an older Television for a newer, larger screen TV.

**Watches:** Customers can trade in their old watches for new ones at watch dealerships, Furniture Customers may exchange old furniture for new pieces, with the trade-in value contributing towards the purchase of the new items.

**Appliances:** Exchanging an old freeze or washing machine for a newer, more energy-efficient model, with the trade-in value reducing the overall cost.

### **How Part-Exchange Works in Retail**

The retailer assesses the value of the customer's existing item (the trade-in). This value is then deducted from the price of the new item which they want to buy. The customer pays the remaining amount (the difference between the new item's price and the trade-in value).

### **How it Differs from Standard Transactions**

In this mode, goods and services will trade off between parties. For exchange to take place, both parties will come to mutual interest in their goods and services.

**Example** – Barter system is the best type of exchange. This term is also used in financial markets.

### **Differences**

The major differences between a transaction and an exchange are as follows –

S. No.	Transaction	Exchange
1	Exchange of services/goods for an amount between two or more /companies/ parties	Goods/services are traded off between parties.
2	Generally, the term transaction is used in Ownership transfer from one (buyer) to another (seller).	Generally, the term Exchange is used in currency exchange rates/barter trade.
3	Used cash as medium.	Cash is not a medium of trade.
4	Involves two or more than two parties.	Only two parties are involved in exchange
5	Recorded in books of accounting.	In exchange, transactions are not recorded.

The difference between exchange and transaction revolves around monetary involvement and context which they use respectively. Transaction is used when Services and goods are exchanged for money and trade-off is used when Services and goods are traded instead of money. Most common example for trade-off is the barter system.

### Common Examples

**Cars:** When buying a Fresh car, buyer can offer his/her old car as part of the payment, reducing the overall price one need to pay.

**Camera:** Buyer could trade in an old camera as part of the purchase price for a newer model,

### Part Exchange Homes

Some developers offer to take customers' existing Assets or property in part exchange for a new build home, effectively helping his/her move into a new home more quickly.

### Benefits of Part-Exchange for the Customer and Retailer

Part-exchange offers a mutually beneficial arrangement for both the customer and the retailer. For customers, it provides an opportunity to upgrade to newer or better products at a reduced cost by trading in their old items, making purchases more affordable and convenient. It also saves time and effort, as customers can dispose of used goods directly at the point of purchase instead of searching for separate buyers. For retailers, part-exchange helps attract more customers, increase sales volumes, and encourage brand loyalty, as

buyers are more likely to return for future upgrades. Additionally, retailers can refurbish, resell, or recycle traded-in items, creating additional revenue streams while promoting sustainable business practices. Overall, part-exchange enhances customer satisfaction and drives sales growth, making it an effective strategy for competitive retail environments.

- People come again. When customers know they'll get rewarded against part exchange with you, they have a reason to return instead of going to your competitors' brands.
- They spend more and more without realizing it. A good part Exchange program makes people buy a little extra to reach the next reward—whether it's a discount, free shipping, or a VIP perk.
- Seller get the actual information what the customers want. Part of Exchange give you real records or data on what people are buying, so one can sell smarter, not harder.
- Sellers brand comes first in their minds. If customers are getting actual valuation they won't forget about your business. It stays top of mind without constantly advertising
- Seller should create real followers, not just buyers. When people feel appreciated, they become loyal to the brand. And loyal customers recommend you to friends—for free.
- Loyal customers bring in new customers. People trust real experiences more than ads. If a customer gets a gift, free shipping, or a surprise reward, they'll talk about it. Whether for them family, friends whatever That word-of-mouth marketing is worth more than any paid campaign.
- It costs way less than finding new customers. Keeping an existing customer is always cheaper than trying to attract a new one. A strong membership or loyalty program makes the marketing dollars go further.

**Simplicity:** Instead of having to sell the current item (House, car, gadget, etc.) privately and then buy a new one, one can swap it directly with the seller. This cuts out a lot of hassle.

**Time-saving:** It's a faster process since the seller don't need to go through the sometimes-lengthy procedure of listing and negotiating with third parties.

**Instant Discount:** The value of the item one is trading in is used as part of the payment for your new purchase. This means you don't have to wait for your old item to sell before getting a deal on a new one.

The price reduction is often clear upfront, making it easier to understand how much you're paying for the new item.

**Equity Transfer:** If the item one is trading in has value (like equity in a car or house), you can use that equity towards your new purchase, reducing the amount of cash you need to come up with or the size of the loan/finance needed.

**Down Payment Help:** In the case of cars or houses, seller's part-exchange can often serve as a down payment, making the overall purchase more affordable.

**Minimized Financial Loss:** Instead of facing the uncertainty of whether or not one can sell their present item for a fair price, part-exchange ensures you get a reasonable offer based on its condition and market price.

**Trade-In Guarantees:** Some companies offer value guarantees or incentives for trading in streamlined.

**Process:** Because you are dealing with one company for both selling your old item and buying a new item, there's often less room for negotiation over the price of the item your part-exchanging (compared to selling it separately).

**Transparency:** The terms and values for both your trade-in and new purchase can sometimes be more transparent, helping you make a more informed decision.

**No Need for Marketing:** You do not need to effort or spend time advertising, handling buyers, or dealing with potential scams when selling your old item privately.

**No Time Commitment:** Selling a house, car, or gadget on your own can be time-consuming. Part-exchange allows you to bypass all that and get things done. Few dealerships or companies offer enhanced part-exchange offers for repeat customers or those who've purchased from them before, which can result in a better deal. Many businesses or dealership offer promotions, such as additional cash off your trade-in during certain times of the year or specific events. This can make the part-exchange even more advantageous. When one part-exchange, the business usually handles the inspection or appraisal, meaning they do not have to pay a third party to assess the value of the old item, which could be the case in a private sale.

### **Conditions and Eligibility for Part-Exchange**

Part-exchange (also known as "trade-in") is a process where you exchange your old item (e.g., car, property, etc.) for credit towards the purchase of a different or new item. The eligibility and conditions for part-exchange can vary depending on the industry (e.g., car dealerships, real estate, etc.), but some general conditions apply across different scenarios. Here's a breakdown of common eligibility and conditions for part-exchange:

## Eligibility for Part-Exchange

**Car Dealerships:** For cars, most dealerships will only accept part-exchanges on vehicles that are useful and registered in your name. Some dealerships may have a minimum age requirement for the vehicle (e.g., the car should not be older than 10-15 years or rules).

**Real Estate (Property Part-Exchange):** In property transactions, your current home must be in good condition for exchange. The value of the home should fall within the criteria set by the developer or builder. Generally, the property must be free of any legal encumbrance and the dispute.

**Consumer Goods:** For products like electronics, phones, etc., the item you're exchanging should be in working or good condition, and in many cases, it should be within a certain time limit (e.g., a phone might need to be not older than 3 years). The item being exchanged must be in an acceptable condition. For example:

**Cars:** The vehicle should be in roadworthy condition and pass certain checks (e.g., MOT in the UK, or a safety inspection in other countries). Some minor damage might be acceptable, but major issues like severe rust or engine could disqualify a car.

**Property:** No major structural legal disputes or legal issue (e.g., unpaid mortgages, liens) should exist.

**Consumer Goods:** These must be in working condition, with minimal wear and tear. Manufacturers often have specific trade-in guidelines.

For items like properties or vehicles even gadgets, you'll need to provide relevant documentation or peppers for cars; this could include the logbook (V5), authorized service history, and proof of item ownership.

## Conditions for Part-Exchange

**Car Dealerships:** The value or price of your part-exchange item will typically be determined based on an appraisal. The dealership will inspect the car to assess its mileage condition, service history, and demand for that make and model in the market.

**Property Exchange:** In property part-exchange, a surveyor will usually value your current property. The valuation should be matched the required price set by the builder or developer for the new property you are buying. The developer may also ask for you to sell your home before completing the part-exchange.

**Electronics/Consumer Goods:** Value is typically assessed based on the age or time duration, model year, and condition of the product. If the item you are part-exchanging (exam a car) still has outstanding finance, you will need to pay or settle this balance before proceeding with the part-exchange. Alternatively, the dealership or seller may offer to pay off the remaining finance

balance as part of the exchange, but this will be reflected in the offer you receive for your item. The value of your part-exchange is usually deducted from the total value of the new item. The balance left to pay will then be handled through financing or cash. There could be additional costs involved in the part-exchange process, depending on the specific transaction. For example:

**Cars:** Dealerships might charge a handling fee or other processing fees.

**Property:** Additional costs like surveyor fees, legal fees, and any penalties for early mortgage repayment might apply.

**Consumer Goods:** There might be a discount or trade-in rate that isn't as high as the market value of the item, depending on the condition and brand.

Some part-exchange offers may only be available for a limited time or may be subject to specific promotions or sales events.

### Process Overview

**Appraisal/Valuation:** The item being part-exchanged will be assessed by the seller or dealer to determine its trade-in value.

**Offer:** Once the valuation is done, an offer will be made. If you accept the offer, you can proceed with the next steps.

**Payment/Adjustment:** The trade-in value will be deducted from the value of the new item. If there is any balance left, you'll need to settle that difference.

**Transaction Completion:** Complete any remaining paperwork, such as transferring ownership, settling finances, etc.

Part-exchange offers a convenient way to upgrade or switch products while receiving some value for your old items. However, it's important to understand the eligibility criteria and conditions, as each industry has its own specific requirements and limitations. Always read the terms and conditions carefully to avoid surprises later.

**Assessment of Returned Items:** Part-exchange, particularly in contexts like car dealerships, real estate, or even in tech (like phones and gadgets), can offer several benefits to customers. Here are some key advantages (Fig. 3.2):



**Fig. 3.2: Assessment of Returned Items**

- 1. Convenience:** Choosing a professional service or structured option saves significant time and effort by streamlining the entire process. Instead of juggling multiple steps, you can rely on a ready-made solution that removes the stress of handling everything on your own.

  - **Simplicity:** Instead of having to sell your current item (car, house, gadget, etc.) privately and then buy a new one, you can swap it directly with the seller. This cuts out a lot of hassle.
  - **Time-saving:** It's a faster process since you don't need to go through the sometimes-lengthy procedure of listing and negotiating with third parties.
- 2. Immediate Value:** You gain quick access to tangible benefits, whether that's cash, services, or outcomes, without waiting for lengthy procedures or market delays. This provides instant relief and allows you to move forward with confidence.

  - **Instant Discount:** The value of the item you're trading in is used as part of the payment for your new purchase. This means you don't have to wait for your old item to sell before getting a deal on a new one.
  - **Clear Cost Breakdown:** The price reduction is often clear upfront, making it easier to understand how much you're paying for the new item.
- 3. Lowering Financial Barriers:** Many solutions are designed to make things more affordable and accessible, offering flexible terms or reduced upfront costs. This helps people act without being limited by heavy financial burdens.

  - **Equity Transfer:** If the item you are trading in has value (like equity in a car or house), you can use that equity towards your new

purchase, reducing the amount of cash you need to come up with or the size of the finance/loan needed.

- **Down Payment Help:** In the case of houses or car, your part-exchange can often serve as a down payment, making the overall purchase more affordable.

**4. Reduced Risk:** By working with a trusted system or intermediary, you avoid many of the uncertainties, scams, or financial pitfalls that often come with independent transactions. This ensures your security and peace of mind.

- **Minimized Financial Loss:** Instead of facing the uncertainty of whether or not you can sell your current item for a fair price, part-exchange ensures you get a reasonable offer based on its condition and market value.
- **Trade-In Guarantees:** Some companies offer price incentives or guarantees for trading in items, which can be reassuring for customers worried about underpricing.

**5. Easier Negotiations:** Instead of going through back-and-forth discussions, you benefit from transparent, straightforward terms. This eliminates confusion and creates a smoother experience for both parties involved.

- **Streamlined Process:** Because you are dealing with one company for both selling your old item and buying a new item, there's often less room for negotiation over the price of the item you are part-exchanging (compared to selling it separately).
- **Transparency:** The terms and values for both your trade-in and new purchase can sometimes be more transparent, helping you make a more informed decision.

**6. Avoiding Hassles of Selling Privately:** Handling a private sale can be overwhelming with advertising, inquiries, and paperwork. A professional or structured route eliminates these headaches, making the process much simpler.

- **No Need for Marketing:** You don't need to spend effort or time advertising, handling buyers, or dealing with potential scams when selling your old item privately.
- **No Time Commitment:** Selling a house, car, or gadget on your own can be time-consuming. Part-exchange allows you to bypass all that and get things done in a fraction of the time.

- 7. Improved Trade-In Offers for Loyalty Customers:** Some dealership or companies offer enhanced part-exchange offers for repeat customers or those who have purchased from them before, which can result in a better deal.
- 8. Potential for Trade-In Bonuses or Offers:** Many business or dealerships offer promotions, such as additional cash off your trade-in during certain times of the year or specific events. This can make your part-exchange even more advantageous.
- 9. No Need for Inspection or Appraisal Fees:** When you part-exchange, the business usually handles the inspection or appraisal, meaning you don't have to pay a third party to assess the value of your old item, which could be the case in a private sale.

Would you like to focus on part-exchange in a particular context, like real estate or car? That would allow for a more tailored breakdown of the benefits.

### Functional Testing

- 1. Functional Testing:** Functional testing ensures that the item performs as intended under real conditions. It goes beyond surface-level inspection to check whether all features, parts, and systems are working properly. This step helps detect hidden issues, confirms reliability, and builds confidence in the item's overall usability and value.

Beyond appearance, functional testing ensures that all components work as expected. This step verifies performance, detects hidden issues, and confirms reliability before deciding.

- **Operational Check:** The item is tested to ensure all key functions are working properly.
  - For **cars:** Engine, brakes, lights, electronics, etc.
  - For **phones/laptops:** Touch screen, camera, battery health, buttons, etc.
  - For **home appliances:** Power functions, display, heating/cooling elements, etc.
- **Software Check:** Ensuring the software is functional and up to date (for tech products).

- 2. Service History/Documentation:** Reviewing service records and documentation offers insights into how well the item has been maintained. Consistent servicing and proper records build trust and add value to the transaction. Reviewing past service records and related documents helps verify regular maintenance, repairs, and ownership details, ensuring the item has been well cared for and reducing uncertainty.
- **Proof of Ownership:** Verifying that the item belongs to the person offering it.
  - **Maintenance Records (especially for vehicles):** Regular servicing can increase the value.
  - **Warranty or Insurance Status:** Items still under warranty or with transferable insurance may fetch a better trade-in value.
- 3. Age and Model Evaluation:** The age and specific model play a crucial role in determining usefulness, reliability, and demand. Newer or popular models often carry higher value, while older ones may depreciate more quickly.
- **Depreciation:** Older models generally have lower trade-in value.
  - **Brand and Model Demand:** High-demand or limited-edition models may retain more value.
  - **Release Date:** For electronics, newer models often carry more value.
- 4. Repair or Reconditioning Needs:** Identifying necessary repairs or reconditioning in advance highlights potential costs, helping in accurate valuation and informed decision-making.
- **Cost of Repairs:** If the item needs repairs, the estimated cost is deducted from its trade-in value.
  - **Reusability:** Can the item be refurbished and resold, or is it only good for parts or recycling?
- 5. Market Value Comparison:** Comparing the item with similar products in the current market ensures fair pricing. It helps both buyers and sellers make informed decisions and align expectations with industry standards.
- **Resale Market Trends:** The item is compared against current market prices for similar second-hand items.
  - **Demand and Seasonality:** Some items fluctuate in value depending on time of year (e.g., convertibles in summer, electronics near holiday seasons).

- 6. Legal and Safety Compliance:** Legal and safety compliance ensures that all retail activities, products, and transactions adhere to government regulations and organizational safety standards. It involves checking that products meet labeling, quality, and safety requirements before sale, and that store operations follow health and safety laws. Maintaining compliance protects both customers and the business from legal issues and promotes a safe, trustworthy shopping environment.
- **Regulations Check:** Items like cars must meet roadworthiness or emissions standards.
  - **Blocked or Reported Items:** For phones, checks are made to ensure they're not stolen or blacklisted.
- 7. Final Valuation Report:** After assessment, the business issues a valuation summary to the customer, usually explaining:
- Trade-in offer amount
  - Deductions (if any) due to condition or age
  - Optional feedback (e.g., "Better value if sold privately")
- 8. Why This Assessment Matters:** A thorough assessment builds transparency, minimizes risks, and supports fair negotiations by providing a clear picture of the item's true condition and worth.
- Ensures fairness in pricing for both the business and the customer.
  - Reduces risk of fraud or dealing in defective goods.
  - Helps the business decide whether to resell, refurbish, or recycle the returned item.
- 9. Extreme Opposition:** Retail enterprises may face extreme opposition due to restrained barriers to access. Increasing competition may also hinder revenue growth. Opposition via product price reduction is main element in consumer shopping decisions.
- 10. Delivery Chain Failure:** Loss of goods for display is a sensitive issue for day-to-day operations and this may result from a failure in the delivery chain.
- 11. Online Purchasing:** Online shopping is upcoming threat that could affect the growth of a retail outlet due to technological deficiencies. Smart phones play a pivotal role in online shopping growth, as 17% of the respondents buy every week online whilst 28% select traditional retail shops.

## PRACTICAL EXERCISES

**Activity 1:** Make a power point presentation on part exchange transactions

**Materials Required:** Required Computer along with net service, notebook, pen, pepper and projector.

**Procedure:**

1. Form groups of 4 students each.
2. Ask them to visit computer section.
3. Ask them to find Microsoft PPT software in the computer.
4. Create minimum ten slides in one ppt.
5. Observe each and every section and highlight same in ppt.
6. Go through the entire process of part of exchange
7. Put the images of part of exchange process including the definition.
8. Ask them to put all the points in ppt.
9. Use the images of all the example
10. Prepare a report on visit
11. Present in the class and submit to the subject teacher.

**Activity 2:** Group Discussion on Part-Exchange for the Customer and Retailer

**Materials Required:** Pen/pencil, notebook, need 2 items like mobile, TV, freeze

**Procedure:**

1. Form groups of 2 students each, one of customer and second will be retailer
2. Ask them to visit nearby retail lab.
3. Ask them to divide in two groups.
4. Tell one group to keep the item (old item) for part exchange.
5. Tell second group to show the new product or the item which customer wants to buy as a part of exchange
6. Ask them to discuss the process, benefits and advantages of part of exchange.
7. Prepare a chart based on your observation.
8. Discuss with class mate and teacher.
9. Present the chart in the class.

**Activity 3:** Role plays on assessment of Returned Items

**Material required:** Pen/Pencil, notebook, keep one old item (Returned item)

**Procedure:**

1. Begin by explaining the purpose of assessing returned items — to ensure that the product meets the return or part-exchange policy before approving a refund or exchange.
2. Divide students into pairs, where one acts as the *Customer* returning the item and the other acts as the *Retail Sales Executive* handling the return process.
3. The “Customer” holds the old or used product and initiates a conversation with the sales executive to request a return or exchange.
4. The customer explains the reason for return and asks about the exchange value or discount for the new product.
5. The “Retail Sales Executive” listens carefully, verifies the product details, and explains the process — including visual inspection, eligibility check, and documentation required for part-exchange.
6. Students must mention all major steps such as checking the product condition, matching serial numbers, validating the purchase receipt, and updating records in the system.
7. Encourage the sales executive to use props like inspection sheets, return forms, or mock receipts to make the demonstration realistic and engaging.
8. The executive should perform a quick visual check of the returned product, noting visible wear, damage, or missing parts before accepting it.
9. The customer and executive should fill out a sample return/exchange form, ensuring all details such as date, reason for return, and product status are recorded properly.
10. Allow other students to observe the role play and take notes on how effectively the return process was communicated and handled.
11. The teacher provides feedback on communication skills, accuracy in process demonstration, and understanding of return and exchange policies.
12. End the session with a short discussion where students share what they learned about handling returns, the importance of inspection, and how to maintain professionalism during customer interactions.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. Part exchange involves a transaction where a \_\_\_\_\_ receives a new product

2. The seller agrees to accept all the \_\_\_\_\_ as part of the transaction.
3. Part-exchange can offer \_\_\_\_\_ purchase of a new item.
4. The customer pays the remaining \_\_\_\_\_ in part of exchange.
5. Goods/services are traded off between \_\_\_\_\_

### B. Multiple Choice Questions

1. Exchange of Service/goods for an amount between how many parties:
  - a) 0 parties
  - b) 1 party
  - c) No parties
  - d) two or more
2. Part-exchange involves the exchange of?
  - a) Goods and products
  - b) None of anything.
  - c) company
  - d) ice-cream
3. Benefits of Part-Exchange is applicable for
  - a) Customer and Retailer
  - b) Owner and servant
  - c) Servant
  - d) Owner
4. When you part-exchange, the business usually handles the
  - a) inspection or appraisal
  - b) Procurement
  - c) Point of sale
  - d) Customer delivery
5. The value of the home should fall within the criteria set by the?
  - a) developer or builder
  - b) Distribution centre
  - c) Procurement
  - d) Reverse logistics
6. For items like properties or vehicles even gadgets, you'll need to provide relevant

- a) documentation
- b) Make in India
- c) Digital India
- d) Swachh Bharat

**C. State whether the following statements are True or False.**

1. Part-exchange involves the exchange of goods product or services.
2. The buyer's financial commitment is reduced by the value assigned to the traded-in item.
3. The seller Refuse to accept all the old items as part of the transaction, acknowledging its value towards the purchase price.
4. A customer trades in their new car as part of the purchase price of a old vehicle.
5. A customer exchanges a used laptop or mobile for a newer model.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Part of exchange	A	New product
2	Example of part exchange	B	Standard transaction
3	In exchange you get the	C	Benefit of discount
4	Part of exchange is different	D	Mobile, gadget, watch
5	Old product can be exchange	E	Always between two or more parties
6	Valid documents required	F	Properties

**E. Short Answer Questions**

1. What is the definition of part exchange?
2. Name any two-common example of pat exchange
3. Who can take the benefits of part of exchange?

**F. Long Answer Questions**

1. Explain the Retail sales transactions?
2. What are the benefits of part of exchange?
3. 3 What is the Eligibility and Conditions for Part-Exchange?

**G. Check your Performance**

1. Draw a poster on Delivery Chain

## **SESSION 2: PROCESSING OF CASH AND CREDIT SALES TRANSACTIONS**

Processing sales transactions accurately is one of the most vital functions in retail operations. It ensures that the business receives payments correctly, customers are billed transparently, and all financial records are properly maintained. This session explains the step-by-step process of handling both cash and credit sales transactions, outlines company policies for managing customer credit limits, and highlights the importance of reporting and reconciliation in retail payments.

### **Cash Sales Transactions**

Cash sales are transactions in which the customer makes full payment immediately at the point of sale (POS) using cash, debit card, mobile payment, or any other instant payment method. The process begins when the customer selects the desired product or service and agrees on the final price. The payment is made instantly by cash, debit/credit card, or digital wallet such as UPI, Google Pay, or Paytm. Once the payment is completed, the sales executive issues a printed or digital receipt as proof of purchase. The transaction is then recorded in the accounting or POS system under “Cash Sales.” At the end of the business day, all cash and electronic payments are verified, deposited into the company’s bank account, and reconciled with the day’s sales report. The main advantages of cash sales include immediate cash inflow, reduced credit risk, minimal paperwork, and faster processing with transparent records.

### **Credit Sales Transactions**

Credit sales occur when a customer purchases goods or services but agrees to pay at a later date as per mutually agreed terms. Before extending credit, the business verifies the customer’s creditworthiness and defines the terms of payment, such as “Net 30 days.” An invoice is then issued, mentioning the amount due, due date, and any applicable discounts for early payment. The sale is recorded in the company’s accounting system as “Accounts Receivable.” The customer is expected to make payment by the due date through cheque, bank transfer, or other approved methods. Once the payment is received, it is recorded, and the accounts are updated accordingly. If payment is delayed, the company may send reminders, impose late fees, or escalate the matter to a collection agency.

### **Company Guidelines for Setting Customer Credit Limits**

Establishing appropriate credit limits for customers is essential to balance sales growth and financial risk. Retailers must define clear credit policy objectives that support business growth while minimizing bad debts. They should conduct a thorough assessment of the customer’s creditworthiness by reviewing credit reports, trade references, financial statements, and public

records. Once assessed, the business determines an initial credit limit based on risk analysis, sales projections, and the company's liquidity position. Regular monitoring of credit accounts is necessary, especially for high-risk customers, to ensure timely payment and to adjust credit limits as required. Temporary credit increases can be granted for bulk or seasonal orders with proper documentation and managerial approval. Any exceptions to policy should be well-documented and communicated clearly to maintain transparency and accountability.

### **Dealing with Customers Who Exceed Credit Limits**

When customers exceed their approved credit limits, businesses should handle the situation tactfully and professionally. The customer must be informed immediately about the limit breach, and further credit sales should be temporarily suspended until part of the outstanding amount is cleared. Retailers may offer structured repayment plans or revised terms if the customer provides a valid reason. Consistent defaulters should be reported to credit bureaus or restricted from future credit purchases. All communications and actions must be properly documented to maintain accuracy and fairness in customer dealings.

### **Purpose of Credit Limits in Retail**

Credit limits serve as a control mechanism that balances sales promotion with financial safety. They encourage customer loyalty and higher average purchase values while managing financial risk. Controlled credit terms ensure steady cash flow and prevent excessive exposure to non-payment. Retailers determine appropriate credit limits by evaluating factors such as credit history, purchase frequency, transaction value, and payment behavior.

### **Challenges in Managing Credit Sales**

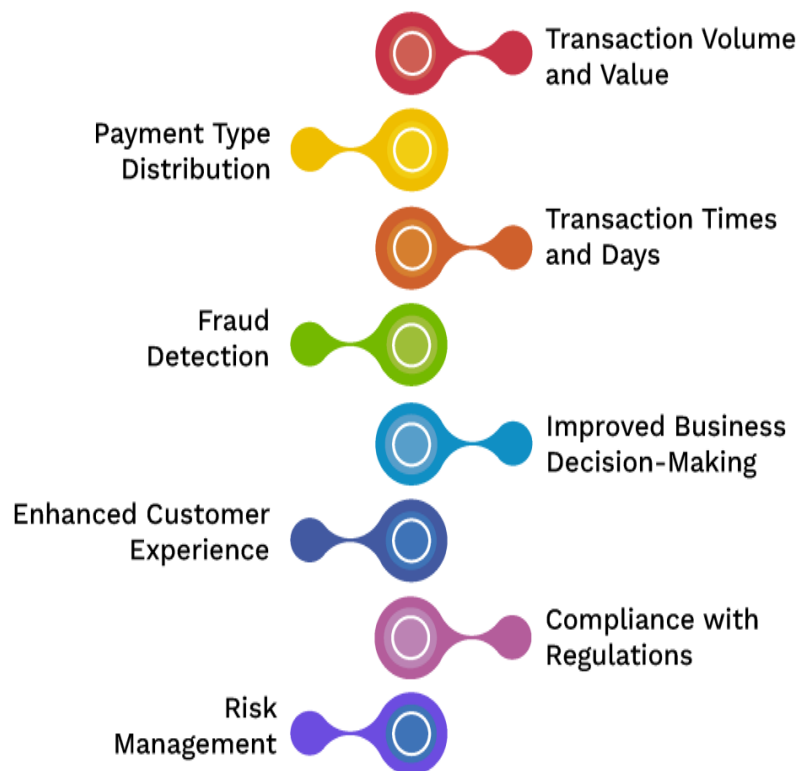
Despite their benefits, credit sales pose certain challenges such as delayed or non-payments, increased administrative tasks for monitoring, and risks of fraud or misuse. Economic downturns can further impact a customer's ability to pay, leading to financial strain for the retailer. Additionally, compliance with regulatory frameworks, especially concerning Buy Now Pay Later (BNPL) services, requires careful management. To address these issues, retailers can use data analytics and AI tools to monitor customer payment patterns, offer tiered credit limits based on loyalty and risk level, and collaborate with reliable fintech partners for secure credit processing. Regular review of market and economic trends also helps anticipate potential credit risks.

### **Reporting Mechanism in Retail Payments**

Accurate reporting is essential for tracking payment trends, maintaining transparency, and ensuring compliance. Retailers and payment service providers (PSPs) collect detailed transaction data such as type, value, and

frequency of payments. This data is reported to central banks and regulatory authorities for financial monitoring. Annual audits further ensure transparency and accuracy in financial reporting. Internally, businesses analyze payment data to identify trends, detect errors, and improve operational efficiency. Externally, they report to tax and financial authorities to fulfill legal and compliance obligations.

The processing of cash and credit sales transactions requires accuracy, transparency, and adherence to both company policies and legal standards. Proper documentation, timely reconciliation, responsible credit management, and detailed reporting are the backbone of efficient retail operations. By mastering these practices, retail professionals ensure smooth transactions, build customer trust, and maintain the financial stability of the business (Fig.3.3).



**Fig. 3.3: Reporting of Data**

### Examples of Reporting Data

- Transaction Volume and Value:** This includes the number of transactions processed and the total value of those transactions.
- Payment Type Distribution:** This shows the percentage of transactions using different payment methods (example cash, card, digital wallets).

- c) **Transaction Times and Days:** This can help identify peak periods and trends in payment activity.
- d) **Fraud Detection:** Reporting can help identify and prevent fraudulent transactions.
- e) **Improved Business Decision-Making:** Data on payment trends can help businesses make informed decisions about promotions, pricing, and other business strategies.
- f) **Enhanced Customer Experience:** Understanding customer payment preferences can help businesses tailor their offerings and improve the overall shopping experience.
- g) **Compliance with Regulations:** Reporting to central banks and other regulatory bodies ensures compliance with financial regulations.
- h) **Risk Management:** Reporting can help identify and manage risks associated with payment fraud and other financial risks.



### Record and Store the Payments Receipts

In retail, recording and storing payment receipts typically involves creating a record of the transaction, often through a point-of-sale (POS) system, and then either printing a receipt for the customer or storing the digital record for future reference (Fig.3.4). This retail journey ensures accurate record-keeping and provides a proof of purchase for the customer.

**POS Systems:** Most retail establishments utilize POS systems to record sales, including the time, date, items purchased, quantities, prices, total amount due, and the payment method.

**Sales Receipts:** The POS system generates a receipt, which can be printed or stored digitally.

**Payment Confirmation:** The receipt confirms that the payment has been made and the transaction is complete.

**Storing the Receipt:** Storing the receipt helps maintain accurate records of sales, supports returns and audits, and ensures transparency and accountability in retail transactions.

**Printed Receipts:** Customers typically receive a printed copy of their receipt as proof of purchase.

**Digital Records:** Some businesses may opt to store receipts digitally, often within the POS system or through a customer portal.

**Data Retention:** Retailers must adhere to relevant data retention policies for receipts, which may vary by industry and location.

**Returns and Refunds:** Receipts are often necessary for processing refunds and returns, as they provide proof of purchase.

**Warranty Information:** Receipts may contain warranty information, which is important for customers to keep for future reference.

**Customer Experience:** Providing a clear and accurate receipt can enhance the customer experience.



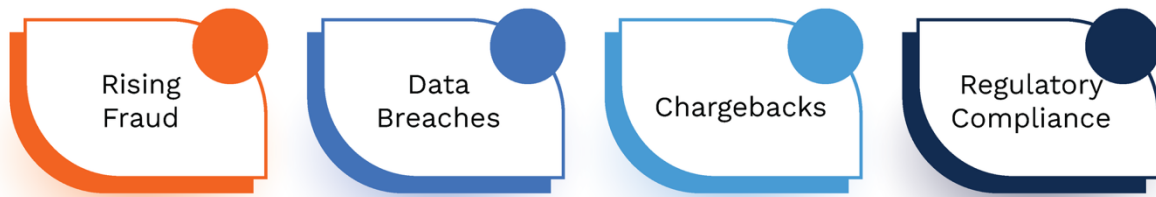
**Fig. 3.4: Record and Store the Payments Receipts**

**Problems in Payments:** Problems in payments are common challenges faced by retailers and customers during sales transactions. These issues can arise due to technical errors, human mistakes, or system inefficiencies. One major problem is payment gateway failure, where online or card payments are declined because of server downtime, poor internet connectivity, or banking network errors. Cash handling errors, such as incorrect change or miscounted totals, can also cause discrepancies in records. Delayed settlements from banks or digital payment platforms affect cash flow and reconciliation at the end of the day. In cases of credit sales, late payments or defaults by customers can increase financial risk and administrative burden. Security concerns like fraudulent transactions, chargeback, and unauthorized card use also create payment complications. Additionally, issues such as double billing, incorrect transaction entries, and refund delays can damage customer trust. Poorly trained staff or lack of proper monitoring systems further contributes to payment inconsistencies. To overcome these problems, retailers must use reliable POS systems, maintain clear transaction records, ensure regular reconciliation, and provide staff training on handling different payment modes effectively. Here's a more detailed look at the key issues:

### 1. Fraud and Security

Fraud and security are critical concerns in retail transactions, as businesses handle large volumes of cash and digital payments daily. Retailers must implement strong security measures such as encrypted payment systems, secure POS terminals, and employee training to detect suspicious activity. Regular audits, CCTV monitoring, and verification of refunds or credit transactions help prevent internal and external fraud. Maintaining data privacy and following cybersecurity protocols ensures customer trust and protects the business from financial losses (Fig.3.5).

- a) **Rising Fraud:** Payment card fraud is a significant concern, with losses projected to rise.
- b) **Data Breaches:** Retailers must protect customer data from breaches, which can lead to financial and reputational damage.
- c) **Chargebacks:** Unresolved disputes and chargebacks can impact profitability and customer satisfaction.
- d) **Regulatory Compliance:** Strict regulations on data protection and security require retailers to invest in robust security measures.

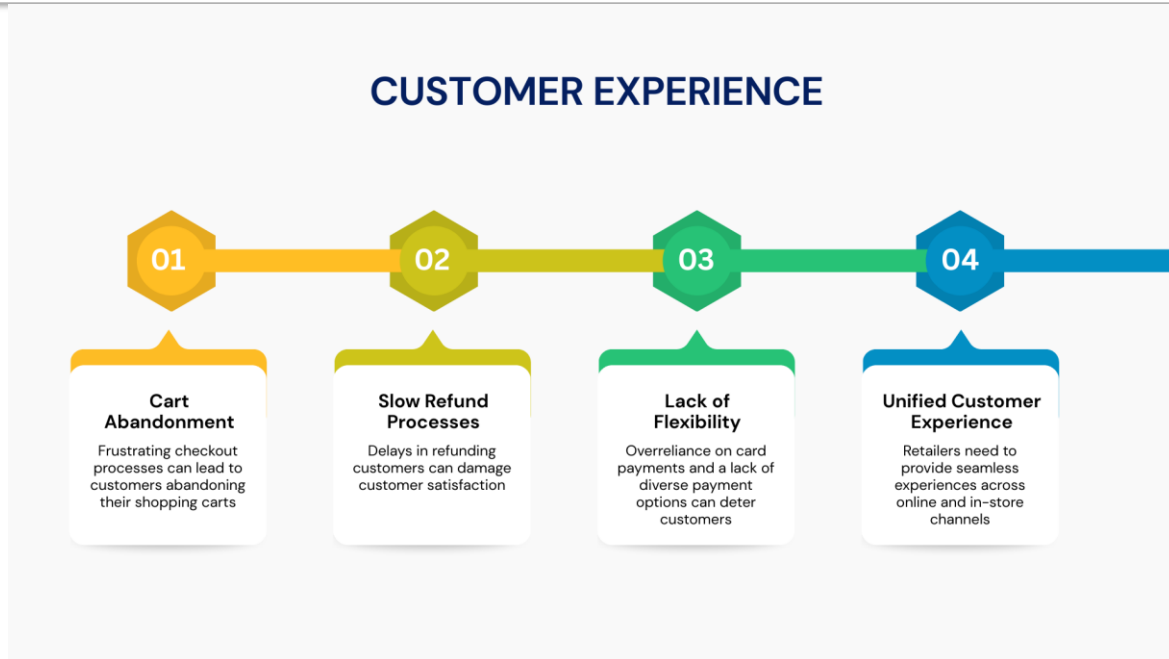


**Fig. 3.5: Fraud and Security**

## 2. Customer Experience

Customer experience refers to the overall impression a shopper has throughout their interaction with a retail business—from browsing products to completing payment. A smooth, transparent, and efficient sales transaction enhances customer satisfaction and loyalty. Friendly service, quick billing, accurate receipts, and secure payment options make customers feel valued and confident in their purchases. Positive experiences encourage repeat visits and word-of-mouth promotion, strengthening the retailer's reputation and long-term success (Fig.3.6).

- a) **Cart Abandonment:** Frustrating checkout processes can lead to customers abandoning their shopping carts.
- b) **Slow Refund Processes:** Delays in refunding customers can damage customer satisfaction.
- c) **Lack of Flexibility:** Overreliance on card payments and a lack of diverse payment options can deter customers.
- d) **Unified Customer Experience:** Retailers need to provide seamless experiences across online and in-store channels.

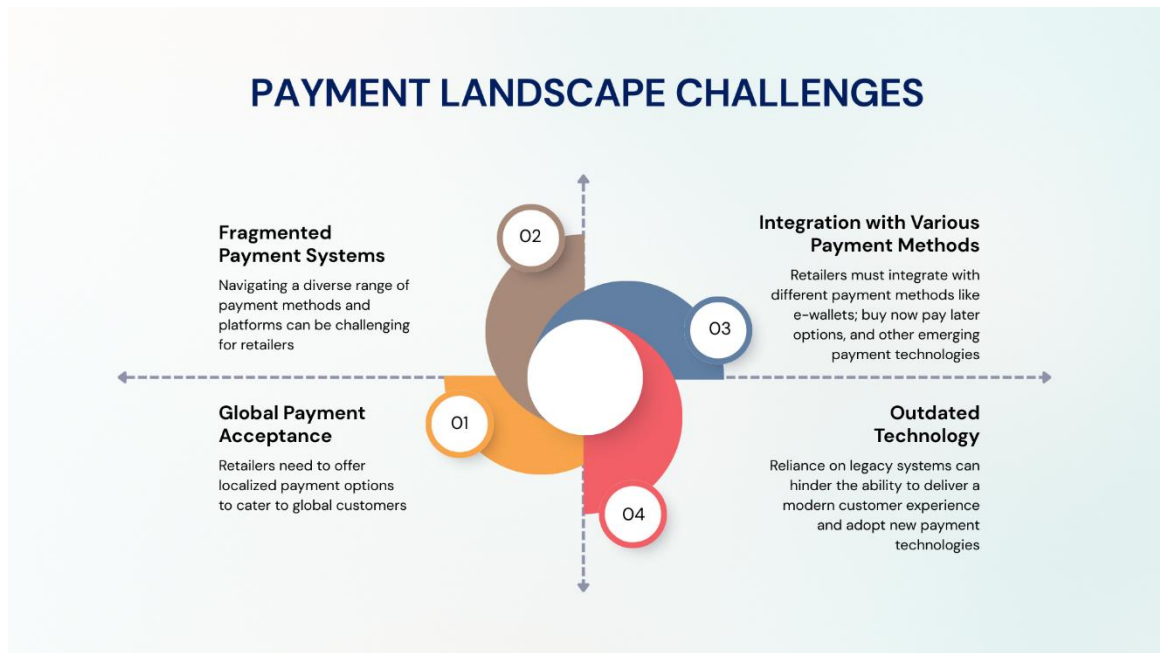


**Fig. 3.6: Slow Refund Processes**

### 3. Payment Landscape Challenges

The payment landscape faces several challenges due to rapid digital transformation and evolving customer expectations. Retailers must manage multiple payment modes—cash, cards, UPI, and BNPL—while ensuring security and compliance. Frequent cyber threats, technical glitches, and data breaches pose major risks to both businesses and consumers. Additionally, high transaction fees, delayed settlements, and differing regulatory standards across platforms create operational hurdles. Balancing convenience, speed, and safety in this complex ecosystem remains a constant challenge for modern retailers (Fig.3.7).

- a) **Fragmented Payment Systems:** Navigating a diverse range of payment methods and platforms can be challenging for retailers.
- b) **Global Payment Acceptance:** Retailers need to offer localized payment options to cater to global customers.
- c) **Integration with Various Payment Methods:** Retailers must integrate with different payment methods like e-wallets; buy now pay later options, and other emerging payment technologies.
- d) **Outdated Technology:** Reliance on legacy systems can hinder the ability to deliver a modern customer experience and adopt new payment technologies.



**Fig. 3.7 Payment Landscape Challenges**

#### 4. Regulatory and Legal Challenges

Regulatory and legal challenges in retail payments arise from the need to comply with financial laws, taxation rules, and consumer protection regulations. Retailers must follow strict guidelines for data privacy, anti-money laundering (AML), and Know Your Customer (KYC) requirements. Frequent updates in payment regulations, varying state or national laws, and complex documentation processes can make compliance difficult. Failure to adhere to these regulations can result in penalties, legal disputes, and reputational damage, making continuous monitoring and legal awareness essential for all retail businesses (Fig.3.8).

- a) **Increasing Regulatory Requirements:** Regulations regarding security, data protection, and payment processing are becoming more stringent.
- b) **Compliance Costs:** Adhering to regulations can be costly for retailers, requiring investment in security measures and compliance software.

## REGULATORY AND LEGAL CHALLENGES



**Fig. 3.8: Regulatory and Legal Challenges**

### 5. Operational Challenges

Operational challenges in retail payments occur due to system inefficiencies, staff errors, and coordination issues between departments or payment service providers. Problems such as slow transaction processing, POS system downtime, incorrect billing, and reconciliation delays can disrupt daily operations. Managing multiple payment channels, ensuring accuracy in cash handling, and maintaining updated records also add to the workload. Without proper training, technology support, and process standardization, these challenges can lead to financial discrepancies and poor customer service (Fig.3.9).

- a) Network Congestion:** Slow or failed transactions due to network congestion, especially during peak times, can impact customer satisfaction and revenue.
- b) Processing Errors:** Bugs or errors in payment processing systems can lead to payment failures and customer frustration.
- c) Payment Failures:** Reasons for failed payments can include incorrect payment details, insufficient funds, or system errors.
- d) Customer Service and Support:** Limited customer support and service can frustrate customers during payment issues. Addressing these challenges requires retailers to invest in robust payment processing systems, prioritize security, and provide a seamless and flexible payment experience for customers



**Fig. 3.9: Operational Challenges**

## PRACTICAL EXERCISES

**Activity 1:** Check customer accounts accurately and at suitable intervals to check that payments are up to date.

**Materials Required:** Required Computer along with net service, notebook, pen, pepper, account file two person.

### Procedure:

1. Divide the two students into roles - one as a Customer Accounts Executive and the other as a Finance Department Representative. Assign each a set of responsibilities for managing and verifying customer accounts.
2. Set up a mock accounts department by arranging desks, files, and system access. Prepare an account ledger or use digital software to maintain customer transaction records.
3. Decide and note the review intervals (weekly, fortnightly, or monthly) for checking customer accounts. The students should mark these intervals in a schedule sheet or calendar to ensure consistency in review.
4. Demonstrate how to access and review account statements for different customers.
5. Students should cross-check outstanding balances, pending payments, and verify entries against supporting documents such as invoices and receipts.

6. Perform a step-by-step check to ensure that received payments are correctly applied to the right customer accounts.
7. Use both manual checking (file records) and system-based reconciliation (using accounting software)
8. Demonstrate how to update records after each verification — including date, amount received, mode of payment, and invoice number.
9. Record these details neatly in both the notebook and digital ledger.
10. Ask the students to identify any delayed or missing payments, incorrect entries, or duplicated invoices.
11. Note down anomalies and prepare a discrepancy report listing possible reasons and corrective actions.
12. Simulate a short discussion between the two students (Accounts Executive and Finance Representative) on how they would coordinate to resolve issues, contact customers for overdue payments, or correct errors in entries.
13. Demonstrate the steps to follow up on delayed payments- drafting reminder emails or letters, calling the customer, or escalating the matter to the supervisor if required.
14. Ask students to organize all records properly - attach payment proofs, invoices, and communication logs in a physical file as well as save digital copies.
15. Label files systematically for easy retrieval.
16. At the end of the activity, ask students to prepare a summary report showing the total number of accounts checked, payments verified, discrepancies found, and actions taken to update the records.
17. Have the student pair present their findings and explain the importance of timely account checks and accurate record-keeping for maintaining financial transparency and customer trust.
18. After the demonstration, discuss with the class:
  - a) Why regular account review is necessary.
  - b) How digital tools improve accuracy and speed.
  - c) What challenges may arise during account reconciliation.
  - d) Best practices to prevent future discrepancies.
19. Prepare a detailed report and submit to the Teacher.

**Activity 2:** Identify problems accurately and sort them out promptly.

**Materials Required:** Required Computer along with net service, notebook, pen, pepper, account file two person.

**Procedure:**

1. Select two students — one as an Accounts Assistant and the other as a Supervisor or Finance Officer responsible for verifying and resolving issues.
2. Arrange a mock setup resembling an accounts department, complete with files, invoices, and a system for entering and reviewing transactions.
3. Present examples of common issues such as cash mismatch, incorrect amount entered, missing receipts, duplicate entries, or wrong customer payment allocation.
4. Discuss how these errors affect financial accuracy.
5. Demonstrate the use of reconciliation statements, audit trails, transaction logs, and payment reports to identify discrepancies.
6. Students should note how each tool helps pinpoint the exact source of the problem.
7. Guide students to classify issues into categories — e.g., *minor errors* (data entry mistakes), *system-related issues* (software glitches), or *customer-related issues* (delayed or incorrect payments).
8. Encourage students to discuss and demonstrate how to resolve the identified issues quickly and accurately. This may include verifying records, contacting customers, or correcting entries in the system.
9. Record each problem identified, its cause, and the steps taken for resolution in a Problem Resolution Logbook or digital spreadsheet.
10. Demonstrate how to inform supervisors or the finance head about persistent or serious problems, ensuring proper escalation and accountability.
11. Conclude the activity by discussing preventive measures, such as double-checking entries, regular account reviews, and use of automation tools to reduce errors.
12. Have students reflect on what they learned about accuracy, teamwork, and timeliness in sorting out financial problems.
13. Make detailed report and submit.

**Activity 3:** Promptly investigate reasons for missed payments and accurately record the findings.

**Materials Required:** Required Computer along with net service, notebook, pen, pepper, account file two person.

**Procedure:**

1. Assign two students — one acting as a Billing Executive and the other as a Payment Investigator or Finance Officer.
2. Create a workspace that mimics an accounts department, with access to customer records, transaction history, and pending payment lists.
3. Demonstrate how to check for missed or overdue payments using system-generated statements or manual records. Use examples such as overdue invoices or unacknowledged online payments.
4. Introduce reconciliation methods, audit trails, transaction logs, and payment issue trackers to detect patterns of missed payments and confirm whether they are due to system errors, bank delays, or customer negligence.
5. Guide students to analyze potential reasons such as incorrect customer details, transaction failure, invoice not received, or delayed fund transfer. Have them simulate customer communication via email or call.
6. Ask students to record all findings in a Missed Payment Investigation Sheet including customer name, invoice number, amount due, reason for delay, and date of follow-up.
7. Demonstrate how to prepare a short report suggesting solutions such as reissuing invoices, sending payment reminders, or correcting customer data.
8. Students should submit their findings to the “Finance Head” for review and discussion on how to improve the payment tracking process.
9. Conclude the activity by highlighting strategies to prevent missed payments e.g., automatic reminders, verified customer data, and maintaining regular communication with clients.
10. Conduct a short discussion on how prompt investigation enhances trust and financial efficiency.

**Activity 4:** Identify problems accurately and sort them out promptly.

**Materials Required:** Required Computer along with net service, notebook, pen, pepper, account file two person.

**Procedure:**

1. Select two students — one as an Auditor and the other as an Accounts Executive responsible for maintaining records.

- Ask students to create an audit section using files, ledgers, and system access.
- The setup should reflect a real audit environment with organized record folders.  
Demonstrate how to detect missed payments or unpaid invoices using indicators such as invoices marked unpaid, overdue flags, or missing receipts in the system.
  - Ask the students to investigate the root cause of the discrepancies. Possible causes might include manual entry errors, delayed posting, customer payment delays, or communication gaps.
  - Discuss and demonstrate practical Do's and Don'ts for handling such issues —
    - Do's:** Double-check records, verify with supporting documents, communicate promptly.
    - Don'ts:** Avoid assumptions, don't delete entries without verification, never ignore red flags.
  - Ask students to document their findings in an Audit Observation Sheet, mentioning each issue, probable cause, corrective action taken, and date resolved.
  - Demonstrate how auditors and accounts teams should coordinate to cross-check data and confirm that all corrections have been implemented.
  - Encourage students to prepare a follow-up summary of actions taken and submit it for supervisor review.
  - Teacher will give Feedback and students can then be discussed for learning improvement.
  - Conclude by emphasizing how accurate and prompt problem resolution improves financial integrity and prevents recurring audit issues.
  - Have the class share insights on how auditing contributes to overall financial discipline and accountability.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

- The business receives payment in full at the \_\_\_\_\_
- Daily sales are deposited \_\_\_\_\_
- Business may send \_\_\_\_\_
- Trade references and payment mode history with other \_\_\_\_\_

5. Reporting in retail payments involves tracking transaction \_\_\_\_\_ volume.

### B. Multiple Choice Questions

1. Reporting can help identify
  - a) Fraud
  - b) Manager
  - c) Books
  - d) None of the above
2. Data on payment trends can help?
  - a) Improve business decision
  - b) Bad quality
  - c) Government authorities
  - d) Ice-cream
3. Most retail establishments utilize
  - a) Customer and Retailer
  - b) Pos system
  - c) Goods
  - d) Product
4. The pos system generates
  - a) Inspection or appraisal
  - b) Procurement
  - c) Receipts
  - e) Customer delivery
5. Some business may opt to store receipts?
  - a) Digitally
  - b) Manually
  - c) (c) Xerox
  - d) Carbon
6. Receipts are often necessary for processing
  - a) Documentation
  - b) Refunds and returns
  - c) Digital India
  - d) Swachh Bharat

### C. State whether the following statements are True or False

1. Businesses use internal reporting systems to track their own payment data.
2. Only one retail establishments utilize POS systems to record sales.

3. The receipt confirms that the payment has been Decline and the transaction is Incomplete.
4. Customers typically receive a Xerox copy of their receipt.
5. Receipts may contain warranty information.

#### D. Match the Columns

S. No.	Column A	S. No.	Column B
1	POS PRINT	A	Record
2	Operational challenge	B	For Audit
3	Payment can be	C	Network error
4	Hard copy available	D	Bill of customer
5	Credit sales method	E	Decline
6	Valid documents required	F	Credit note

#### E. Short Answer Questions

1. What is the main difference between cash sales and credit sales?
2. Why is reconciliation important at the end of the business day in retail operations?
3. List any two benefits of cash sales for retailers.
4. What actions should a retailer take when a customer exceeds their credit limit?

#### F. Long Answer Questions

1. Explain in detail the process of handling cash sales transactions in a retail store.
2. Describe the complete procedure for managing credit sales transactions and discuss the importance of maintaining proper credit control.
3. Discuss the importance of company guidelines for setting customer credit limits.
4. Identify and explain the major challenges faced by retailers in managing payment operations.

#### G. Check your Performance

1. You are a sales executive at a retail store. A regular customer's credit limit is ₹20,000, but their outstanding balance has reached ₹22,500. Describe how you will handle this situation following company policy.
2. Why is it essential for retail professional to maintain accuracy and transparency during both cash and credit sales transactions? How does it impact customer trust and business reputation?

## SESSION 3: PROCESS THE CASH AND CREDIT APPLICATIONS FOR PURCHASES

In retail credit sale refers to sales where customers purchase services or goods and agree to pay for them at a later date instead of immediately paying cash. This is essentially offering customers a period of time to make payment after they have taken possession of the services or goods.

### KEY ASPECTS OF CREDIT SALES IN RETAIL

- Credit sales also known as sales on sales or credit on account, are transactions where customers receive services or goods upfront and agree to make payments later.
- Retailers mostly use credit sales to attract a wider range of customers, including those who might not be able to make an immediate purchase.
- The timeframe for the payment can vary, but typically ranges from 30 to 90 days.
- Credit sales can be offered through various methods, like as store credit cards, instalment plans, or buy now pay later services.

### Benefits for Retailers

Part-exchange offers several benefits for retailers as it encourages repeat business, attracts more customers, and boosts overall sales. By accepting old products in exchange for new ones, retailers can increase customer loyalty and reduce purchase hesitation. It also helps maintain a steady sales flow, clear old stock, and promote eco-friendly recycling practices. Additionally, retailers can refurbish and resell exchanged items or use them for parts, generating additional revenue while enhancing their brand's reputation for customer-centric and sustainable business practices (Fig.3.10).

**Increased sales volume:** Apart from business a Credit sale can boost sales by appealing to a broader customer base.

**Enhanced customer loyalty:** Offering flexible payment options can foster stronger customer relationships.

**Attraction of new customers:** Credit sales can attract customers who may be hesitant or avoid purchasing without immediate payment.

**Accounting for Credit Sales:** Retailers track credit sales using accounting methods that record both sales revenue and the corresponding accounts receivable the money owed by customers.

**Risks for Retailers:** Credit sales involve risks, including, default, non-payment, and the potential for bad debts.



**Fig. 3.10: Benefits for Retailers**

**Impact on Consumers:** Credit sales can offer consumers the opportunity or option to make purchases they might otherwise be unable to afford, potentially leading to a higher level of debt if not managed carefully.

### **Features and Need for Credit Sales**

Credit sales, where customers purchase Services or goods with payment deferred, offer features like customer loyalty, increased sales loyalty, and flexibility. They can also be beneficial for businesses needing to attract a broader customer base and handle cash flow. However, credit sales also require careful credit risk assessment, potentially, and payment tracking, allowance for bad debt.

**Features of Credit Sales in Retail** (Fig.3.11).

**Delayed Payment:** Customers receive the service/product immediately but pay later, as per agreed terms.

**Credit Terms:** Specific payment conditions are outlined (example "net 30," "2/10, net 30").

**Customer Credit Evaluation:** Retailers may assess a buyer's creditworthiness before approving credit.

**Accounts Receivable:** The amount owed by customers is recorded as **receivables** in the retailer's books.

**Increased Sales Volume:** Offering credit often attracts more and more customers and boosts sales.

**Legal Agreement:** Often involves a sales agreement or invoice specifying terms and consequences of late payment.

**Involves Risk:** There's a risk of **bad debts** if the customer fails to pay.

### Need for Credit Sales in Retail

**Customer Convenience:** Makes shopping smoother for customers who don't have immediate funds.

**Increase in Sales:** Encourages more purchases, especially for high value items (e.g., electronics, furniture).

**Customer Loyalty and Retention:** Builds long-term relationships with buyers through flexible payment options.

**Competitive Advantage:** Helps retailers stay competitive, especially if rivals offer similar credit terms.

**Inventory Movement:** Speeds up inventory turnover (sale through) by allowing more frequent purchases.

**Support for B2B Sales:** Common in business to business (B2B) retail, where clients expect credit terms.



**Fig. 3.11: Features of Credit in Sale**

## Retail Credit Facility

A retail credit facility is a financial arrangement offered by a retailer or a financial partner (such as a finance or bank company) that allows customers to purchase Services or goods on credit and pay later, usually through installments or deferred payment terms.

### Key Features of a Retail Credit Facility

Feature	Description
<b>Buy Now or Pay Later (BNPL)</b>	Customers can take the product home and pay over time.
<b>Installment Plans</b>	Payments are broken into equal monthly or weekly payments.
<b>Interest-Free Period</b>	Some plans offer a grace period with 0% interest rate.
<b>Partnership with Lenders</b>	Retailers often partner with banks or fintech firms to offer credit.
<b>Credit Limit</b>	Customers are given a spending limit based on credit checks.

### Why Retailers Offer Credit Facilities

- 1. Increase Sales Volume:** Encourages customers to buy more or choose higher priced items.
- 2. Customer Loyalty:** Builds long term relationships with regular, credit-using customers.
- 3. Market Competitiveness:** Helps the retailer compete with others offering flexible payment options.
- 4. Accessibility:** Makes products accessible to customers who don't have upfront cash at the time of purchase.

### Retail Credit Facilities

EMI options at electronics stores (example, Best Buy, Reliance Digital) Fintech BNPL services (e.g., Affirm, Klarna, after pay) Terms and conditions used for sale of goods on credit basis.

Terms and conditions for credit sales outline the agreement between a buyer and seller regarding payment for services or goods, including the payment due date, potential discounts, and any late payment penalties. These terms, often

referred to as credit terms specify the conditions under which a sale is made on credit, helping to define the relationship between the parties involved.

- 1. Payment Due Date:** This specifies when the buyer must pay the invoice. Common examples include "Net 30" (payment due in 30 days) or "Net 60" (payment due in 60 days). The due date can be based on the invoice date or the date the services/goods are delivered.
- 2. Potential Discounts for Early Payment:** Some Sellers may offer discounts for buyers who pay within a specified period, like "2/10, Net 30," which means a 2% discount is offered if paid within 10 days, and payment is due within 30 days. These discounts encourage timely payment and improve cash flow for the seller.
- 3. Late Payment Penalties:** If the buyer fails to pay by the due date, late payment penalties may apply, such as interest charges or collection fees or mentioned by the seller. The specific penalties should be outlined in the credit terms.
- 4. Other Important Considerations:** Return policies: How and when returns can be made (if any available). Delivery terms: When and how goods are delivered, including freight costs. Payment methods: Acceptable payment methods (example check, credit card, EFT). Interest rates: If interest is charged on outstanding balances, the annual percentage rate (APR) and calculation method should be clearly stated. Governing law: Which jurisdiction's laws apply to the agreement?

### Meaning and Need for Credit Check

A credit check is an examination of an individual's credit history, which is a record of their past and current debt payments. It's used to assess their creditworthiness, meaning how likely they are to repay debts. Lenders use this information to decide whether to grant credit card, loans, or other credit facilities, and at what terms.

**Meaning of a Credit Check:** A credit check involves reviewing your credit history report, which contains information about your old and present credit accounts, including loan repayments, credit card usage, and other debts.

**Risk Assessment:** Lenders use this information to assess your creditworthiness, determining how likely you are to repay debts and how much risk they might face by lending you money.

**Decision-Making Tool:** Credit checks help various organizations make decisions about extending credit, hiring employees, or offering services based on the information revealed in the credit history.

## Need for a Credit Check

A credit check is essential before extending credit to customers as it helps retailers assess the buyer's ability and reliability to make timely payments. By reviewing a customer's financial history, past transactions, and credit score, businesses can minimize the risk of non-payment or defaults. It ensures that credit is granted only to trustworthy customers, thereby protecting the company's cash flow and profitability. Conducting a credit check also helps establish suitable credit limits, maintain financial discipline, and promote responsible lending practices within the retail environment.

**Lending Institutions:** Lenders need to assess the risk associated with lending money to businesses or individuals. A credit check helps them determine the applicant's ability to repay the loan and whether they are a good credit risk.

**Employers:** Employers may conduct credit checks as part of the employee hiring process, especially for positions that involve handling financial information or assets. A credit check can provide insights into a candidate's financial responsibility and trustworthiness.

**Telecommunications and Utilities:** These companies may use credit checks to assess a customer's ability to pay bills on time, particularly when offering services with a contract or installment plan.

**Insurance Companies:** Credit scores can influence insurance premiums, with good credit scores often resulting in lower rates.

**Individuals:** Checking your own credit report can help you identify errors, monitor your credit records, and take steps to improve your credit score if needed.

## Legal and Company Procedures for Carrying out Credit Checks

### Meaning of Credit Check

**Credit Report:** A credit check involves reviewing your credit report, which is a detailed record of an individual's credit history.

**Credit Score:** The credit score is a numerical representation of creditworthiness, usually ranging from 300 to 900.

**CIBIL Score:** In India, the most widely used credit score is the CIBIL score, calculated by the Credit Information (CIBIL).

**Creditworthiness:** A credit check helps lenders assess how likely a borrower is to repay their debt on time.

**Loan Applications:** Lenders use credit checks to determine whether to approve loan applications, especially for unsecured loans like personal loans and mortgages.

**Credit Card Applications:** Credit card issuers also rely on credit checks to assess a person's ability to handle credit responsibly.

**Interest Rates:** A good credit score can lead to lower interest rates on loans and credit cards.

**Risk Assessment:** Lenders use credit checks to evaluate the risk of a borrower defaulting on their debt.

**Financial Health:** Checking your credit score regularly can help you monitor your financial health and make informed decisions about credit.

### **Meaning of Credit Requisition**

A "credit request" is a formal process where an individual or business asks for the ability to borrow money or extend a credit line. It can be an application for a credit card, loan, or a request to increase an existing credit limit. A credit request is used to seek a financial institution's like a bank or credit card company approval to borrow funds. This typically involves filling out a formal application form with personal and financial information. The request may also specify the desired credit limit, the maximum amount the individual or business can borrow. Credit requests can be for various forms of credit, including loans, credit cards, (home, personal, education, etc.), and lines of credit. The financial institution reviews the application, assesses the applicant's creditworthiness, and decides to approve or deny the request of the applicants.

### **Steps involved in the Credit Requisition**

The steps involved in a credit requisition begin with the customer submitting a formal request for credit, usually through an application form that includes personal, financial, and business details. The retailer then verifies the information provided and conducts a credit check to evaluate the applicant's creditworthiness. Based on this assessment, the retailer determines the credit limit, payment terms, and conditions of approval. Once approved, the customer is notified, and the credit account is created in the company's system. Finally, the agreement is documented, and both parties acknowledge the terms to ensure transparency and accountability in future transactions.

- 1. Identification of Need:** The process begins with identifying a business need for Services or goods.
- 2. Creation and Submission of Requisition:** A purchase requisition form is filled out, detailing the request, and submitted to the appropriate department for review purpose.
- 3. Review by Approver(s):** The purchase requisition is reviewed by authorized approvers, such as department heads, finance teams,

accounts team or the procurement department, to validate the need and ensure compliance with procurement policies.

- 4. Approval or Denial:** Based on the review and analysis, the request is either approved or denied.
- 5. Order Placement (If Approved):** If approved, the requisition is converted into a purchase order, which is then sent to the supplier to initiate the purchase.
- 6. Establishment of Credit Terms (If Approved):** If credit is granted, terms such as credit limits, payment terms, and any required guarantees are established.

## Additional Considerations

### Credit Policy

A formal credit policy should be established to guide the decision-making process and outline payment expectations.

**Credit Investigation:** In some cases, a credit investigation, including running credit checks, checking references, and potentially requesting personal guarantees, may be necessary.

**Five Cs of Credit:** Some lenders utilize the Five Cs of Credit (Character, Capacity, Capital, Collateral, and Conditions) to evaluate creditworthiness.

**Credit Decision Engine:** Advanced systems, like credit decision engines, can automate parts of the credit approval process and improve efficiency.

### Steps to follow before granting a Customer Credit

Gather essential customer details:

**Individuals:** Full name, PAN card Aadhaar card, contact info, employment details, income proof.

**Businesses:** Name of the company, registration number, GSTIN, address, contact information, trade references.

### Obtain Credit Application and Consent

Have the customer fill out a credit application form which includes a **consent clause** to run a credit check via an approved Credit Bureau (example CIBIL, Experian). Verify details from third-party sources if needed.

### Conduct Credit Check

Obtain the customer's credit history from an authorized credit bureau to evaluate their financial reliability. Review key aspects such as their credit score (ideally CIBIL score of 750 or above), past payment behavior, any defaults, and existing financial obligations. Also, analyze their credit

utilization ratio and recent credit inquiries to determine their current repayment capacity and overall creditworthiness before approving the credit request.

### **Perform Internal Risk Assessment**

Use your internal credit assessment model to determine the customer's creditworthiness:

#### **For individuals:**

- a) Debt to income ratio
- b) Stable income and employment history

#### **For businesses:**

- a) Cash flow and Balance sheet analysis
- b) Trade payment history or Credit references
- c) Bank statements
- d) Verify Identity and Address

Conduct KYC (Know Your Customer) checks:

Individuals: PAN card, Aadhar card, utility bills, etc.

Businesses: certificate of GST, ROC documents, authorized signatory ID.

Evaluate Purpose and Credit Terms

Understand why the credit is being requested.

Assess whether the credit limit, term, and repayment frequency are suitable for the customer's profile

### **Review and Approve Through Credit Committee (if applicable)**

For higher-value or business credits, present the case to a credit team or senior management for approval.

Maintain all documented approval records.

Communicate and document Credit Terms

Once approved:

Draft a credit agreement or terms of credit if any, which may include:

Credit limit

Payment terms (e.g., Net 30, Net 60)

Interest or amount on overdue payments

Penalty clauses

Get the hard copy of customer's signed acceptance

Create Customer Account

Set up the customer profile in your accounting or ERP system.

Apply credit limits and tracking mechanisms.

### **Monitor and Review Regularly**

Periodically review customer performance (e.g., every 6–12 months):

Are payments timely?

Has the risk profile changed?

Do credit limits need adjustment?

### **Credit Worthiness**

Creditworthiness is a measure (Records) of how likely you will default on your debt obligations according to a lender's assessment, or how worthy you are to receive new credit. Your creditworthiness is what creditors consider before they approve any new credit to you.

### **KEY TAKEAWAYS**

Creditworthiness is a measure of a borrower's risk to lender. Credit worthiness is determined by several factors, including your repayment history and credit score. You can improve your creditworthiness by making payments on the time and reducing debt.

### **How to Check Credit Worthiness?**

Checking creditworthiness means evaluating how capable and trustworthy an individual or business is in repaying borrowed money. It involves analyzing financial data, credit records, and behavioral indicators to assess risk and reliability. The process differs slightly for individuals and businesses but follows similar principles.

### **For Individuals**

1. **Check Credit Score** – Obtain credit scores from reputable credit bureaus such as Experian, Equifax, or TransUnion.

#### **Score Ranges (FICO):**

- 800–850: Excellent
- 740–799: Very Good
- 670–739: Good
- 580–669: Fair
- Below 580: Poor

2. **Review Credit Report** – Analyze the report for payment history, outstanding balances, length of credit history, credit mix, and recent credit inquiries. Individuals are entitled to one free credit report annually from authorized agencies.
3. **Employment and Income Verification** – Lenders verify job stability and income through pay slips, tax returns, or employment letters. Consistent employment and steady income indicate higher repayment ability.

### For Businesses

1. **Check Business Credit Score** – Use business credit agencies like Dun and Bradstreet (Paydex Score), Experian Business, or Equifax Business to assess the company's credit health.
2. **Review Financial Statements** – Analyze key financial documents such as the Profit and Loss Account, Balance Sheet, and Cash Flow Statement. Evaluate important financial ratios like:
  - Current Ratio (Liquidity) =  $\text{Current Assets} \div \text{Current Liabilities}$
  - Debt-to-Equity Ratio =  $\text{Total Liabilities} \div \text{Shareholders' Equity}$
  - Interest Coverage Ratio =  $\text{EBIT} \div \text{Interest Expense}$
3. **Examine Payment History and Trade References** – Check whether the business pays suppliers and lenders on time. Trade references from vendors provide insight into its reliability.
4. **Check Legal and Public Records** – Review any evidence of bankruptcies, liens, or judgments that may affect financial credibility.

### Techniques Used to Determine Credit Worthiness

1. **Credit Scoring Models** – Assign a numerical score that indicates risk level.
  - FICO and Vantage Score are widely used (300–850 range).
  - Many institutions also use custom scoring models based on their own data.
2. **The 5 Cs of Credit** – A traditional framework for assessing borrowers:
  - **Character:** Reputation and payment history.
  - **Capacity:** Ability to repay based on income and existing debt.
  - **Capital:** Personal or business investments that reduce risk.
  - **Collateral:** Assets pledged as loan security.
  - **Conditions:** External factors like market or economic environment.

- 3. Credit Reports** – Detailed summaries from credit bureaus showing past loans, payment trends, and credit utilization.
- 4. AI and Machine Learning Models** – Modern lenders use predictive algorithms (e.g., decision trees, regression, neural networks) to evaluate large datasets and identify patterns of risk.
- 5. Alternative Credit Data** – Used especially when traditional credit history is limited, including:
  - Utility and rent payment history
  - Mobile bill records
  - Employment consistency
  - Social and behavioral data (used with caution)
- 6. Bank Statement and Cash Flow Analysis** – Especially for small businesses or freelancers, this helps evaluate income stability, spending behavior, overdraft frequency, and saving habits.

In essence, checking creditworthiness blends traditional financial assessment with modern technology and behavioral insights. By analyzing both historical and real-time data, lenders can make informed decisions that minimize risk while promoting responsible lending.

## PRACTICAL EXERCISES

**Activity 1:** A Role Play to Learn the Process of Credit Sales Applications in Retail Business.

**Materials Required:** Computer with internet access, notebook, pen, paper, calculator, account file, printed sample credit application form, sales invoice, and two participants (student as sales executive and another as customer).

### Procedure:

1. Divide students in small groups, one acts as the Sales Executive and the other as the Customer.
2. Explain that the customer wishes to purchase goods on credit from a retail store.
3. The sales executive should explain to the customer the available credit terms e.g., “Net 30 Days” or “50% advance and 50% within 30 days.”
4. The customer fills in a Credit Application Form including name, business type, trade references, credit limit requested, and authorization signature.
5. The sales executive (or acting credit officer) checks details and approves or rejects the application based on credit policy and risk factors.

6. Demonstrate how the sale is recorded in the POS or accounting system under “Credit Sales” and how an invoice is generated with due date.
7. Show how follow-up and payment reminders are handled through calls, emails, or payment portals.
8. Demonstrate how accounts receivable are updated once payment is received and how overdue accounts are tracked.
9. Students discuss what went well, the communication tone, and how professional ethics were maintained.
10. Students understand the complete workflow of credit sales, from application to account reconciliation, and gain confidence in handling real-life customer interactions.

**Activity 2:** A Field Visit to Learn the Documents for Processing Credit Requisition of Customers

**Materials Required:** Computer with internet access, notebook, pen, paper, printed samples of credit requisition forms, trade reference letters, customer database, and account file.

**Procedure:**

1. Visit a local retail store, finance department, or wholesale unit where credit requisitions are processed.
2. Students should examine sample documents like Credit Application Form, Customer Agreement Form, and Trade Reference Sheet.
3. The form should include fields such as Customer Name, Business Details, Trade References, Bank Account Information, Signature, and Date.
4. Show how credit checks are done like, verifying business legitimacy, assessing trade references, and reviewing financial documents.
5. Demonstrate how credit bureaus (like CIBIL or Experian) provide credit history, and how references verify payment reliability.
6. Present examples of both approved and rejected applications and discuss the reasons behind each decision.
7. Explain how retailers decide on credit limit, payment terms, return policies, and dispute resolution procedures.
8. Show how these documents are stored and tracked in computerized systems for auditing and reporting.
9. Explain how businesses monitor credit accounts through periodic reviews and how overdue accounts are handled.

10. Students will learn to identify, prepare, and analyze the key documents used in the credit approval process, and understand their practical importance in retail finance management.

**Activity 3:** A Field Visit to Learn the Practices Adopted for Making Credit Checks.

**Materials Required:** Computer with internet connection, notebook, pen, paper, account files, sample credit scoring templates, credit bureau reports, and legal compliance checklist.

**Procedure:**

1. Brief students on what credit checking means and why it is essential before extending credit.
2. Demonstrate the standard Credit Application Form, containing business name, registration number, GST details, bank references, trade references, and authorized signature with date.
3. Show methods of verifying business authenticity through GST registration, business license, or company registration certificates.
4. Demonstrate how organizations use internal scoring systems or rating sheets to evaluate risk (based on payment history, outstanding dues, and relationship length).
5. Illustrate how businesses use credit bureaus or fintech tools to access credit reports and ratings.
6. Explain the Legal and Privacy Documentation
  - a) Explain how personal and financial data must be handled securely as per data protection laws.
  - b) Show sample consent forms signed by customers authorizing credit checks.
  - c) Emphasize confidentiality and ethical use of customer data.
7. Use case studies or mock data to show how credit risk is classified as low, medium, or high, and how decisions are made accordingly.
8. Demonstrate how businesses regularly review credit reports and update limits based on payment performance.
9. Show how credit check reports are filed digitally and used for audit purposes.
10. Students will gain hands-on experience in conducting credit checks, understanding data privacy laws, and interpreting credit scores for business decision-making.

**CHECK YOUR PROGRES****A. Fill in the Blanks**

1. Credit sale allows customers to pay at a \_\_\_\_\_ date instead of immediately.
2. The payment period for credit sales usually ranges from \_\_\_\_\_ to \_\_\_\_\_ days.
3. The amount owed by customers is recorded as \_\_\_\_\_ in the retailer's books.
4. A credit check helps assess a customer's \_\_\_\_\_ before granting credit.
5. A retail credit facility allows customers to pay through \_\_\_\_\_ or deferred payment terms.
6. The most widely used credit score in India is the \_\_\_\_\_ score.

**B. Multiple Choice Questions**

1. Credit sales are also known as
  - a) Cash on delivery
  - b) Sales on account
  - c) Direct purchase
  - d) Immediate payment
2. Which of the following is a benefit of credit sales for retailers?
  - a) Reduced inventory
  - b) Enhanced customer loyalty
  - c) Decreased sales
  - d) No customer interaction
3. "Net 30" in credit terms means
  - a) 30% discount
  - b) Payment within 30 days
  - c) Payment in 60 days
  - d) Interest-free payment
4. Which of the following is a method of offering credit sales?
  - a) Cash payment
  - b) Store credit card
  - c) Gift voucher
  - d) Direct debit
5. The Five Cs of Credit includes
  - a) Character
  - b) Capacity
  - c) Capital
  - d) All of the above

6. A credit requisition is a
  - a) Refund request
  - b) Formal request for credit
  - c) Purchase return
  - d) Sales invoice

### C. State whether the following statements are True or False

1. Credit sales help attract customers who cannot make immediate payments.
2. Accounts receivable refers to money paid by the retailer to suppliers.
3. A credit score represents a person's creditworthiness.
4. Retailers do not need to evaluate customer credit history before granting credit.
5. Instalment plans allow customers to pay in equal monthly payments.
6. Late payment penalties may apply if payment is delayed.

### D. Match the Columns

S. No.	Column A	S. No.	Column B
1	Accounts Receivable	A	Payment after purchase
2	Credit Check	B	Creditworthiness assessment
3	Net 30	C	Payment within 30 days
4	Installment Plan	D	Equal monthly payments
5	CIBIL Score	E	Credit history rating

### E. Short Answer Questions

1. What is meant by edit sale in retail?
2. Mention any two benefits of credit sales for retailers.
3. What is Accounts Receivable?
4. Define a retail credit facility.
5. What is a credit check?
6. What is meant by creditworthiness?
7. State any two features of credit sales.
8. What does the term "Net 30" mean?

### F. Long Answer Questions

1. Explain the concept of credit sales in retail and its key aspects.
2. Discuss the benefits and risks of credit sales for retailers.

3. Describe the features and need for credit sales in retail.
4. What is a retail credit facility? Explain its key features.
5. Explain the meaning and need for a credit check before granting credit to customers.
6. Describe the steps involved in the credit requisition process.
7. Explain the Five Cs of Credit used to determine creditworthiness.

**G. Check Your Performance**

1. Spell out the retail credit facilities available in the retail business.
2. A credit check is an examination of an individual's credit history, which is a record of their past and current debt payments.

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## SESSION 4: RECONCILE THE RETAIL SALES AND PURCHASES

In the retail industries context, reconciliation refers to the process of verifying and comparing different sets of financial data to ensure consistency and accuracy. It typically involves matching internal records with external sources, such as bank or payment statements processing statements, to identify and resolve any kind of discrepancies. This process helps to ensure detect all errors, prevent fraudulent, financial accuracy activities.

### Elements of Reconciliation

**Comparison of Records:** Reconciliation involves comparing two or more sets of financial records to see if they agree.

**Matching Transactions:** It ensures that transactions recorded in internal systems (**like the point of sale system**) match those recorded in external sources (like bank statements or payment gateway statements).

**Identifying Discrepancies:** The process is designed to identify any discrepancies or defines between the records, which could indicate errors, omissions, or fraudulent activity.

**Resolving Discrepancies:** Once discrepancies are found, they need to be investigated and resolved the same, often involving adjustments to the internal communication or internal records with external parties.

### Importance of Reconciliation in Retail

Reconciliation in retail is crucial for maintaining financial accuracy and operational transparency. It ensures that the recorded sales, cash collections, bank deposits, and inventory levels match the actual figures, minimizing errors, fraud, and discrepancies. Regular reconciliation helps retailers identify issues such as duplicate transactions, unrecorded sales, or mismatched receipts early, allowing timely corrections. It also builds trust with stakeholders by ensuring that financial statements reflect true business performance. Ultimately, reconciliation supports better decision-making, compliance with accounting standards, and smooth day-to-day retail operations.

**Financial Accuracy:** Reconciliation helps ensure that a retailer's financial records are accurate and consistent, which is crucial for accurate decision-making and financial reporting.

**Error Detection:** It helps detect errors, such as incorrect or wrong amounts entered, missing duplicate entries, or transactions, which can impact a retailer's financial performance.

**Fraud Prevention:** Reconciliation can help identify fraudulent or mismatch activities, such as employee left or unauthorized transactions, by comparing internal records to external sources.

**Compliance:** Many retailers are required to reconcile their financial records for regulatory compliance purposes (legal purpose), such as tax reporting or audit requirements.

**Improved Efficiency:** By resolving and identifying discrepancies quickly, reconciliation can improve efficiency and reduce the time spent on reconciling transactions later.

### Types of Reconciliation in Retail

**Bank Reconciliation:** Matching all bank statements with the retailer's internal cash records to ensure that all deposits and withdrawals are accurately recorded.

**Payment Reconciliation:** Comparing payment processing statements with internal sales records to ensure that all transactions have been processed.

**Inventory Reconciliation:** Comparing physical stock or inventory counts with internal inventory records to identify discrepancies and potential theft, mismatch if any.

**Credit Card Reconciliation:** Matching credit card transaction statements with internal sales records to ensure that all transactions have been processed successfully.

### Purpose of Reconciliation

Reconciliation in retail refers to the process of verifying and Comparing financial records to ensure consistency and accuracy between different data sources (example, bank statements, sales records, inventory, and accounting systems). Its primary purpose is to maintain or keep financial integrity and operational accuracy. Here are the key reasons reconciliation is essential in retail:

- 1. Ensure Accuracy of Financial Records** Helps detect discrepancies between actual bank/cash balances and recorded sales. Verifies that transactions are correctly recorded in accounting systems.
- 2. Prevent and Detect Fraud or Errors** Identifies unauthorized theft, transactions, or internal errors. Ensures that sales and payments are properly recorded.
- 3. Inventory Control** Ensures that physical stock qty matches the recorded inventory levels. Highlights issues such as shrinkage (theft), overstocking, or under stocking.
- 4. Improve Cash Flow Management** Helps track actual amount available

versus expected cash from sales. Ensures bank deposits and identifies cash handling discrepancies or error.

**5. Compliance and Audit Readiness** Meets internal controls and regulatory compliance standards. Prepares clean and actual records for audits, reducing risk of penalties.

**6. Supports Informed Decision-Making** Provides correct data for, forecasting, budgeting, and business analysis. Enhances trust in financial reports used by stakeholders.

### Key Data Sources for Reconciliation

Key data sources for reconciliation include, source documents, general ledgers, and other databases that record financial transactions. These sources are compared to ensure accuracy, consistency, and completeness of financial records.

In retail reconciliation, key data sources include point of sale (POS) system bank statements, sales record, payment gateway records, inventory records, purchase orders, supplier invoices, and delivery notes. These sources help verify the accuracy of financial records, identify mistakes or discrepancies, and ensure efficient reconciliation processes. Here's a more detailed breakdown:

#### 1. Point-of-Sale (POS) System Data Sales Receipts

These records, generated by the POS system, provide information on transactions, including products quantities, sold, and prices.

**Inventory Records:** Comparing sales data with inventory records always helps identify discrepancies in sales volume and stock levels.

#### 2. Financial Records Bank Statements

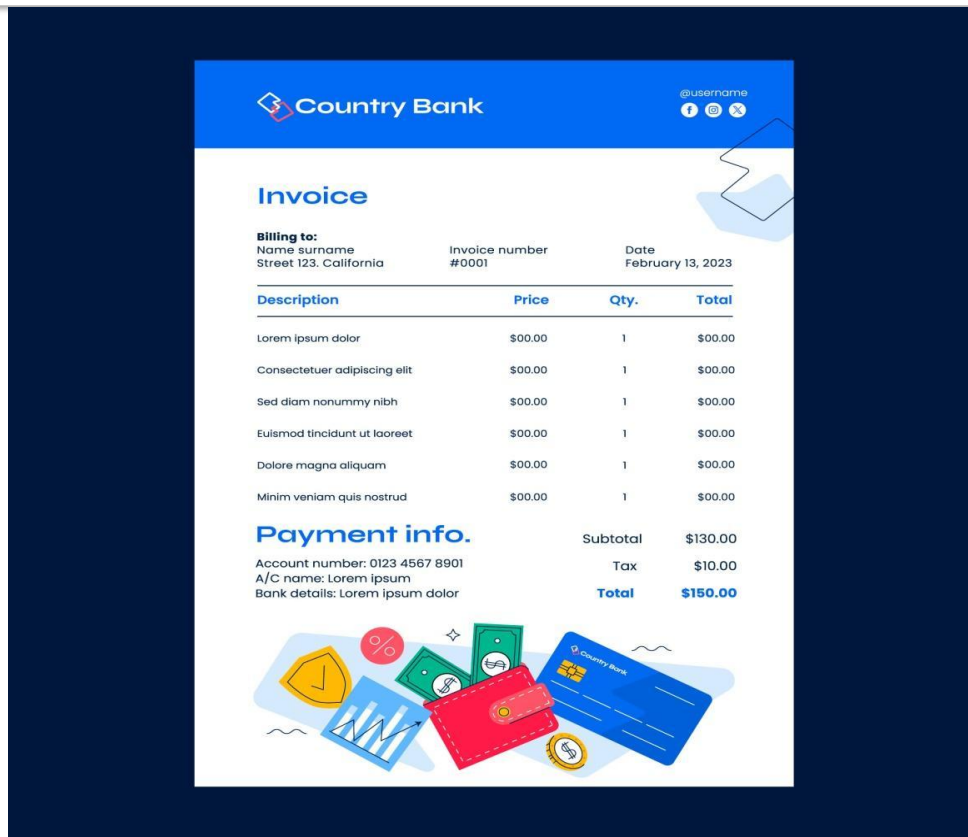
These statements provide external records of all transactions, including withdrawals, deposits, and fees. (Fig.3.12).

**Payment Gateway Records:** For online sales, these records capture all the transaction details from payment processors.

**Supplier Invoices:** These invoices or bills must be reconciled against purchase orders and delivery notes to ensure correct charges.

**Purchase Orders:** These records document the quantities and prices of items purchased from suppliers.

**Delivery Notes:** These confirm the receipt of goods from suppliers, helping verify the accuracy of invoices.



**Fig. 3.12: Financial Records Bank Statements**

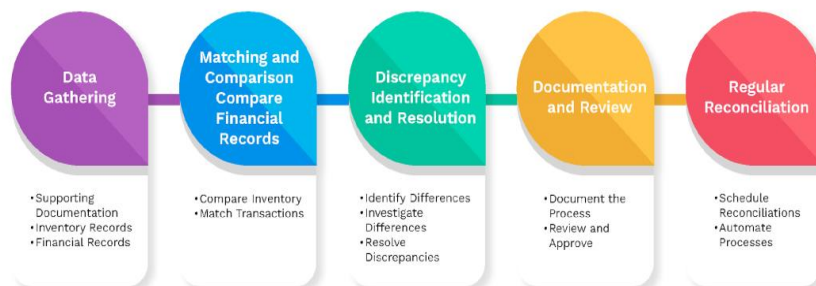
### 3. Other Relevant Data

**Customer Data:** If you are reconciling customer accounts (e.g., loyalty programs, credit balances), customer data is a crucial source.

**Returns and Exchange Data:** This data is essential for reconciling financial records and inventory related to returns and exchanges.

**Promotional and Discount Data:** This helps ensure accurate accounting for sales discounts and promotions.

**Steps in the Reconciliation Process** (Fig.3.13).



**Fig.3.13: Steps in the Reconciliation Process**

#### 1. Data Gathering

**Supporting Documentation:** Collect invoices, receipts, and other documents that support transactions and inventory movements

**Inventory Records:** Gather inventory management system data, including stock levels, sales data, and purchase orders.

**Financial Records:** Credit card statements, Collect bank statements, sales reports, and other relevant financial documents

## 2. Matching and Comparison Compare Financial Records

Match transactions recorded in the bank and credit card statement or financial records to the business's accounting records.

**Compare Inventory:** Compare physical inventory or stock counts with digital inventory records to identify discrepancies in stock levels.

**Match Transactions:** Verify that all transactions are recorded accurately in financial and inventory records.

## 3. Discrepancy Identification and Resolution

**Identify Differences:** Look for any mismatched or discrepancies amounts between the records and the physical counts.

**Investigate Differences:** Research and identify or find the reasons for discrepancies, such as missed transactions, errors in data entry or physical losses.

**Resolve Discrepancies:** Adjust the financial and inventory records to reflect the actual situation and make corrections to prevent future errors.

## 4. Documentation and Review: Document the Process

Create a clean record of the reconciliation process, including the methods used, discrepancies identified, and corrective actions taken.

**Review and Approve:** Review the reconciled records and ensure that all discrepancies have been resolved and the records are accurate

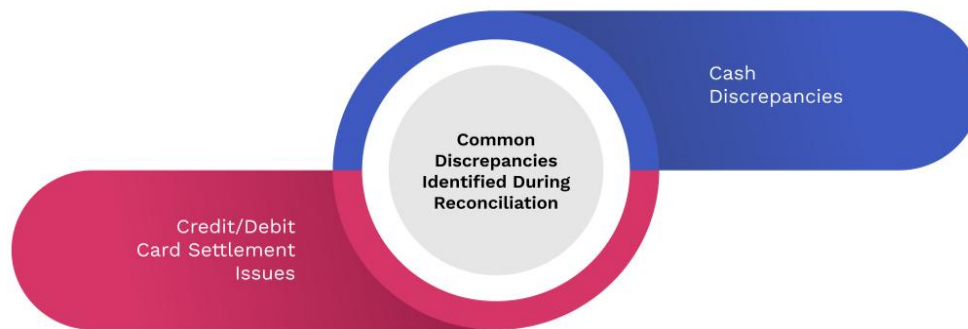
## 5. Regular Reconciliation

**Schedule Reconciliations:** Implement a regular schedule for reconciling inventory and accounts to maintain accuracy and prevent issues from escalating.

**Automate Processes:** Utilize inventory management software and automation tools to streamline the reconciliation process and minimize errors.

**Common Discrepancies Identified during Reconciliation** in retail involves

matching records from different systems—such as point of sale (POS), bank statements, inventory, and accounting systems—to ensure accuracy and consistency. Common discrepancies identified during reconciliation in retail include (Fig.3.14).



**Fig. 3.14: Common Discrepancies Identified During Reconciliation**

1. **Cash Discrepancies:** Overages or shortages in cash register balances. Cash not deposited matches POS sales but not the bank deposit. Improper handling of petty cash or float funds.
2. **Credit/Debit Card Settlement Issues:** Sales recorded in POS but not settled in the account of merchant. Transaction date mismatches between POS and bank records missing transactions or duplicate due to network errors or batch failures.
3. **Inventory Mismatches:** Inventory mismatches occur when the physical stock count does not match the recorded inventory in the system. This can result from data entry errors, theft, damage, or failure to update records after sales or returns, leading to inaccurate stock levels and potential loss of sales or overstocking.
  - a) Shrinkage (loss due to damage, theft, or administrative error).
  - b) Data entry errors in stock receipt or sales.
  - c) Improper returns/refunds processing.
  - d) Stock not updated after point-of-sale transactions.
4. **Sales Record Errors** Sales record errors happen when sales transactions are incorrectly recorded or missed in the system. Such errors can arise due to faulty POS entries, duplicate billing, or system glitches, affecting revenue accuracy and financial reporting.
  - a) Duplicate entries or missing sales.
  - b) Manual override or discount misuse not logged correctly.

- c) incorrect pricing applied leading to discrepancies between expected and actual revenue.

**5. Returns and Refunds Discrepancies:** Discrepancies in returns and refunds occur when the actual returned goods or issued refunds do not match the records. These may stem from incorrect data entry, fraudulent returns, or poor documentation, causing confusion and financial imbalances.

- a) Returns not recorded properly in accounting or inventory.
- b) Refunds issued without sales reference or discrepancies between refund amount and original transaction.
- c) Fraudulent returns or refund abuse

**6. Bank Reconciliation Issues:** Bank reconciliation issues arise when the company's recorded transactions do not align with the bank statements. Common reasons include unrecorded deposits, outstanding cheques, or timing differences, which can hinder accurate financial management.

**Timing differences** and non-consistency in deposits (e.g., weekend or holiday delays).

- a) Bank fees or interest charges not accounted for.
- b) Unrecorded bank transactions, such as direct debits or auto-payments.

**7. Accounts Payable/Receivable Errors:** Errors in accounts payable or receivable occur when payments made or received are not properly recorded or are duplicated. Such mistakes can distort cash flow, create payment disputes, and affect supplier or customer relationships.

**Vendor invoice or bills mismatches** (price, quantity, or item received vs. invoiced)

- a) Customer payments not applied correctly.
- b) Double payments or missed payments due to poor tracking.

**8. Tax Calculation Errors:** Tax calculation errors occur when incorrect tax rates or taxable amounts are applied during billing or reporting. These mistakes can result in underpayment or overpayment of taxes, attracting penalties and compliance issues.

- a) Incorrect sales tax applied or omitted.
- b) Inconsistent tax settings across registers or locations.

**9. System Integration Failures:** System integration failures happen when financial or operational software systems fail to synchronize data

correctly. This leads to incomplete or inconsistent information across departments, disrupting decision-making and reporting accuracy.

**APIs or data sync failures between ERP, POS, or accounting systems.**

- a) Incomplete data migration after system upgrades or changes.
- b) Misconfigured mapping between systems (e.g., SKU or article mismatches)
- c) Internal Controls and Documentation

Reconciliation in retail involves matching and tracking records from different systems such as point of sale (POS), inventory, bank statements, and accounting systems to ensure consistency and accuracy. Common discrepancies identified during reconciliation in retail include:

**1. Cash Discrepancies** Cash discrepancies occur when the physical cash in the register does not match the recorded amount in the system. These differences can result from counting mistakes, unauthorized handling, or unrecorded transactions, leading to financial inconsistencies and accountability issues.

- a) Overages or shortages in cash register balances.
- b) Cash not deposited matches POS sales but not the bank deposit.
- c) Improper handling of petty cash or float funds.

**2. Credit and Debit Card Settlement Issues** Settlement issues arise when card payments are not properly processed or recorded in the system. Causes include network errors, delayed settlements, or incorrect entries, which can lead to mismatched daily totals and customer dissatisfaction.

- a) Sales recorded in POS but not settled in the merchant account.
- b) Transaction date mismatches both POS and bank records.
- c) Duplicate multiple or missing transactions due to network errors or batch failures.

**3. Inventory Mismatches** Inventory mismatches happen when the stock recorded in the system differs from the actual physical count. These can occur due to mislabeling, data entry errors, theft, or failure to update records after sales or returns, affecting stock control and order accuracy.

- a) Shrinkage (loss due to all types of theft, damage, or administrative error).
- b) Data entry errors in sales and stock receipt

- c) Improper returns/refunds processing.
- d) Stock not updated after point of sale transactions.

**4. Sales Record Errors:** Sales record errors occur when sales transactions are inaccurately entered or omitted. Common reasons include manual input mistakes, duplicate entries, or system glitches, which can distort sales data and financial reports.

- a) Duplicate entries or missing sales.
- b) Manual override or discount misuse not logged correctly.
- c) Wrong pricing applied leading to discrepancies between expected and actual revenue.

**5. Refunds and Returns Discrepancies:** Refund and return discrepancies arise when the amount refunded or the items returned do not match the records. They may result from improper documentation, processing delays, or fraudulent activities, affecting customer trust and financial accuracy.

- a) Returns not recorded properly in inventory or accounting.
- b) Refunds issued without sales reference or discrepancies between refund amount and original transaction.
- c) Fraudulent returns or refund abuse.

**6. Bank Reconciliation Issues:** Bank reconciliation issues occur when company transaction records do not match bank statements. These can be caused by unrecorded deposits, outstanding cheques, or timing differences, making it difficult to maintain accurate financial statements.

- a) Timing differences in deposits (example weekend or holiday delays).
- b) Bank fees or interest charges not accounted for.
- c) Unrecorded bank transactions, such as direct debits or auto-payments.

**7. Accounts Payable/Receivable Errors:** These errors occur when the amounts owed to suppliers or due from customers are incorrectly recorded. Such issues may lead to duplicate payments, missed invoices, or delayed collections, disrupting cash flow and supplier relationships.

- a) Vendor invoice mismatches (price, quantity, or item received vs. invoiced).
- b) Customer payments not applied correctly.
- c) Double payments or missed payments due to poor tracking.

**8. Tax Calculation Errors:** Tax calculation errors occur when incorrect tax rates or amounts are applied to transactions. They may stem from outdated tax settings, human error, or software misconfiguration, leading to compliance problems and financial penalties.

- a) Incorrect sales tax applied or omitted.
- b) Inconsistent tax settings across registers or locations.

**9. System Integration Failures:** System integration failures occur when connected software systems, such as POS and accounting tools, do not synchronize data correctly. This leads to missing or inconsistent information, causing confusion in financial reporting and inventory tracking. APIs or data sync failures between POS, ERP, or accounting systems.

- a) Incomplete data migration after system upgrades or changes.
- b) Misconfigured mapping between systems (e.g., SKU mismatches).

**Best Practices to Prevent/Reconcile Discrepancies:** To prevent and reconcile discrepancies effectively, businesses should implement strong internal controls, maintain accurate and timely recordkeeping, and conduct regular audits or reconciliations of cash, sales, and inventory. Using integrated digital systems for accounting, POS, and inventory management helps ensure data consistency across departments. Staff should be properly trained in transaction handling, documentation, and verification procedures. Clear authorization processes, segregation of duties, and periodic cross-checks can minimize human errors and fraud. Additionally, maintaining transparent communication between finance, operations, and management teams supports early detection and resolution of any mismatches or inconsistencies.

1. Perform daily cash and sales reconciliation.
2. Automate data synchronization and reconciliation tools where possible.
3. Conduct regular inventory counts (cycle counts).
4. Maintain detailed audit trails and approval processes.
5. Train staff on accurate transaction handling and fraud prevention.

Internal Controls and Documentation in retail sales and purchase internal controls and proper documentation are essential in retail operations to prevent errors, detect fraud, ensure compliance, and support accurate financial reporting. Here's a breakdown focused on retail sales and purchase processes:

### **INTERNAL CONTROLS IN RETAIL SALE**

Internal controls in retail sales are vital for ensuring accuracy, transparency, and security in all sales transactions. These controls include procedures such as authorization of discounts, segregation of duties between cash handling

and record-keeping, regular reconciliation of sales data, and monitoring of point-of-sale (POS) activities. They help prevent fraud, theft, and errors by establishing clear accountability and oversight at every sales stage. Effective internal controls also ensure that sales are properly recorded, customer payments are securely processed, and financial reports reflect true business performance, thereby promoting operational efficiency and trust.

### **1. Segregation of Duties**

Different individuals should handle cash handling, sales processing, and accounting. For example, the cashier collects cash, a supervisor reconciles it, and accounting records it.

### **2. Authorization and Approvals**

Refunds, Discounts, and voids should require manager or supervisor approval. Use POS systems with login access levels to restrict unauthorized actions.

### **3. Automated Point of Sale (POS) Systems**

Reduce manual entry errors and log in each and every transaction. Integrate with inventory and accounting systems for real-time updates.

### **4. Daily Reconciliation**

Cash and credit card totals must be reconciled with POS sales at the end of each day. Discrepancies should be investigated immediately.

### **5. Inventory Control**

Real time inventory tracking to identify theft, loss, or mismanagement. Use bar-coding, RFID, or SKU scanning for accurate records.

### **6. Physical Security Measures**

Security cameras, secure cash drawers, and alarm systems. Regular rotation of staff and surprise audits.

## **DOCUMENTATION IN RETAIL SALES**

Documentation in retail sales is essential for maintaining accurate and transparent records of every transaction. It includes sales invoices, receipts, sales orders, credit notes, delivery slips, and customer records, which together ensure that each sale is properly authorized, recorded, and reported. Proper documentation helps verify that goods sold match payments received, supports after-sales services like returns or warranties, and provides data for accounting, auditing, and inventory management. Maintaining organized sales documentation also enhances customer trust, ensures legal compliance, and contributes to smooth and efficient retail operations.

1. **Sales invoices/receipts:** Given to customers and used for audits or returns.
2. **Daily sales reports:** Summarize POS transactions and reconcile with card receipts /cash
3. **Refund/return forms:** Signed and referenced to original sale.
4. **Discount approval logs:** keep Document of approved discounts and for what reason.
5. **Cash register reconciliation forms:** Compare expected vs. physical cash at day's end.

### INTERNAL CONTROLS IN PURCHASES

Internal controls in purchases are essential for ensuring that all procurement activities are accurate, authorized, and transparent. They help prevent fraud, overbilling, and unauthorized spending by setting clear procedures for requisition, approval, and payment. Proper internal controls include maintaining vendor lists, verifying purchase orders against invoices and delivery receipts, and segregating duties among staff to avoid conflicts of interest. These measures ensure that purchases are made only for genuine business needs, at fair prices, and from reliable suppliers. Strong internal controls in purchasing enhance accountability, financial integrity, and overall efficiency in retail operations.

1. **Purchase Authorization:** Use approved purchase orders (P.O) before placing any order. Require management sign-off for large, big or unusual purchases.
2. **Supplier Vetting and Segregation:** Maintain an approved vendor or business partner list. Segregate duties between receiving, Ordering, and accounts payable.
3. **Three-Way Matching:** Match **Purchase Order, Receiving Report,** and **Supplier Invoice** before payment.
4. **Receiving Controls of Inventory:** Verify items received match the PO in quantity and quality. Staff not involved in purchasing should perform receiving checks.
5. **Audit Trail:** Maintain a documented history of all Receipts, purchase orders, and payments. Flag and review changes or manual entries in procurement systems.

### DOCUMENTATION IN RETAIL PURCHASES

Documentation in retail purchases is vital for maintaining accurate records of all buying activities and ensuring accountability throughout the procurement process. It includes key documents such as purchase requisitions, purchase

orders, supplier quotations, delivery notes, goods received notes, and invoices. Proper documentation helps verify that goods ordered match those received and billed, preventing errors, disputes, or fraud. It also serves as legal and financial proof for audits, tax filings, and future reference. Maintaining organized and up-to-date purchase documentation ensures transparency, smooth workflow, and effective inventory and cost management in retail operations.

- 1. Purchase Orders (POs):** Official authorization to suppliers.
- 2. Receiving Reports:** Document of what was delivered and when.
- 3. Supplier Invoices:** Bill from vendor matched against PO and receipt.
- 4. Payment Vouchers:** Authorize and track payments made.
- 5. Inventory Adjustment Logs:** Explain any changes in stock not tied to sales.

### **Benefits of Strong Internal Controls and Documentation**

It helps to Prevents fraud and theft, Enhances and transparency in operational efficiency, ensures regulatory compliance (example tax, audit), Always Supports data-driven decisions, improves trust for both vendor/customer and Prevents Fraud and Theft. Strong internal controls (like proper approval systems, regular checking of records, and separation of duties) make it difficult for any employee or outsider to steal money, goods, or confidential information. Good documentation creates a paper trail, which means every transaction is recorded, making it easy to identify suspicious activities.

**In short:** Controls stop wrong activities, and documents help catch them if they happen.

#### **1. Enhances Transparency and Operational Efficiency**

When every step in a process is properly recorded, it becomes clear who did what, when, and how.

This reduces confusion, saves time, and ensures that tasks are completed smoothly.

Employees can follow a standard method, which improves the speed and quality of work.

**In short:** Clear records → Clear processes → Faster work.

#### **2. Ensures Regulatory Compliance** (e.g., Tax, Audit)

Businesses must follow government rules, such as:

- paying the correct taxes

- submitting proper accounts
- maintaining audit-ready records

Proper documentation ensures that all financial and operational activities follow legal guidelines.

During audits, accurate records prove that the company is following the law.

**In short:** Good records help the company obey laws and avoid penalties.

### 3. Supports Data-Driven Decisions

When reliable data is available—such as sales records, expense details, inventory counts—managers can make better decisions. They can understand trends, customer needs, and areas that need improvement.

**In short:** Good data → Good decisions → Better business growth.

### 4. Improves Trust for Both Vendor and Customer

Vendors trust companies that maintain transparent records (purchase orders, delivery notes, payment receipts).

Customers trust companies that provide proper bills, warranty slips, and honest documentation.

This builds strong long-term business relationships.

**In short:** Clear documentation builds honesty and trust on both sides.

## PRACTICAL EXERCISES

**Activity 1:** Bank Reconciliation Exercise on practicing reconciling a bank statement with internal cash records and identify discrepancies for correction.

**Materials required:** Sample bank statement, cash book, calculator, reconciliation sheet, stationery.

### Procedure:

1. Begin by explaining the concept of bank reconciliation and why it is essential for financial accuracy.
2. Provide each student or group with a sample monthly bank statement and corresponding internal cash register report.
3. Instruct them to go through each transaction, matching deposits, withdrawals, and cheque payments between the two records.
4. Ask students to highlight differences such as unrecorded bank charges, interest credits, pending cheques, or deposit errors.

5. Guide them to list all unmatched items and classify them as timing differences or errors.
6. Assist students in adjusting the cash book balance or the bank balance as needed.
7. Finally, ask them to prepare a Bank Reconciliation Statement, clearly showing the reconciled balance and reasons for discrepancies.
8. Conduct a discussion on the importance of periodic reconciliation and how it helps prevent fraud and accounting errors.

**Activity 2:** POS vs Inventory Reconciliation to detect mismatches between POS (Point of Sale) sales data and inventory records and ensure data accuracy.

**Materials required:** POS transaction list, daily inventory movement report, reconciliation sheet, calculator, sample retail data.

**Procedure:**

1. Provide a brief explanation of how POS systems automatically record sales and update inventory.
2. Distribute mock data sets containing daily POS sales summaries and inventory reports for the same period.
3. Ask students to compare the quantities sold in the POS data with the inventory movement or stock reduction records.
4. Instruct them to highlight any mismatches, missing deductions, or quantity discrepancies.
5. Encourage students to analyze possible causes—such as theft, system errors, manual input mistakes, or unrecorded returns.
6. Have them record all findings in the reconciliation sheet and propose corrective actions.
7. Each group will summarize their findings and discuss how regular reconciliation between POS and inventory prevents shrinkage and financial loss.
8. Conclude by emphasizing the link between inventory accuracy and customer satisfaction.

**Activity 3:** Three-Way Matching Drill to verify vendor invoice accuracy using the three-way matching process and strengthen internal control awareness.

**Materials required:** Sample Purchase Order (PO), Delivery Note (Goods Received Note), Supplier Invoice, calculator, worksheet.

**Procedure:**

1. Begin by explaining the three-way matching principle—comparing the purchase order, delivery note, and supplier invoice before payment.
2. Provide each group with one set of sample documents representing a purchase transaction.
3. Ask students to match item descriptions, quantities, product codes, unit prices, and total amounts across all three documents.
4. Instruct them to identify any discrepancies—such as extra charges, incorrect quantities, or pricing mismatches.
5. Ask each group to record mismatched details and classify them as clerical errors or potential fraud indicators.
6. Discuss what corrective actions should be taken—such as contacting the supplier, issuing debit notes, or holding payment.
7. Encourage groups to present their findings and share best practices for document verification.
8. Conclude by highlighting how three-way matching ensures accuracy, accountability, and cost control in retail procurement.

**Activity 4:** Fraud Detection Role Play to raise awareness about fraud and error detection through role-playing real-life retail scenarios.

**Materials required:** Case scenarios (printed or digital), props for role play (optional), observation sheet.

**Procedure:**

1. Divide the class into small groups and assign roles such as cashier, supervisor, and internal auditor.
2. Provide each group with a fraud or error-based case scenario—for example:
  - A mismatch between daily cash report and actual cash in hand.
  - A suspicious refund issued without supporting documents.
  - Unauthorized discounts given to customers.
3. Instruct each group to act out the scenario, investigate and identify the cause of the problem.
4. Encourage them to document the evidence, interview participants, and prepare a short report of their findings.
5. Ask each group to present their role play to the class; explaining what controls could have prevented the issue.
6. Facilitate a discussion on real-world fraud detection methods and ethical responsibilities of retail employees.

7. Conclude the exercise by reinforcing the importance of vigilance, teamwork, and adherence to internal control procedures.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. Reconciliation in retail involves verifying and comparing different sets of \_\_\_\_\_ data.
2. \_\_\_\_\_ reconciliation involves matching all deposits and withdrawals with bank statements.
3. \_\_\_\_\_ helps detect errors, omissions, and fraudulent activities.
4. The purpose of reconciliation is to maintain financial \_\_\_\_\_ and operational accuracy.
5. \_\_\_\_\_ of Duties is a key internal control in retail operations.

### B. Multiple Choice Questions

1. What is the purpose of reconciliation?
  - a) Sales increase
  - b) Error detection
  - c) Advertising
  - d) Staff evaluation
2. Which of the following is an internal control in purchases?
  - a) Offering discounts
  - b) Customer feedback
  - c) Purchase authorization
  - d) Sales training
3. What is matched in three-way matching?
  - a) Invoice, PO, and Payment voucher
  - b) Customer, Product, and Return
  - c) Invoice, PO, and Receiving Report
  - d) Invoice, Delivery, and Receipt
4. Which system is used for real-time sales tracking?
  - a) ERP
  - b) POS
  - c) CRM

d) HRM

**C. Statement whether the following statements are True or False.**

1. Reconciliation is the process of matching sales records with purchase and payment records.
2. Retail sales reconciliation helps in identifying errors, shortages, or excesses in accounts.
3. Reconciliation is required only at the end of the financial year.
4. Point of Sale (POS) reports play an important role in reconciling retail sales.
5. Cash sales do not require reconciliation since payment is received immediately.
6. Purchase records help retailers verify the quantity and cost of goods received.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	POS System	A	History of transactions
2	Bank Reconciliation	B	Confirmation of items received
3	Supplier Invoice	C	Details of goods purchased
4	Audit Trail	D	Tracks sales and inventory
5	Delivery Note	E	Matches deposits and withdrawals

**E. Short Answer Questions**

1. What is the meaning of risk?
2. Discuss the factors to be kept in mind when evaluating the security issues of a store.
3. What are the types of risks?
4. Discuss the cyber security challenges in retail.

**F. Long Answer Questions**

1. Explain the reconciliation process in detail. Describe the internal controls and documentation required in retail sales and purchases.

2. List and explain common discrepancies found during reconciliation in retail.

**G. Check Your Performance**

1. Analyse how internal controls help prevent errors, fraud, and discrepancies in the retail sales and purchase process.
2. Evaluate the cyber security risks faced by retail stores and suggest practical measures to reduce these risks.
3. Compare different types of risks in retail operations and explain how each one impacts store performance.

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## MODULE 4: PROCESS OF CUSTOMER ORDERS

In retail sector, identifying the various types of customers such as loyal customers, impulse buyers, Bargain hunters, Window shoppers, need based customers, Wanderers and/or those looking for a particular solution important for delivering quality service. Each customer has discrete needs, which may range from factors like product availability and cost to more specific expectations like product quality, preferred brands or post-purchase support. Effectively meeting these needs requires careful listening and thoughtful evaluation through open-ended inquiries and careful observation.

Once these needs are clearly identified, appropriate products can be recommended to fulfil customer expectations and ensure satisfaction. The order processing in a business includes accepting customer orders, reviewing credit status and adhering to company procedures to guarantee safe and accurate transactions. It is crucial to evaluate the customer's credit standing and verify their identity as per company guidelines to reduce financial risks. Giving customers sufficient time and attention help them feel valued. Effective communication means to share accurate product information with customers, inform them on the progress of order and present complex details in a clear, easy-to-understand manner so as to enable them to make informed purchasing decisions. Inventory records are vital for smooth business operations and to deliver quality customer service. Detailed supplier information and clearly defined terms facilitate efficient purchasing and ensure timely replenishment of stock. Inventory management systems play a crucial role by providing real-time update on stock levels lead time tracking and current product availability.

Communication between sales, purchase and warehousing keep everyone informed and coordinated, reducing the risk excess inventory or stock shortages. Thorough documentation and audit trails enhance accountability, confirms regulatory compliance. Returned goods are items that customers bring back to the store for reasons, such as receiving damaged or defective products, purchasing goods that are expired, being sent the wrong item or feeling dissatisfied with the product. Properly recording these returns is essential for maintaining correct inventory levels, financial accuracy, and high levels of customer satisfaction based on the store's return policy. The module is divided into four sessions. The first session comprises to identify the customer needs and wants. The second session deals with providing Information to the Customers. The third session discusses about Maintaining the Information about the Availability of Goods and Terms of Supply. The last session includes Process of Returned Goods Recording.

## SESSION 1: IDENTIFY CUSTOMER NEEDS AND WANTS

In the retail business, understanding customer needs and wants is essential for achieving success. Customer needs refer to the basic necessities or problems that retailers aim to address, such as products that fulfil their intended functions with quality, reliability, affordability and are easily accessible. Additionally, customers expect good customer service, secure payment options and clear information.

Customer wants covers the desires that enhance the shopping experience but are not essential, like preferences for popular brands, attractive design, personalized options, exclusive offers like discounts and rewards, a pleasant store environment, conveniences such as online shopping / mobile apps and validation through positive reviews.

### TYPES OF CUSTOMERS

In retail, customers can be grouped into different categories based on their shopping habits and reasons for visiting the store (Fig.4.1).

**Customer shopping behavior varies from casual to goal-oriented.**



**Fig. 4.1: Types of Customers**

Understanding these types (Fig. 4.1) helps retailers serve them better.

1. Loyal Customers are those who visit the store regularly. They enjoy shopping there and often recommend the store to their friends and family. Their repeat visits make them valuable for the business.
2. Impulse Buyers tend to make quick decisions and purchase items on the spot, often because something grabs their attention or is on sale. Their purchases are usually unplanned.

3. Bargain Hunters are always on the lookout for the best deals and discounts. While they may not visit the store frequently, they are ready to buy when there is a good offer available.
4. Window Shoppers like to browse without any immediate intention to buy. They enjoy looking around, and sometimes they come back later if they find something appealing.
5. Need-Based Customers shop only when they have a specific requirement. They usually know exactly what they want and prefer a fast and efficient shopping experience.
6. Wanderers visit the store without a clear plan, often just to pass time or explore. Occasionally, they end up buying something that catches their interest.

Retailers study these different types of customers to provide better service and boost their sales.

### **TYPES OF NEEDS**

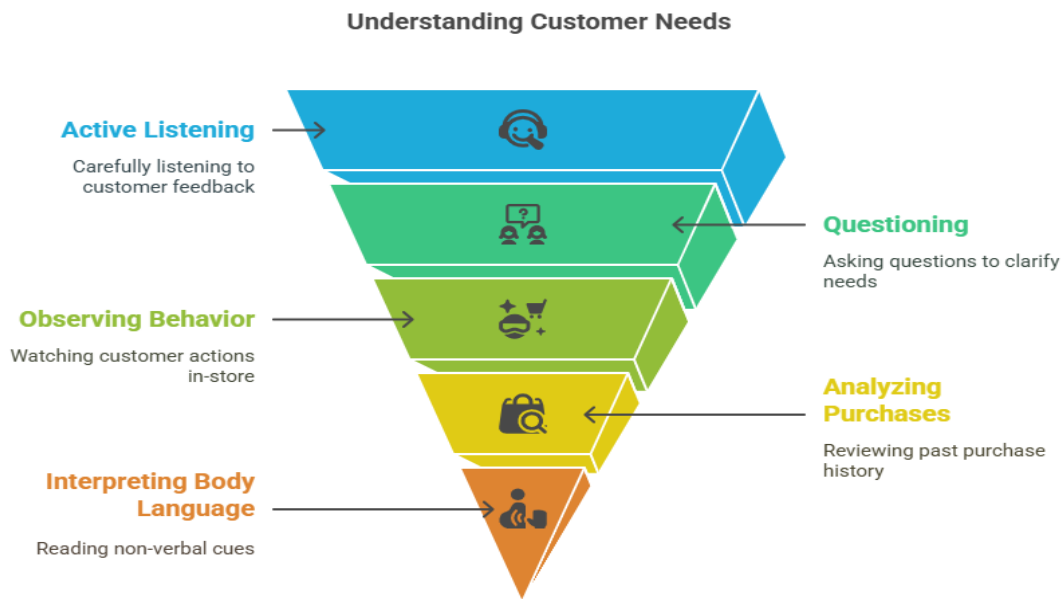
In retail, it's very important to understand the needs of customers to provide the right products and services. Basic needs of customers are;

1. High-Quality Products – Customers want products that are safe, reliable, and give good value for their money.
2. Affordable Prices – They look for fair prices, good deals and discounts.
3. Wide Selection – Customers like having many options in terms of style, size, brand and price so they can choose the best product.
4. Product Availability – They expect the items they want to be in stock and easy to find.
5. Good Customer Service – Shoppers appreciate friendly and helpful staff.
6. Convenience – Easy-to-reach locations, organized layouts, fast checkout, and delivery options make shopping more convenient.
7. Clean and Comfortable Stores – A neat, safe and welcoming environment improves the shopping experience.
8. Trust and Security – Customers want honest pricing, safe transactions, and a trustworthy store.

Fulfilling these needs helps stores keep customers satisfied, build trust, and encourage repeat visits.

### **UNDERSTAND CUSTOMER NEEDS**

Retail sales executives play an important role in finding out what customers need.



**Fig. 4.2: Understanding Customer Needs**

They understand the needs of customers by (Fig.4.2):

- **Listening Closely** – They carefully listen to what customers say, what they ask for and any complaints. This helps them understand the customer’s exact needs.
- **Asking the Right Questions** – They ask simple and helpful questions like “What are you looking for?” or “How will you use this?” to learn more about the customer’s likes/dislikes.
- **Watching Customer Behaviour** – By seeing how customers move around the store, they get an idea of what interests them.
- **Looking at Past Purchases** – If the customer has shopped before, they might check what they bought earlier to make better suggestions.
- **Reading Body Language** – Their expressions or actions can show whether they’re happy/ confused/ unsure.
- **Explaining Products** – They explain customers about the features and benefits of products and see how the customer reacts.
- **Asking for Feedback** – After the sale feedback helps the serve better next time.

By using these steps, retail sales executives better understand customers and help them find what they need, leading to more satisfaction and higher sales.

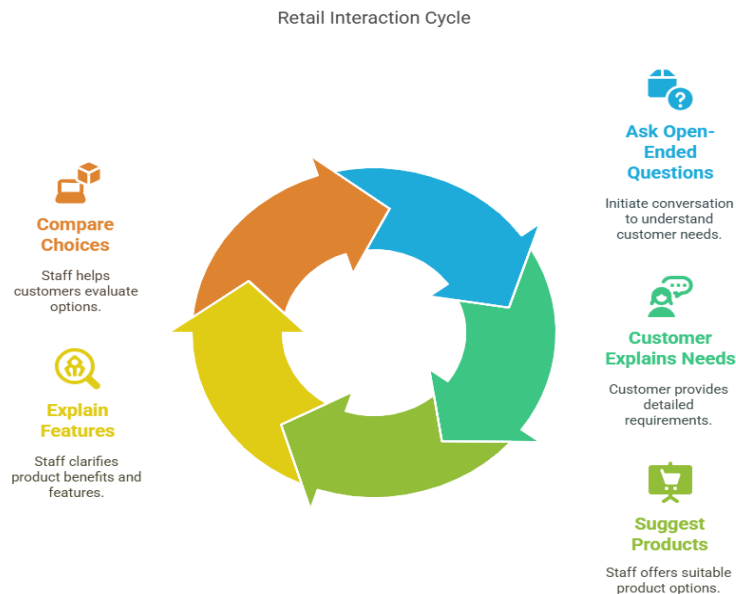
### **IDENTIFY THE GOODS THAT WILL MEET CUSTOMER’S NEEDS**

To identify goods that effectively meet customers’ needs, retailers should adopt an organized approach focused on understanding their target market and customer demands. This begins with;

Collecting detailed information about customer preferences, challenges, and expectations through surveys, feedback, and direct engagement.

Examining market trends and competitors' products helps identify popular items that satisfy similar needs.

Analysing sales data and buying behaviors reveals which products customers prefer and the features they prioritize (Fig.4.3).



**Fig. 4.3: Identify the Goods That Will Meet Customer Needs**

To identify the right goods which could meet the customer needs (Fig.4.3) Staff helps the customers to evaluate options, initiate conversation to understand the need of customer, evaluate options, clarifies product features and benefits and close the sales process.

Additionally, practical factors such as quality, functionality, durability and pricing must be considered to ensure the products address real customer problems.

Ongoing monitoring of customer satisfaction and flexibility in updating or replacing products based on feedback and changing needs further guarantees that retailers offer goods that truly fulfil customer demands and increase loyalty.

### INFORMATION OF GOODS

In retail stores, giving customers the right information about products is very important for helping them make good buying decisions. This information usually includes;

1. The product's name, brand, price, size, colour, material, how to use it, and any warranty details.

When this information is shown clearly, it becomes easier for customers to compare products and pick the one that fits their needs and budget. Labels and tags placed on shelves or packaging help make the shopping experience smoother and quicker.

2. The features and advantages of each product so that customers understand how the product works and why it is useful.

For Instance,	A mixer grinder label might show	<ul style="list-style-type: none"> <li>• The number of speed options</li> <li>• How much electricity it uses.</li> <li>• The types of blades it includes.</li> </ul>	This helps buyers know exactly what they are getting and how it can meet their needs
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3. Another key detail is product availability. Sales executive should inform customers whether an item is in stock, if it comes in different colours or sizes, or if it's part of a special offer.
4. Some stores also let customers know when a product will be restocked or offer a way to get alerts when it's available again.
5. Today, many stores also use technology like digital screens, QR codes, and mobile apps to give more details about a product. These tools can show things like customer ratings, comparisons with similar products or short videos explaining how the product works.

Sharing correct and clear information about products is essential to help customers make informed decisions. Stores use posters, product stands, boards, to highlight special offers or features. Knowledgeable staff assists customers by offering advice, solving queries or answering questions. Modern retail outlets use screens and digital kiosks to let customers check stock and get product information. Online retail platforms often show descriptions, product images, customer reviews, and delivery options and return facility.

Some retail stores also hand out catalogues or brochures or catalogues listings and prices of products. These ways of information sharing help to build customer trust, make shopping easier and more pleasant.

Proper information of goods helps customers make better choices which builds and develops customer trust.

## PRACTICAL EXERCISES

**Activity 1:** Role Play on the type of Customers.

**Material required:** Notebook, Paper, Pen/Pencil, Eraser and Questionnaire.

**Procedure:**

1. Divide students into small groups.
2. Discuss the type of customers in the class.
3. Assign the roles to each group -Retail sales executive, Customers, Teacher.
4. Give students a few minutes to prepare their dialogues.
5. Each group perform in front of the class.
6. After each performance, have a brief discussion on:
  - a) How the retail sales executive handled the situation?
  - b) What could have been done better.
  - c) The characteristics of that type of customer.
7. Ask questions and doubts
8. Discuss learnings in the class.

**Activity 2:** Group Discussion on the Needs of customers.

**Materials Required:** Pen, Pencil, Rubber, coloured papers, glue.

**Procedure:**

1. Divide the class in groups
2. Briefly explain that customer needs that drive a customer's purchase decisions.
3. Assign Topics to students (Each group gets one type of customer need to discuss).
4. Each group will discuss:
  - a) What does customer need mean?
  - b) Why is it important for businesses?
  - c) Examples of businesses that meet this need.
  - d) What happens if businesses ignore this need.
5. Each group shares a 2–3-minute summary of their discussion with the class.
6. Discuss leanings in the class
7. After the discussion, teacher must give remark on the discussion

**Activity 3:** Power point on to provide information of goods.

**Materials Required:** Laptops/computers, Internet access, projector, note pad, pen/pencil.

**Procedure:**

1. Divide the Class into Small Groups: Form groups of 3-4 students.
2. Each group will create a short PowerPoint presentation (6–8 slides) on how companies provide information about their goods to customers. They should cover:
  - a) Definition of "Providing Information of Goods"
  - b) Importance of providing information
  - c) Methods of providing information of goods
  - d) Examples of companies/products
  - e) Role of government regulations (if applicable)
  - f) Impact on consumer decision-making
3. Give them time to prepare the presentation.
4. Each group gets 5 minutes to present.
  - a) Evaluation Criteria on the basis of accuracy of content, creativity of slides, Clarity of explanation, Team participation and Visual appeal
5. Ask questions.
6. At the end provide a constructive feedback.
7. At the end discuss learning in the class.

**CHECK YOUR PROGRESS**

**A. Fill in the Blanks**

1. \_\_\_\_\_ is those who visit the store regularly.
2. \_\_\_\_\_ shop only when they have a specific requirement.
3. Need of \_\_\_\_\_ means customers like having many options in terms of style, size, brand and price so they can choose the best product.
4. Examining \_\_\_\_\_ and competitors' products helps identify popular items that satisfy similar needs.
5. Many stores use technology like \_\_\_\_\_ screens, QR codes, and mobile apps to give more details about a product.

**B. Multiple Choice Questions**

1. Window Shoppers usually:

- a) Make purchases immediately
  - b) Browse without planning to buy
  - c) Only shop during sales
  - d) Visit stores based on online reviews
2. Which of the following is NOT a type of customer mentioned?
    - a) Loyal Customers
    - b) Impulse Buyers
    - c) Bargain Hunters
    - d) Financial Analysts
  3. What motivates Impulse Buyers?
    - a) Planned shopping lists
    - b) Discounts and promotions
    - c) Comparing prices for long periods
    - d) Seeking detailed product information
  4. Bargain Hunters are mostly attracted by:
    - a) Store environment
    - b) Best deals and discounts
    - c) Personalized customer service
    - d) Popular brand
  5. What is one of the ways retail sales executives understand customer needs?
    - a) Ignoring customer behaviour
    - b) Raising product prices
    - c) Asking helpful questions
    - d) Avoiding customer feedback
  6. Which is NOT part of the customer's basic needs?
    - a) Affordable Prices
    - b) Wide Selection
    - c) Exclusive Rewards
    - d) Product Availability
  7. What is one of the tools stores use to give more product information?
    - a) Flyers only
    - b) Only personal recommendations
    - c) QR codes and digital screens
    - d) Verbal discussions only
  8. Why is giving proper product information important?
    - a) It makes customers confused
    - b) Helps customers make better choices and builds trust
    - c) Decreases store loyalty
    - d) Reduces sales opportunity.

**C. State Whether the following Statements are True or False**

1. Customer wants refer to the essential item's customers need for survival.
2. Loyal customers often recommend the store to others.
3. Need-based customers usually shop only when they have a specific requirement.
4. Sales executives do not need to watch customer behavior to understand needs.
5. Stores should avoid using customer feedback when identifying goods to sell.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Loyal Customers	A	Browse without intention
2	Bargain Hunters	B	Specific Requirement
3	Window shoppers	C	Visit without plan
4	Need Based customers	D	Visit store regularly
5	Wanderers	E	Look out for best deals

**E. Short Answer Questions**

1. Define Bargain Customers.
2. What is need of wide selection?
3. How watching the behaviour of customer help retail sales executive?
4. Which information is interpreted by examining trends?
5. Who are need based customers?

**F. Long Answer Questions**

1. Explain different types of customers
2. Describe the types of needs with examples
3. Explain the process to identify the goods that will meet customer's needs
4. Describe the significance of Information of goods

**G. Check Your Performance**

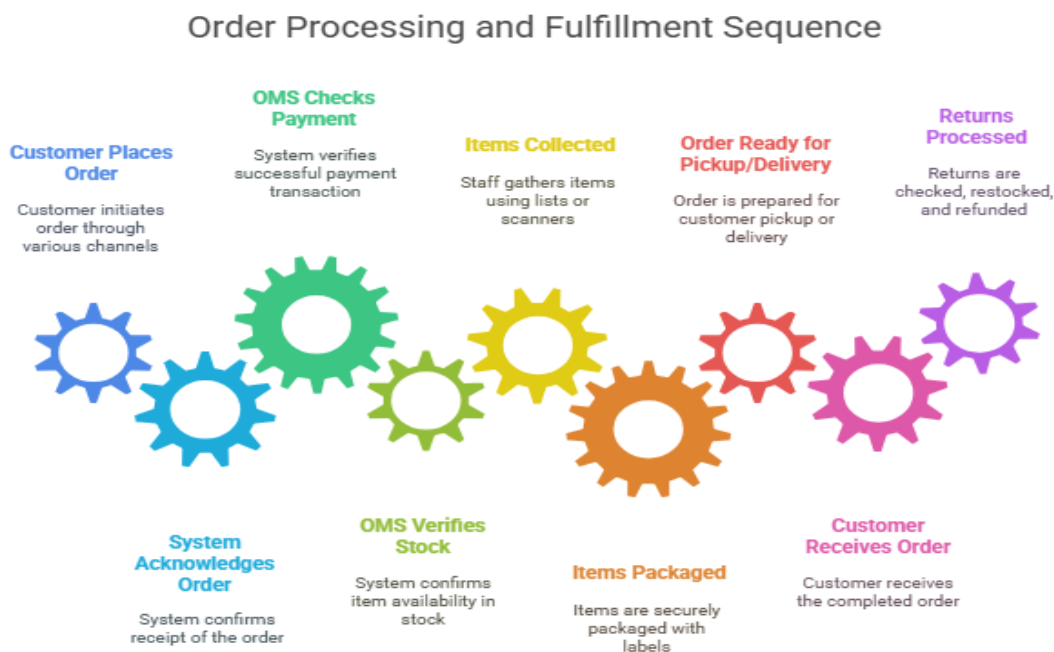
1. Prepare a chart showing the type of needs of customers.
2. Demonstrate the information of product

## SESSION 2: INFORMATION TO THE CUSTOMERS

In retail sector delivering accurate, easily accessible and thorough information is important for creating a delightful shopping experience and endorse customer trust. It includes providing clear details on products, availability pricing and return policies.

### PROCESS OF ORDERS

When a customer places an order—whether in the store /online /by phone—the system immediately acknowledges it (Fig.4.4).



**Fig. 4.4: Process of Orders**

An Order Management System (OMS) checks that the payment went through, verifies the item is in stock, and sets it aside for the order. Then, store staff take the items from the shelves using a printed list or a barcode scanner. Once everything is collected, the items are packaged securely with labels and include the order slip or receipt. At this point, the order is ready either for customer pickup in-store collection) or to be handed off to a courier or postal service, complete with tracking details. In the order process (Fig. 4.4) Once the customer receives their order, any returns. follow a standard process: the item is checked, restocked, and the customer is refunded or replaced their purchase. For restocking the goods system generates a purchase request, which is reviewed and turned into a formal Purchase Order (PO). The PO is sent to a supplier which includes the item details, amount, price, and delivery date. When the shipment arrives, staff check it against the order, inspect for any issues, and decide whether to accept or return the goods. Accepted items

are logged into the system and moved to the sales floor or storage. Finally, the store matches the supplier's invoice with the PO and delivery, completes the payment, and the cycle starts again.

### **CREDIT STATUS**

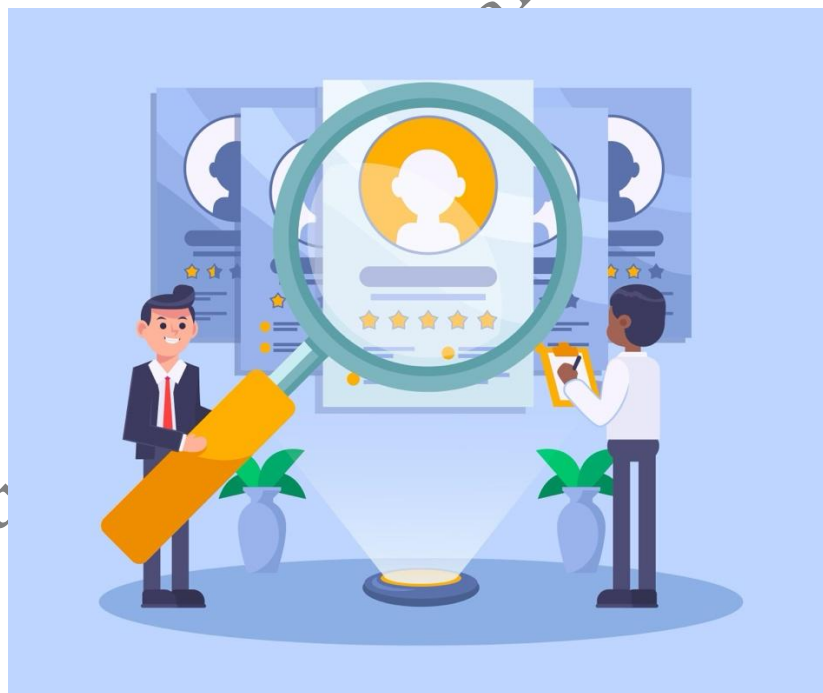
It refers to an individual's or organization's capacity to borrow funds and their pattern of repaying debts and they meet their financial obligations. Lenders assess credit status to evaluate risk. It provides a document of creditworthiness, including the elements such as credit history, credit scores and their payment behaviour.

### **COMPANY PROCEDURES FOR CHECKING THE CUSTOMER'S IDENTITY AND CREDIT STATUS:**

Procedures for checking the customer identity and credit status enable the retail organisations to be following the regulations, minimize financial risk and build trust with customers (Fig.4.5).

Customer identity and credit status is checked by:

1. Know Your Customer (KYC) and Customer Identification Program (CIP) measures to confirm each customer's identity.



**Fig. 4.5: Checking customer's identity**

2. Government-issued documents like passports, driver's licenses, or voter IDs to authenticate identity.
3. Fingerprints, facial recognition, or similar biometric checks. Companies evaluate the creditworthiness of customers, (individuals or businesses)

through a combination of credit reports, internal assessment procedures and financial analysis (Fig. 4.6).



**Fig.4.6: Credit Status of Customer**

The process to check credit status (Fig.4.6) begins with getting a credit report from a bureau which includes detailed review of the customer's financial statements and other relevant information. The final decision is made as per the company's risk tolerance and internal policies.

Reputed bureau like CIBIL give scores of credit worthiness.

## **RESPOND APPROPRIATELY TO CUSTOMERS**

Delivering timely, thoughtful and respectful responses is key to gain customer trust and sustaining satisfaction. Below are important practices for responding appropriately:

### **1. Respond Without Delay**

Quickly acknowledge any customer query or concern to show attentiveness. Prompt replies communicate that their issue is being taken seriously. If a resolution isn't instantly possible inform the customer.

### **2. Select the most appropriate way of communication**

Select the communication channel based on the nature of the inquiry and the customer's preference—whether it's via email, phone, live chat, or in person. For complex or sensitive matters, opt for more personal interactions like a phone or video call for better clarity and reassurance.

### **3. Cross check with customer about their expectation**

Ask follow-up questions to fully understand the customer's needs or concerns. Summarize their request to confirm their expectations and helps avoid confusion.

#### 4. Respond on customer comment and questions

Respond to all customer comments and questions in a clear and complete manner. Personalize the communication. If any answer is not there, be clear and transparent and assure them you're working on it.

#### 5. Give time to Customers

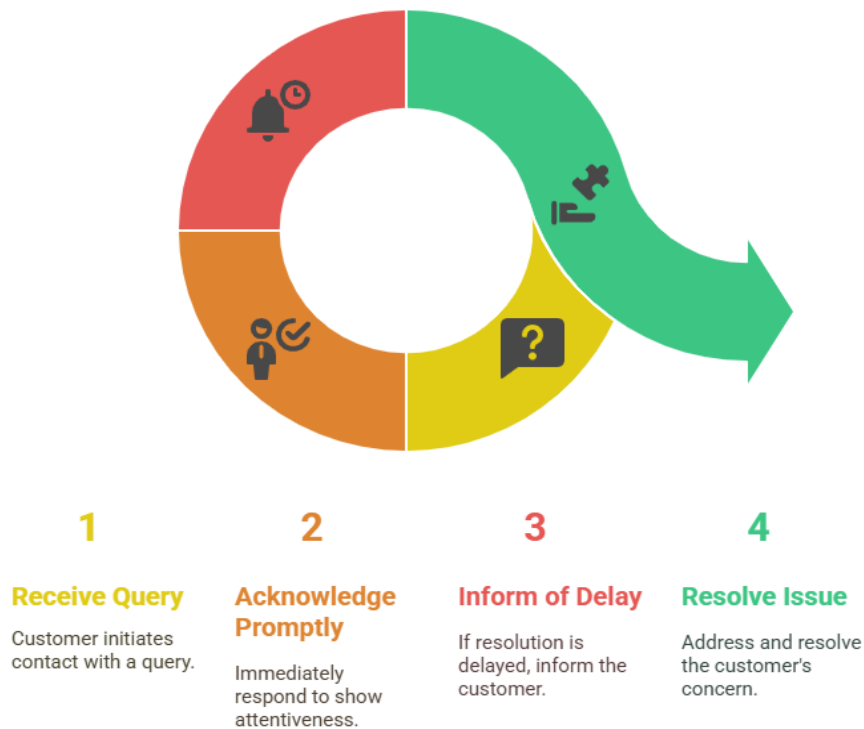
Give customers sufficient time to respond to any questions and share their concerns. Avoid rushing the conversation and be patient, particularly in the case of angry customer. When the customer seems uncertain or upset, follow up to ensure they are satisfied and offer additional support if required.

#### Cycle of Prompt Customer Response

The cycle of prompt customer response is a simple process used to handle customer queries effectively. It starts when a customer contacts the store with a question or problem. The retailer should quickly acknowledge the query to show that the concern is important. If there is any delay in solving the issue, the customer must be informed in advance. Finally, the retailer should resolve the issue properly and provide the best possible solution. This process helps in improving customer satisfaction, building trust, and maintaining a good relationship between the retailer and the customer. It also enhances the store's reputation and encourages customers to visit again (Fig.4.7).

1. **Receive Query:** This is the first step where the customer contacts the retailer with a question, complaint, or request regarding a product or service.
2. **Acknowledge Promptly:** The retailer immediately responds to the customer's query to show attentiveness and assure that the concern is being addressed.
3. **Inform of Delay:** If there is any delay in resolving the issue, the customer should be informed to maintain transparency and trust.
4. **Resolve Issue:** The retailer addresses and resolves the customer's concern effectively to ensure satisfaction and build a positive relationship.

## Cycle of Prompt Customer Response



**Fig. 4.7: Cycle of Prompt Customer Response**

## COMMUNICATE INFORMATION TO CUSTOMERS

Clear and effective communication plays a vital role in keeping customers updated and informed, and enhancing their overall satisfaction.

Delivering timely, accurate and relevant information (fig.4.8) develops trust and supports the relationship with customer.

### Enhancing Customer Communication



**Fig. 4.8: Communicate Information to Customers**

Communication with customer is improved by;

### **Provide information to customer**

Provide accurate and easy-to-understand information to customers. Clear communication removes any confusion, support better decisions and reduces the need for issue resolution or repetitive inquiries.

### **Inform customer about the company products and services**

It includes all the details about the company's products, pricing, services, delivery schedules, policies, warranties and return processes. Regular updation of customers is essential. Sharing information about new product launches, limited time deals, promotions, and value-added features/services. It is important to verify the availability of product to avoid any miscommunication or disappointment.

### **Recognize Complicated Information**

For any technical, legal or detailed information like service agreements or specification of product it is important to make it easy to understand and break it down into simple terms.

Using analogies, visuals or step-by-step explanations can make the information more accessible.

Confirm the customer understands and encourage them to ask questions help in better understanding.

## **PRACTICAL EXERCISES**

**Activity 1:** Role Play in a retail lab for processing orders to help students understand the step-by-step process of taking, processing, and fulfilling customer orders in a retail setting.

**Material required:** Notebook, Paper, Pen/Pencil, Eraser and Questionnaire.

### **Procedure:**

1. Divide class in groups
2. Discuss in the class the concept of Processing orders
3. Brief students about the importance of the activity
4. Allot equal time to each group.
5. Create a situation of a retail store like;

**Situation** A customer enters the store to purchase a few items. The retail team will work together to process the order correctly, update inventory, generate billing and ensure customer satisfaction.

### **Characters**

- a) Customer
  - b) Retail Sales Executive
  - c) Order Processing Clerk
  - d) Inventory Staff
  - e) Cashier
6. Perform the play
  7. After Role Play discuss learnings in the class

**Activity 2:** Concept Practice on Checking credit status.

**Materials Required:** Pen, Pencil, Rubber, coloured papers, Credit Application Forms (sample forms), Customer Profiles (prepared by teacher), Credit Report Samples (fictional, created by teacher), Evaluation Checklist (for students to decide whether to approve credit)

**Procedure:**

1. Divide the class in groups.
2. Prepare 4-5 fictional customer profiles with:
  - a) Name, contact information, employment details
  - b) Credit history (good/bad/no credit)
  - c) Outstanding debts, payment history, credit score
  - d) Supporting documents (bank statements, salary slips)
3. Prepare credit application forms that include:
  - a) Personal information
  - b) Employment details
  - c) References
  - d) Requested credit amount
4. Distribute different Customer Profiles to each group with related documents.
5. All the groups review the credit application and supporting documents.
6. Analyze factors such as: Payment history, credit score
7. Each group decides:
  - a) Whether to approve or deny credit.
  - b) If approved, what credit limit should be given.
  - c) Any special conditions (e.g., guarantor, shorter credit period).

8. Each group presents their decision and explains their reasoning to the class.
9. Discuss leaning in the class
10. Ask and clarify doubts.

**Activity 3:** Role play on respond to customer appropriately on given conditions to help students practice how to respond professionally and appropriately to different customer situations in a retail setting.

**Materials Required:** Pen, Pencil, Eraser, Notebook, Observation Checklist.

**Roles:**

- Customer
- Retail sales executive
- Teacher (can be a student or teacher to give feedback)

**Procedure:**

1. Divide the class in groups.
2. Prepare 6–8 situation cards with different customer scenarios.

Example Situations:

- a) Angry Customer: The product purchased is defective.
  - b) Confused Customer: Can't decide which product to buy.
  - c) Impatient Customer: In a hurry and wants quick service.
  - d) Bargaining Customer: Wants a discount.
  - e) First-time Customer: Wants full information about products.
  - f) Complaint about Service: Customer feels staff was rude.
  - g) Return Request: Customer wants to return an item but doesn't have the bill.
  - h) Out-of-Stock Situation: Customer asks for a product that's currently unavailable.
3. Assign one student as the Customer and one as the Retail Sales Executive.
  4. Give each pair a random situation card to each group.
  5. Students act out the situation.
  6. The executive responds appropriately based on the situation.
  7. After role play the class or the Teacher to give the feedback:
  8. Discuss learnings in the class.

**Activity 4:** Demonstrate the effective use of communication while dealing with customers in the retail store/mall.

**Materials Required:** Pen, Pencil, Eraser, Notebook and Checklist, Scenario cards (prepared by teacher), Observation checklist

**Procedure:**

1. Divide the class in groups.
2. Distribute roles in the groups.
3. Prepare 5–6 scenario cards that reflect common customer service situations. Each card should briefly describe a customer interaction challenge.

Sample Scenario Cards:

- a) New Customer Inquiry: A customer enters the store and wants to know about ongoing sales and offers.
  - b) Product Comparison: A customer is confused between two products and seeks advice.
  - c) Product Demonstration: A customer wants to see how a product works before buying.
  - d) Complaint Handling: A customer complains about the quality of a product purchased last week.
  - e) Billing Issue: A customer is upset about a billing error.
  - f) Special Request: A customer asks if home delivery or gift wrapping is available.
4. Students perform the role play according to the scenario.
  5. The Sales Associate must demonstrate effective communication, including:
    - a) Greeting and welcoming
    - b) Listening carefully
    - c) Asking clarifying questions
    - d) Offering solutions or alternatives
    - e) Closing the conversation politely
  6. Teacher/Teacher provides feedback using the checklist.
  7. Discuss learning in the class

**CHECK YOUR PROGRESS****A. Fill in the Blanks**

1. The document sent to suppliers after generating a purchase request is called a \_\_\_\_\_.
2. Credit status includes credit history, credit scores, and \_\_\_\_\_ behavior.
3. \_\_\_\_\_ and Customer Identification Program (CIP) measures confirm customer identity.
4. Timely, accurate and \_\_\_\_\_ information supports customer trust and satisfaction.
5. Companies may use \_\_\_\_\_ checks like fingerprints or facial recognition to verify identity.

**B. Multiple Choice Questions**

1. What system is used to manage the entire order process?
  - a) Customer Relationship Management (CRM)
  - b) Financial Management System (FMS)
  - c) Order Management System (OMS)
  - d) Inventory Checking System (ICS)
2. What document is sent to the supplier after generating a purchase request?
  - a) Receipt
  - b) Sales Invoice
  - c) Purchase Order (PO)
  - d) Delivery Note
3. What is one method used to verify customer identity?
  - a) Customer feedback forms
  - b) Biometric checks
  - c) Product reviews
  - d) Staff recommendation
4. Which bureau is mentioned for providing credit scores?
  - a) RBI
  - b) CIBIL
  - c) SEBI
  - d) FICO
5. For complex matters, which communication method is recommended?
  - a) Automated messages
  - b) Phone or video call
  - c) Email only

d) SMS only

### C. State Whether the following Statements are True or False

1. The Order Management System verifies payment and item stock before processing the order.
2. Credit reports are not necessary to evaluate a customer's creditworthiness.  
Providing regular updates to customers about products and services builds trust.
3. Companies should rush angry customers to resolve their issues quickly.
4. Breaking down complicated information helps customers better understand products or services.

### D. Match the Columns

S. No.	Column A	S. No.	Column B
1	OMS	A	Ability to borrow funds
2	Credit status	B	Follow up questions
3	KYC	C	Service Agreements
4	Customer needs	D	Know your customers
5	Legal information	E	Order Management System

### E. Short Answer Questions

1. What is credit status?
2. Define Re-stocking?
3. What are government issued documents?
4. How complex information is simplified?
5. Define credit score.

### F. Long Answer Questions

1. Explain Company procedures for checking the customer's identity and credit status
2. Explain appropriate behaviour of customers.
3. Describe the ways information is communicated to customers.

### G. Check Your Performance

1. Demonstrate in the class how to respond appropriately to customers
2. Play a Quiz on company procedures for checking the customer's identity and credit status

## SESSION 3: AVAILABILITY OF GOODS AND TERMS OF SUPPLY

Keeping up-to-date records on the availability of product and the terms/ conditions of supply is important for both suppliers and customers. It includes thoroughly monitoring inventory levels, delivery timelines, pricing and the specific terms as outlined in the agreements of supply.

### ACCURATE INVENTORY RECORD

To confirm all the inventory records, remain accurate, businesses should adopt a comprehensive inventory management software, perform regular audits and conduct routine cycle counts. These measures help to align the recorded data with the actual stock levels, minimize discrepancies and enhance operational efficiency (Fig.4.9).



**Fig. 4.9: Accurate inventory record**

Inventory software with features such as batch tracking, barcode scanning, and real-time inventory greatly reduce the risk of errors while automation of data entry results in more precise records. An organised warehouse layout and Consistent labelling simplify inventory tracking processes. The use of barcodes, QR codes/ RFID tags /serial numbers ensure efficient data capture and storage of item-specific information.

## SUPPLIER DETAILS AND TERMS

Supplier details and the terms of contract are managed through integrated software systems, centralized databases and continuous performance monitoring.

Centralized Data Management ensures easy availability of data which includes;

S No	Particulars	Details
1.	Supplier Profiles	It is dedicated profile which contains details such as company name, address, contact information, legal registration data, and banking information.
2.	Supplier information	It includes contact details, legal contracts, payment terms, and compliance documentation. It is maintained in a centralized system, often part of CRM or ERP platform.
3.	Terms and Conditions	All contracts /agreements which include payment schedules, delivery timelines and the other negotiated terms are methodically recorded and stored in the system for ready reference and compliance.
4.	Regular audit and Reviews	Periodic audits and evaluations are conducted to confirm that suppliers meet their contractual commitments consistently and maintain the performance standards.

It ensures an accurate recordkeeping, and compliance with supplier standards and adherence to contractual agreements.

## USE OF INVENTORY MANAGEMENT SYSTEMS

Inventory management system is a technology-based solution that enables businesses to monitor and control their stock from the point of ordering to sales or shipment. It offers real-time insights into stock quantities, movements and locations and help businesses to optimize inventory, enhance operational efficiency and reduce waste.

It gathers information using barcode scanning, manual data entry, RFID technology, and integration with other business applications. It captures stock levels, specific locations within warehouses (or stores) and inventory movements such as sales, purchases and transfers.

The collected data is processed to deliver real-time inventory status which helps the retail businesses gain clear visibility into current stock and its exact location, enable better well-informed decisions regarding sales, production and purchase activities (Fig.4.10).

These systems automate several tasks which include generating purchase orders, counting stock and calculating reorder points. Automatic alerts for low stock levels helps to prevent shortages and ensure a timely replenishment.





**Fig. 4.10: Inventory Management System**

Many inventory management systems (Fig.4.10) integrate with accounting software, ERP solutions and e-commerce platforms, providing a complete operational overview which minimizes manual data entry and support efficient workflows.

By analysing the trends and data businesses understand and improve the inventory levels, balance costs while maintaining sufficient stock to meet the customer demand.

## PRODUCT AVAILABILITY STATUS

Retail stores manage the status of product availability by combining advanced inventory systems, strong supplier partnerships, and demand forecasting and periodic audits. These practices help to ensure that the products are available in the right quantities whenever customers need them.

Strategy	Description
 <b>Inventory Management Systems</b>	Monitors stock, analyzes trends, generates orders
 <b>Demand Forecasting</b>	Predicts demand, maintains optimal stock levels
 <b>Supplier Relationships</b>	Improves pricing, fulfillment, and flexibility
 <b>Regular Inventory Audits</b>	Ensures data accuracy, identifies discrepancies
 <b>Reorder Points</b>	Triggers orders, ensures timely replenishment
 <b>Stock Alerts</b>	Notifies staff of low levels, enables action

**Fig. 4.11: Product availability Status**

In the process of status of the availability of product (fig.4.11) Inventory management systems, IMS, track stock levels, automatically create purchase orders, evaluate sales patterns and restock inventory before it gets exhausted. Effective demand forecasting helps the retailers forestall customer requirements, ensure adequate inventory while avoiding both shortages and excess stock. Strong relationships with supplier's support in, quicker order processing, more favourable pricing and greater adaptability in inventory management. Regular physical inventory checks verify data accuracy and expose any issues or inconsistencies.

Setting reorder points helps in placing new orders when stock drops to a certain level and prevent stock outs. Stock alerts inform staff and enable prompt replenishment.

## LEAD TIME MONITORING

Lead time monitoring involves tracking the time interval between placing an order and receiving inventory / fulfilling customer orders. Effective monitoring helps the retailers 'pinpoint delays, maintain customer satisfaction and enhance efficiency.

Centralized dashboards with real time live alerts on reorder points helps in exact tracking of inventory levels and forecast potential stock depletion.

These days utilizing AI powered forecasting tools help businesses to anticipate the changes in customer demand and adjust the orders proactively. Hence reduce the risk of surplus inventory or stockouts.

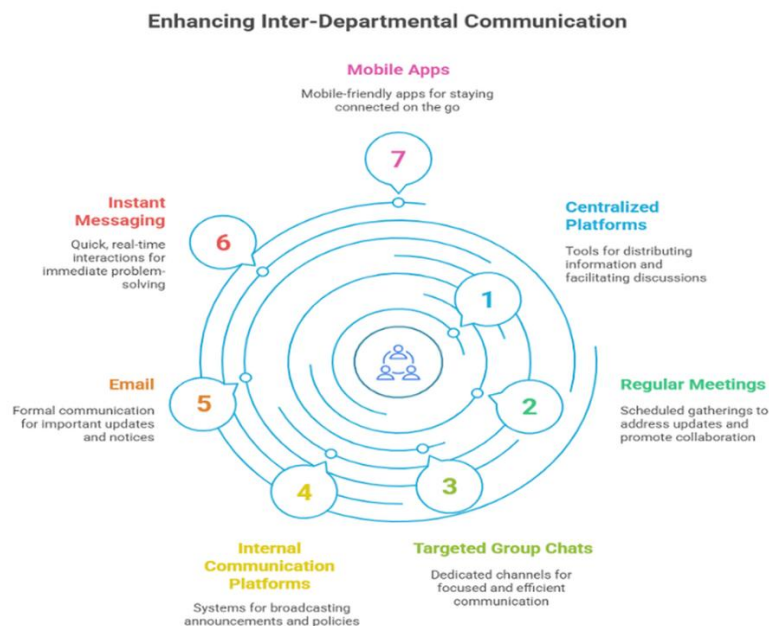
Evaluating the lead time of supplier helps the businesses to identify reliable partners and negotiate the favourable terms.

Coordinating Warehouse management system (WMS), ERP and analytics systems along with IoT sensors/RFID technology, enables real-time monitoring of lead times and inventory movements for a holistic operational view.

Ongoing monitoring of lead time, and investigating root-cause analyses for delays, contributes to continuous process improvements.

## COMMUNICATION ACROSS DEPARTMENTS

Effective interdepartmental communication requires well defined channels, a culture that encourages open and transparent dialogue and the use of appropriate tools. This approach ensures that staff remains aligned, informed and able to collaborate effectively.



**Fig. 4.12: Communication Across Departments**

Effective communication within departments (Fig.4.12) in retail stores is maintained by utilizing centralized platforms that share updates, distribute information, and enable inter department employee discussions. Holding regular meetings daily/weekly/monthly help to keep teams updated informed, address issues and promote cross-departmental collaboration.

Dedicated group chats for departments or specific teams allow for more focused and effectual communication. Various tools are used in these efforts, such as internal communication platforms for sharing email for formal messages, announcements and policy changes and critical updates, instant messaging apps/mobile apps for quick and real time interactions, that ensure that the staff remain connected and informed.

### DOCUMENTATION AND AUDIT TRAILS

In a retail store, systematic documentation and audit trails involve recording every transaction and the operational activities to maintain accuracy, accountability and regulatory compliance (Fig. 4.13). It includes inventory movements tracking sales, employee actions, and procedural changes.

#### Achieving Effective Documentation and Audit Trails



**Fig. 4.13: Documentation and Audit Trails**

Effective documentation and audit trail practices (Fig 4.13) involve clearly outlining the scope and purpose of records to safeguard alignment with legal requirements and internal policies. Every transaction, including sales/

purchases and inventory adjustments are logged in the system with complete details and accurate time.

To protect the data, access to sensitive information is limited only to authorized personnel. Digital checklists and specialized software are utilized to simplify documentation, reduces the chance of errors and enhance overall efficiency. Including visual evidence, such as, photographs of store layouts, audit observations and product displays add valuable context to records. All the documentations and audit trails are filed and retained for the duration as mandated by regulatory guidelines or company policy. Regular reviews and audits of these records help to identify risks, find the trends and pinpoint areas needing improvement.

### **IMPACT ON CUSTOMER SERVICE**

Maintaining information about the availability of product and the supply terms is essential to deliver excellent customer service and develop trust. This information ensure that the retail businesses meet all the customer needs, avoid stock outs and cultivate a strong long-term customer relationship.

It also contributes to informed purchasing decisions and price consistency.

1. Customers experience delight when they have information about the product availability which enable better purchasing decisions.
2. Constant availability of products and the transparent supply terms reinforce customer confidence and encourage repeat business.
3. Proper inventory management minimize the stock outs and ensure products are readily available.
4. Transparent communication in inventory and supply build trust, support positive and long-lasting customer relationships.

Maintaining information on product availability and terms of supply is not only essential for customer service but also an important component of a successful business strategy. It directly influences customer satisfaction, sales performance, brand reputation and customer loyalty.

### **PRACTICAL EXERCISES**

**Activity 1:** Inventory Sheet Update.

**Material required:** Notebook, Paper, Pen/Pencil, Eraser and Questionnaire.

#### **Procedure**

1. Divide the class into small groups.
2. Discuss the concept of Inventory Sheet and Transaction List.
3. Students update the inventory sheet after teacher give entries in different categories;

- a) Item Code
  - b) Item Name
  - c) Opening Stock
  - d) Stock Received
  - e) Sales
  - f) Returns
  - g) Damaged Items
  - h) Closing Stock
4. After completing the inventory update each group presents their answers.
  5. Teacher reviews the answers, explains corrections if needed and highlights the importance of accuracy.
  6. Ask questions.
  7. Discuss Learning in the class.

**Activity 2:** Chart Preparation on Supplier Profile Documentation

**Materials Needed:** Chart papers, markers, sketch pens, rulers, scissors, glue, Printed sample supplier information (provided by teacher), Sample Supplier Profile Format (for reference)

**Procedure:**

1. Divide the class in groups
2. Prepare 4-5 sample supplier profiles with fictional data.
3. Create a sample supplier profile format with these details;
  - a) Supplier Name
  - b) Supplier Code / ID
  - c) Contact Person Name
  - d) Address
  - e) Phone Number
  - f) Email ID
  - g) Type of Goods Supplied
  - h) Payment Terms
  - i) Delivery Schedule
  - j) Rating / Past Performance
4. Distribute one sample supplier information sheet to each group.

Instruct each group to Create a Supplier Profile Chart using the provided information.

5. Draw chart use headings, tables, colours, and drawings to make the chart attractive and informative.
6. Each group presents their chart to the class and explains the details.
7. Teacher gives feedback on information, Completeness of profile, Presentation and creativity

**Activity 3:** Role play on Supplier Communication.

**Materials Needed:** Pen, Pencil, notes pad, Scenario Cards (prepared by teacher), Observation Checklist (for teacher or peer evaluation).

**Procedure:**

1. Divide class in groups.
2. Assign one student as the Buyer and one as the Supplier.
3. Prepare different supplier communication scenarios out of these sample scenarios
4. Sample Scenarios:
5. Negotiating Prices: The buyer wants to negotiate a lower price for bulk purchasing.
6. Delayed Delivery: The supplier has delayed the delivery. The buyer calls to check and request urgent delivery.
7. Quality Complaint: The buyer informs the supplier about receiving defective products and requests a solution.
8. Placing a New Order: The buyer contacts the supplier to place a new order for goods.
9. Requesting Credit Terms: The buyer requests extended payment terms for the upcoming order.
10. Checking Product Availability: The buyer inquiries about the availability of a new product line.
11. Students read the scenario, prepare their dialogue, and decide how to handle the situation.
12. Students perform the role play in front of the class.
13. After each role play, the teacher or Teachers give feedback.
14. Discuss learning in the class.

**Activity 4:** Practice Stock Availability Labelling.

**Materials Needed:** Pen, Paper, notes pad, Sample stock item cards (prepared by teacher), Label cards (In Stock, Low Stock, Out of Stock, Discontinued, Pre-

Order Available), Markers, chart papers, sticky notes, Inventory data sheets (with current stock levels).

**Procedure:**

1. Divide the class into small groups (3-4 students each).
2. Distribute inventory data sheets and label cards to each group.
3. Students:
  - a) Analyze the inventory data.
  - b) Determine the correct stock availability label for each item.
  - c) Prepare a Stock Availability Chart on chart paper with the correct labels.
4. Each group presents their chart to the class, explaining why they assigned each label.
5. Review each group's work, correct any errors, and discuss how correct stock labeling helps store operations and customer service.

**Activity 5:** Presentation on Communication across departments.

**Materials Needed:** Paper, Computers with PowerPoint, Internet access.

**Procedure:**

1. Divide the class into small groups (3-5 students per group).
2. Each group will prepare a presentation showing how different departments communicate to complete various tasks.
3. Suggested Departments (for groups to choose or assign):
  - a) Sales and Inventory
  - b) Purchasing and Suppliers
  - c) Sales and Customer Service
  - d) Inventory and Finance
  - e) Human Resources and Operations
  - f) Marketing and Sales
4. Each group selects or is assigned a departmental communication pair.
5. Groups discuss how communication happens between these departments and prepare a presentation.
6. After each presentation teacher give feedback
7. Discuss key takeaways from each presentation.

**CHECK YOUR PROGRESS****A. Fill in the Blanks**

1. Accurate inventory records help in minimizing \_\_\_\_\_ and enhancing efficiency.
2. Centralized data management ensures easy availability of \_\_\_\_\_ information.
3. \_\_\_\_\_ audits help verify supplier performance and compliance
4. \_\_\_\_\_ trails maintain operational accountability and data integrity.
5. Use of AI-powered forecasting tools helps anticipate changes in \_\_\_\_\_ demand.

**B. Multiple Choice Questions**

1. What is the primary purpose of inventory management systems?
  - a) Designing products
  - b) Advertising items
  - c) Monitoring and controlling stock
  - d) Recruiting staff
2. Which of the following features helps reduce errors in inventory tracking?
  - a) Manual billing
  - b) Batch tracking and barcode scanning
  - c) Verbal reporting
  - d) Written registers
3. The benefit of setting reorder points is:
  - a) Avoiding overpayments
  - b) Avoiding out-of-stock situations
  - c) Preventing product designs
  - d) Increasing tax collection
4. Lead time refers to the time between:
  - a) Manufacturing and marketing
  - b) Placing an order and receiving it
  - c) Packaging and billing
  - d) Hiring and training
5. Which of the following tools is used for real-time communication within departments?
  - a) Postcard
  - b) Fax
  - c) Instant messaging apps

d) Feedback form

### C. State Whether the following Statements are True or False

1. Inventory software reduces the risk of stock tracking errors.
2. Supplier performance reviews are conducted only once at the start of the contract.
3. Documentation and audit trails are only necessary for sales transactions.
4. Regular team meetings help improve inter-departmental communication.
5. Accurate product availability information has no impact on customer trust.

### D. Match the Columns

S. No.	Column A	S. No.	Column B
1	Lead time monitoring	A	Product tracking using technology
2	RFID/QR/Barcode	B	Prevent running out of stock
3	Re-order point	C	Time from order to delivery
4	Inventory management system	D	Tracks Inventory movement and locations
5	Supplier profile	E	Company details and legal information

### E. Short Answer Questions

1. What does supplier information include?
2. What do you understand by regular audit and reviews?
3. What is reorder point?
4. Define lead time.
5. What is inventory management system?

### F. Long Answer Questions

1. Explain the use of Inventory systems.
2. Explain communication across departments.
3. Explain how product availability status affects retail business.

### G. Check Your Performance

1. Demonstrate Inventory management system in the class.
2. List out three supplier profiles and information and discuss them in the class.

## SESSION 4: PROCESS OF RETURNED GOODS AND RECORDING

The process of returned goods consists of stages from submitting a request for return to restocking and includes proper accounting to make sure financial inventory records are accurately updated. It starts with verifying the return request and then the return is processed either arranging an exchange or issuing a refund.

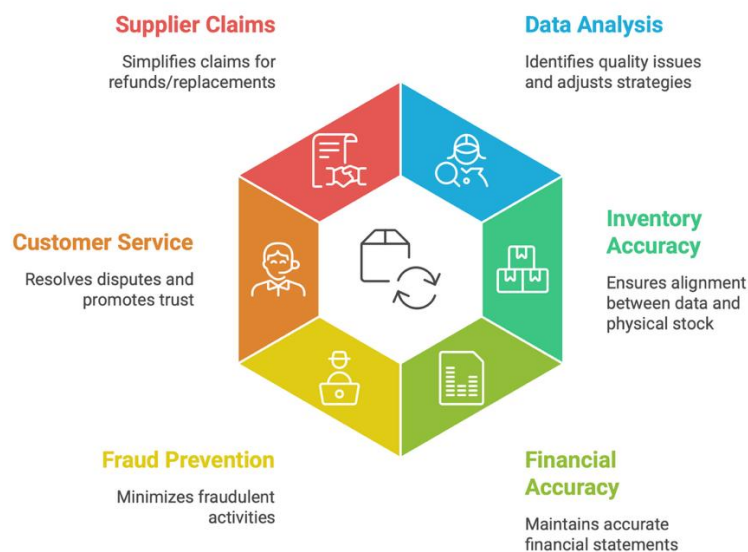
### RETURNED GOODS

Returned goods refer to goods that a customer has sent back to seller/supplier after purchase or delivery. This occurs for many reasons, such as defects, damages, incorrect items or if the customer does not want to keep the goods.

### IMPORTANCE OF RECORDING RETURNS

In retail business proper recording of goods is essential for management (Fig.4.14).

#### Benefits of Recording Returns



**Fig. 4.14: Importance/Benefits of Recording Returns**

**Recording returns are important as they help in**

- 1. Inventory Accuracy:** Returned products affect inventory levels of a store. Keeping the accurate record of returns ensure the inventory data aligns with the physical stock which leads to better planning and efficient stock management.

- 2. Financial Accuracy:** Accurate documentation of returns helps to maintain accurate financial statements and compliance with the accounting principles.
- 3. Fraud Prevention:** It helps the store to minimize fraudulent activities and monitor unfamiliar patterns by recording the details such as condition of the item, the reason for return, the staff member who was responsible to process.
- 4. Customer Service and Policy Compliance:** It helps to resolve complaints and disputes effectively and promote trust of customer in compliance with the mandate and policies.
- 5. Supplier Claims and Vendor Relations:** In case products are sent back to suppliers, the record of returns simplifies the process of claims in case of refunds /replacements and proper reconciliation with suppliers/vendors.
- 6. Data Analysis:** The analysis of return data helps to identify recurring quality issues, the returned products, discover recurring quality issues and adjust the pricing, product offerings or supplier relationships.

At the time of intake, the staff ensures the type of returned product; SKU, model or any variant which matches the sale, and fulfilment of the return policy criteria (Fig.4.15).



**Fig. 4.15: Recording Returns Are Important as They Help In**

**Quantity verification** makes sure that customers are exchanged or refunded correctly. For example, eight returned units must match to eight inventory adjustments in all the records.

Similarly, significant is assessing the condition of returns. Items are then categorized for restock, refurbishment, marking as damaged, or disposal.

### COMMON REASONS FOR RETURNS

Common reasons for returns include customer dissatisfaction after purchase of the product. It may be incorrect size/ fit/ quality or a defective or damaged item. The reasons can be categorised as;

#### At the end of Product

S. No.	Reasons	Details
1.	Poor quality	In terms of quality /durability or material used.
2.	Mismatched description from	Difference of product from images provided or the description given.
3.	Sizing	Misfit specially in case of sizing, clothing
4.	Damaged /defected	Manufacturing defect or damaged on arrival
5.	Product expired or near expiry	The expiry date of product is near or already passed

#### At the end of customer

S. No.	Reasons	Details
1	Change of mind	Customer after purchase change their mind
2.	Impulse buying	Customer Regret their all of sudden purchase
3.	Wrong product	Customer receive missing or wrong item
4.	Unwanted gifts	Customer receive a gift they don't want

### At the Shipping end

1.	Late delivery	Product arrives late than committed
2.	Damages during shipping	Damages during transit

Understanding and analysis of these reasons help retailers in better services and operations.

### STEPS IN THE RETURNED GOODS RECORDING PROCESS

For proper management and documentation of returned item proper recording of goods is required. The process is carried out in these steps;

#### INITIATE RETURN

It starts when customer states the valid reason of return and request for return /refund. The staff checks the return period, the proof of purchase and the condition of product. (Fig.4.16).



Fig. 4.16: Initiating Return

#### INSPECT PRODUCT

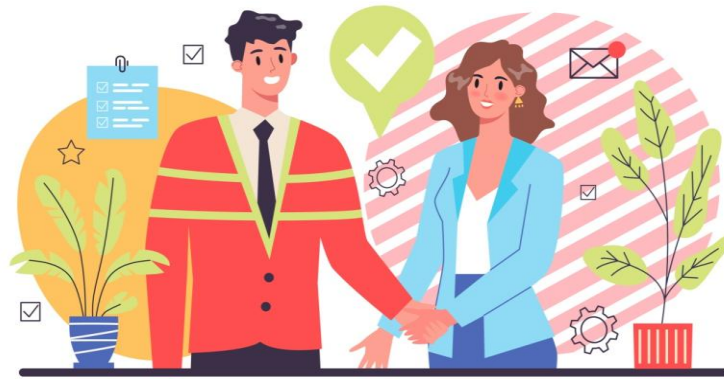
The returned product goes through an inspection to find any damage / signs of use / other issues that may affect the return/refund decision.

#### PROCESS REFUND/REPLACEMENT

Based on store policy the decision of Refund/Exchange /Credit is issued. The return details are entered into the point-of-sale system of store, generate a credit note or refund receipt or adjust inventory records.

The resolution given to customers can be (Fig. 4.17);

## Deal

**Fig. 4.17: Type of Resolution****RECORD THE RETURN**

Once inspection is completed the approval of return from authorities is there the final step is to correctly record the return. It includes updating sales records and inventory, issuing store credits or processing refunds and documenting the final transaction.

Finally, the staff explain the outcome to the customer, provide documentation and makes sure the customer is satisfied with the solution provided.

The returned goods are either restocked (if sellable)/sent for disposal/ return to vendor.

**SUPPLIER COMMUNICATION**

When returned items are not saleable due to damage/ defects / warranty issues the stores coordinate with suppliers to process for the returns appropriately.

It is carried out in following steps;

S No.	Steps	Details
1.	Initiating the Request of return via email, phone, or through the supplier's return management system.	Product details, quantities involved, reasons for return, and relevant supporting documents (such as photos of damage, receipts, and batch numbers).
2.	Providing Complete Return Information	<ul style="list-style-type: none"> <li>• Purchase order reference</li> <li>• Product codes or SKUs</li> <li>• Invoice number</li> <li>• Condition of the returned merchandise</li> </ul> Specific reason for return (defective, overstock, expired etc.)
3.	Supplier instructions	<ul style="list-style-type: none"> <li>• Approving or rejecting the return</li> <li>• Advising whether products should be shipped back.</li> <li>• Held for inspection or disposed off</li> <li>• Providing shipping labels or specific shipping instructions, if applicable</li> </ul>
4.	Processing Credit or Replacement	The supplier may: <ul style="list-style-type: none"> <li>• Issue a credit note to the store</li> <li>• Send replacement products</li> <li>• Process financial adjustments, such as refunds, discounts, or credits for future orders</li> </ul>

The communication with suppliers ensures coordination, financial reconciliation and complete documentation between both parties.

Timely and clear communication with suppliers throughout the process helps to resolve all the issues efficiently, ensure inventory accuracy, limit financial losses and strengthen business relationships.

### **DOCUMENTS INVOLVED IN THE RETURN PROCESS**

During returns several documents are used to authorize each step and properly record the process to ensure accurate inventory tracking, proper communication and financial adjustments with suppliers.

1. **Return Receipt or Slip:** It is provided to the customer when they request for return. (Fig.4.18).



**Fig. 4.18: Return Receipt**

It serves as a proof and highlight key details like:

- Date of return
- Reason for return
- Item description and quantity
- Refund or exchange details

The return receipt helps both the store and customer track the transaction and can be useful if any follow-up action is required.

2. **Inventory Adjustment Form:** When any item is returned the inventory records are updated recording the change. (Fig.4.19).

**Inventory Adjustment Form**

Request Date  
MM/DD/YYYY

Location

Employee Signature  
Sign here

Manager Signature  
Sign here

Request for Inventory adjustment for company use

Stock Code	Quantity

**Fig. 4.19: Inventory Adjustment Form**

**Source:** <https://www.123formbuilder.com/free-form-templates/Inventory-Adjustment>

The inventory adjustment form records:

- Returned item details (SKU, quantity, description)
- Condition of the returned product (resalable, defective, damaged, etc.)
- Action taken (restocked, sent for repair, written off /disposal)
- This form makes sure the stock levels in the and supports financial reporting and audits.
  - **Credit Note or Refund Authorization**
- If direct refund is not issued to a customer a credit note is provided. (Fig.4.20).

- The financial value of the return
- The account details of a customer
- Return receipt or any reference to the original sale  
Refund authorization is required particularly for special cases or high-value returns.

## CREDIT NOTE

**Company / Seller Name:**  
 Address :  
 Phone No :  
 Email ID :  
 GSTIN :  
 State :

---

**Return/Credit From:**                      **Shipping From:**  
 Name :  
 Address :  
 Contact No :                                      Return/Credit Date :  
 GSTIN No :                                         Return/Credit No :  
 State :    Invoice No :

#	Item Name	HSN/ SAC	Quantity	Unit	Price/Unit	Disc	GST	Ad. CESS	Amount
<b>TOTAL</b>									

Amount in words :                                      **TOTAL AMOUNT :**  
 Payment Mode :  
 Reference No :

Bank Name : :  
 Account Number :  
 IFSC Code :

---

Company Seal and Sign

**Fig. 4.20: Credit note**

**Source:** <https://www.raseedapp.com/credit-note-format>

**3. Supplier Return Form:** When the returned goods are transported back to the supplier, the store completes a supplier return form (Fig.4.21).



### Enhancing Return Policy Awareness



**Fig. 4.22: Policy Awareness**

For customers;

1. Being well informed about the company's return policy help they know their rights and obligations when they decide to return items.
2. This includes the time frame information (within 30 days / 15 days etc.) allowed for returns, the condition of the product in which it is acceptable and the required documents like receipts.
3. Company's policy for refund/ exchange/ store credit.
4. Making policies easy for customers and accessible for them such as placing them on the checkout point, printing on receipts or publishing them on the website of store helps customers to prevent mis understandings.

For employees

1. Strong awareness of policy ensures the consistent and fair process of returns.
2. Staff receives complete training on the return procedures on the verification of eligibility of returns, manage exceptions, handle exchange and refunds and address challenging situations.
3. Consistent enforcement of policies safeguards the store against financial losses and helps maintain customer confidence.

Well-defined return policies support all the laws related to consumer protection and reduce the risk of any legal complication.

Operations are efficient when the staff, customers and suppliers are mindful of return policies which lead to less conflicts and higher customer satisfaction.

## **PRACTICAL EXERCISES**

### **Activity 1:** Role Play

**Topic:** Handling Customer returns

**Materials required:** Pen, Paper, Pads, Scenario cards (prepared by teacher), Store return policy sheet (for reference), Receipt mock-ups or sample bills, Props (optional: shopping bags, sample products, counter setup)

### **Roles:**

- Customer
- Sales Associate / Return Counter Staff
- Store Manager (optional, for escalated cases)
- Teacher (optional for peer feedback)

### **Procedure:**

1. Divide the class in groups.
2. Assign roles of Customer and Return Counter Staff.
3. Prepare 5–6 different customer return scenarios based on common retail situations.
4. Sample Scenario Cards:
  - a) Valid Return (Easy Case):

Customer wants to return a shirt bought 3 days ago with receipt; item is unused and tags are intact.
  - b) Late Return (Difficult Case):

Customer is returning shoes after 35 days (store policy allows 30 days only).
  - c) No Receipt:

Customer has the defective product but lost the receipt.
  - d) Damaged Item (Customer's Fault):

Customer wants to return a broken blender but damage was caused by misuse.
  - e) Exchange Request:

Customer wants to exchange a mobile cover for a different color.

f) Refund to Gift Card:

Customer returns an item but wants a cash refund; policy allows only store credit.

5. Students perform the scenario, demonstrating:

- a) Polite greeting
- b) Listening to customer concerns
- c) Explaining store policy
- d) Offering possible solutions
- e) Handling complaints professionally

6. After each role play, class and teacher provide feedback.

**Activity 2:** Class room activity on Supplier Return Process, inspection and return goods report.

**Materials required:** Pen, Paper, notes pad, Sample product item cards (prepared by teacher), Sample inspection checklist, Return Goods Report template, Scenario cards (reasons for return).

**Procedure:**

1. Prepare 5-6 fictional product samples with different return issues.

Sample Product Scenarios:

- a) Damaged during transit
- b) Wrong item received
- c) Expired items
- d) Defective product (not working)
- e) Quantity shortage
- f) Packaging damaged

2. Divide the Class into Groups

3. Distribute Product Scenarios.

4. Each group gets a product card and a return reason scenario card.

5. Each group inspects their assigned product scenario using the Inspection Checklist.

Sample Inspection Checklist:

- a) Product Name
- b) Item Code

- c) Quantity received
  - d) Quantity inspected
  - e) Condition of packaging
  - f) Visible damages
  - g) Functionality check
  - h) Expiry date check
  - i) Reason for return
6. Based on their inspection, students fill out a Return Goods Report.

Sample Return Goods Report Format:

- a) Supplier Name
  - b) Product Details
  - c) Invoice Number
  - d) Reason for Return
  - e) Inspection Findings
  - f) Quantity Returned
  - g) Action Requested (replacement, credit, etc.)
  - h) Prepared by: (student name)
  - i) Date
7. Each group will present their inspection findings, completed return report,
8. Teacher reviews report, discusses correct process, and emphasizes learning points.
9. Discuss learnings in the class.

**Activity 3:** Practice entering a return transaction in a sample refund/replacement log or POS system and Return Slip Filling Exercise.

**Materials Required:** Pen, Pad, Sample Refund/Replacement Log or POS Entry Form (prepared by teacher), Return Slip Templates, Sample Bills/Receipts, Product Details Sheets, Scenario Cards (different return situations).

**Procedure:**

1. Divide the class in groups
2. Distribute scenario cards
3. Each group gets one return scenario.
4. Process the Return

5. Students analyse the scenario.
6. Enter the transaction in the Refund/Replacement Log.
7. Fill out the Return Slip completely.
8. Apply store policy (refund eligibility, replacement availability).
9. Each group submits their completed log entry and return slip.
10. Teacher reviews and gives feedback.

**Activity 4:** Create check list.

**Topic:** create a step-by-step checklist for store employees to follow when a customer returns an item.

**Materials Required:** Pen, Paper, Notes Pad, Chart papers or A4 sheets, Markers and pens, Sample return scenarios (optional), Store return policy handout (provided by teacher).

**Procedure:**

1. Divided the class in groups
2. Provide students with a basic store return policy as reference, including:
  - a) Return period (e.g. 30 days)
  - b) Condition of items
  - c) Required documents (bill, receipt)
  - d) Refund or replacement options
  - e) Manager approval rules
3. Each group discusses:
  - a) What steps must an employee follow when a customer comes to return a product?
  - b) What details must be checked?
  - c) Who needs to approve certain returns?
  - d) What documents must be filled?
4. Groups create a step-by-step checklist using chart paper or A4 sheets.
5. Each group presents their checklist to the class.
6. Teacher reviews the checklists, highlights correct steps, and corrects any mistakes.

**Activity 5:** Verification drill on return scenario and analysing return trends.

**Materials Needed:** Pen, Paper, notes pad, Return Transaction Data Sheets (prepared by teacher)

**Procedure:**

1. Divide the class into groups of 3-4 students.
2. Distribute Materials
3. Each group reviews each return transaction and verifies:
  - a) Is the return eligible according to policy?
  - b) Is refund/replacement handled correctly?
  - c) Are there any policy violations?
4. Groups mark each transaction as Approved or Rejected and give reasons.
5. Groups analyze:
  - a) Which product has the highest returns?
  - b) Common reasons for returns?
  - c) Are certain dates/seasons seeing more returns?
  - d) Possible improvements to reduce returns.
6. Each group presents their findings, observations, and possible solutions to reduce returns.
7. Discuss common issues leading to returns.
8. Brainstorm ideas for better inventory, quality control, and customer communication.

**CHECK YOUR PROGRESS****A. Fill in the Blanks**

1. \_\_\_\_\_ refers to the goods that a customer has sent back to the seller after purchase.
2. The document used when sending returned goods to a supplier is called a \_\_\_\_\_.
3. To process a return, the staff must first check the proof of purchase and \_\_\_\_\_ of the product.
4. A product returned due to mismatch from description falls under the \_\_\_\_\_ end.
5. When returned goods cannot be resold, they are sent for \_\_\_\_\_ or returned to the vendor.

**B. Multiple Choice Questions**

1. What is the first step in the returned goods process?
  - a) Inspect the product
  - b) Process refund
  - c) Initiate return
  - d) Record the return
2. Which of the following is not a common reason for return at the customer's end?
  - a) Damaged item
  - b) Unwanted gift
  - c) Change of mind
  - d) Impulse buying
3. What document is provided to the customer as proof of return request?
  - a) Inventory adjustment form
  - b) Supplier return form
  - c) Credit note
  - d) Return receipt/slip
4. Which return reason is related to the shipping end?
  - a) Wrong product
  - b) Impulse buying
  - c) Damaged during transit
  - d) Sizing issue
5. Which form is used to update stock levels after a return?
  - a) Return Receipt
  - b) Inventory Adjustment Form
  - c) Supplier Return Form
  - d) Refund Authorization

**C. State Whether the following Statements Are True or False**

1. All returned goods are restocked and sold again.
2. Policy awareness helps in reducing misunderstandings and legal complications.
3. Fraud prevention is not a reason to record return details.
4. Credit notes are used when a direct refund is not issued.
5. Size mismatch is a common reason for return at the supplier's end.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Inventory Adjustment form	A	Product related
2	Credit note	B	Financial Value
3	Damaged during shipping	C	Customer related
4	Change of mind	D	Returned item details
5	Expired product	E	Shipping related

### E. Short Answer Questions

1. What are returned goods in a retail business?
2. Mention two common reasons why a customer might return a product.
3. Why is it important to verify the quantity of returned goods?
4. What is a credit note and when is it used?
5. State one benefit of having a clearly defined return policy for customers.

### F. Long Answer Questions

1. Explain the importance of recording returns in retail operations. List at least four reasons.
2. Describe the step-by-step process involved in recording the return of goods in a retail store.
3. What are the responsibilities of a retail store when communicating with a supplier during a return process?

### G. Check Your Performance

1. Prepare a chart on the documents involved in the return process and discuss in the class.
2. Check with in the class awareness of policy.

## **MODULE 5: HELP IN CUSTOMER CHOOSE THE RIGHT PRODUCTS**

In today's competitive retail environment, helping customers choose the right products is not just about making a sale which is about building trust, creating value, and ensuring customer satisfaction. Retail sales personnel play a crucial role in guiding customers by understanding their needs, preferences, and budgets, and suggesting products that best meet those requirements. A well-informed customer is more likely to make confident purchase decisions and become a loyal patron of the store.

Product selection assistance begins with effective communication. Active listening, asking the right questions, and observing customer behaviour help in identifying what the customer truly wants. This could include product features, pricing, durability, brand preference, or intended use. Once the salesperson understands these factors, they can highlight key features and benefits of suitable products, provide comparisons, and explain how each product meets the customer's specific needs.

Moreover, retail staff must stay updated on the latest product knowledge, trends, and offers. This allows them to give accurate information and resolve any doubts the customer may have. Honest and helpful advice builds customer trust, and even if a purchase is not made immediately, a positive interaction increases the likelihood of future business.

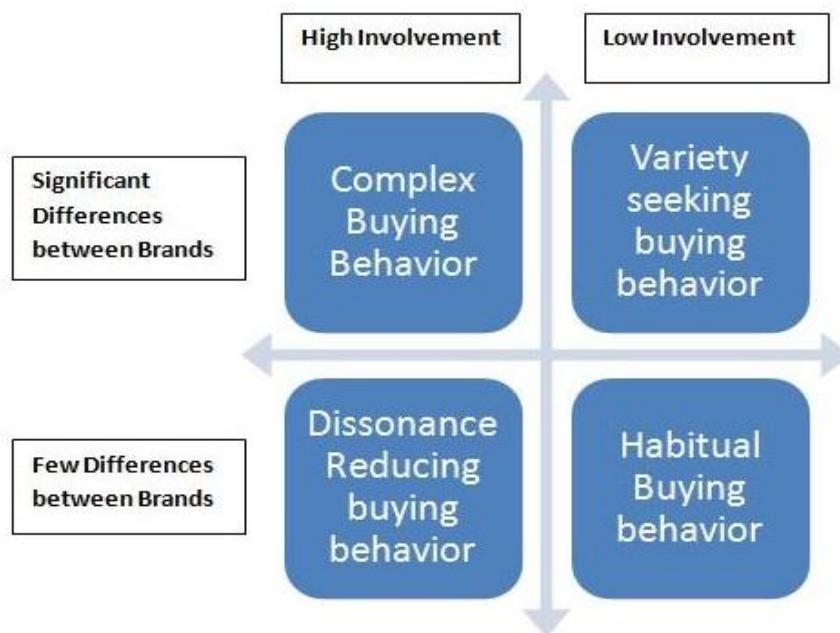
Using technology and tools like digital catalogues, product demos, or customer feedback systems can further support the recommendation process. Ethical practices such as not overselling or pushing unsuitable items are equally important in maintaining credibility.

Ultimately, helping customers choose the right products enhances the overall shopping experience, increases sales, reduces returns or dissatisfaction, and strengthens the brand's reputation. It turns a routine shopping transaction into a meaningful service interaction, where the customer feels valued and well cared for. This customer-first approach is a hallmark of successful retail professionals and a key component of excellence in service delivery.

This module is divided into four sessions: the first session Consumer Behaviour, Product Features and Consumer Rights discuss about the consumer buying behaviour, the second session elaborates the Product features and the characteristics or attributes of a product, the third session consists Product Demonstration and Store Safety Store security and potential sales whilst helping customer and the last session, personalized customer service demonstrates a product or service.

## SESSION 1: CONSUMER BEHAVIOUR, PRODUCT FEATURES AND CONSUMER RIGHTS

- 1. Complex Buying Behaviour:** Customers research a lot and take time deciding usually when buying expensive or important things (like laptops or bikes). It's a big investment, so they don't want to risk making the wrong choice. Provide detailed information, comparisons, and let them take their time. Build trust by being patient and knowledgeable.
- 2. Dissonance-Reducing Buying Behaviour:** After buying something expensive, customers may feel unsure - "Did I make the right choice?" this type of consumers worry about buyer's remorse. Reassure them after the purchase. Send a thank-you message, ask if they need support, and highlight the benefits of what they bought.
- 3. Habitual Buying Behaviour:** Customers buy the same products again and again—like their favorite snack or shampoo. They trust the product and don't feel the need to explore alternatives. Offer loyalty programs, small gifts, or give them a heads-up about similar new products they might like.
- 4. Variety-Seeking Buying Behaviour:** Customers switch brands just for a change— "I want to try something new! "They enjoy novelty, even if they don't dislike their usual choice. Suggest new products, offer samples, or highlight limited-time offers to spark curiosity (Fig. 5.1).

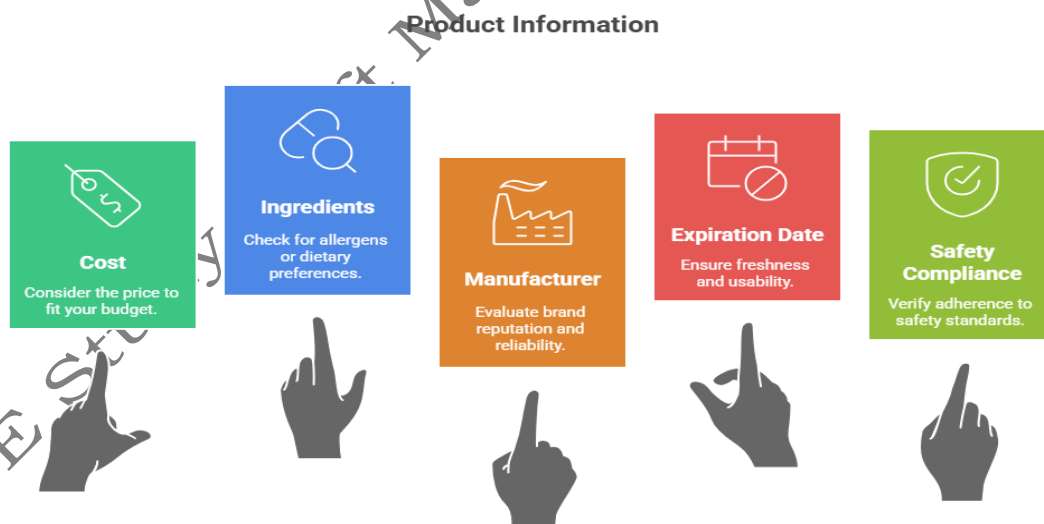


**Fig. 5.1: Consumer Behaviour, Product Features and Consumer Rights**

Consumer Behaviour Type	Example Scenario	What can sales executive do
<b>Complex</b>	A mom comparing smartphones for her child	Offer detailed comparison charts, answer questions clearly
<b>Dissonance-Reducing</b>	A customer unsure after buying an expensive jacket	Follow up with reassurance, highlight benefits again
<b>Habitual</b>	Someone always buys the same coffee brand	Provide coupons, loyalty points, or early access to new flavours
<b>Variety-Seeking</b>	Friend tries new snack brands each month	Give out free samples, highlight new or limited editions

### TYPES OF PRODUCT INFORMATION

Product information is all the details about something you might buy, so you can decide if it's right for you. It covers simple facts like cost and ingredients, plus more important points like who made it, when it expires, and whether it follows safety rules. Sharing clear and honest information helps people trust the product and feel sure about their choice (Fig. 5.2).



**Fig. 5.2: Product Information**

#### Types of product information that can be stored include:

Product details/ Product Features: Helps customers compare different products this includes Product number, name, and other description such as

Product variations in terms of size, color, materials, technology used, special parts.

**Product Benefits:** Shows how the product solves a need or helps your life that is what those features do for you. It includes comfort, ease, savings, or enjoyment.

**Price Information:** Helps customers budget and decide if it's worth it. Includes base price, discounts, taxes, and any hidden costs (like delivery).

**Usage Instructions:** Tells how to use the product correctly and safely that makes customers feel confident and satisfied with their purchase. This cover setup guides, care tips, things to avoid.

**Technical Specifications:** Important for those making careful comparisons, especially with technical items. This includes detailed numbers and measurements like battery life, engine power, storage size.

**Warranty and Guarantee:** adds safety and trust by reducing fear of making a bad purchase. This explains what is covered if something goes wrong, repair terms, money-back promise, duration.

**Categories:** Broad groupings that products fall under.

**Labels:** Informative tags highlighting specific attributes or features.

**Media assets:** Images, videos, or other media related to the product.

**Languages:** Information available in different languages.

**Marketing messaging:** Descriptions for promotional purposes.

**Example:** how retail sales executive uses product information while interacting with customers during their purchase of smart phone

- **Feature and Benefit:** “This phone has a 48 MP camera—that means you get really clear photos for your school project.”
- **Price Info:** “It costs ₹12,000 but comes with a 10% student discount today.”
- **Usage Tips:** “To keep it clean, use a soft cloth—don't spray cleaner directly.”
- **Tech Specs:** “Battery lasts up to 10 hours—great for long study sessions.”
- **Warranty:** “You get a 1-year warranty, and we can help with any repairs here.”

### **Dialogues between Customer and Sales Executive**

**Customer:** I'm looking for a phone for online classes and photos.

**Sales Executive:** Sure! This model has a 48 MP camera (feature), which means you'll get clear, sharp photos and video for your projects (benefit).

It also has a 6 GB RAM and 128 GB storage—enough space for apps and recordings (technical specs).

**Customer:** That sounds good. What about battery life?

**Sales Executive:** The battery lasts up to 10 hours on video calls (tech spec again), so it can go all day without charging.

### **Dealing with customer interested in buying skin cream and is of reducing behavior**

**Customer:** I'm trying a new night cream but worried it might cause breakouts.

**Sales Executive:** It includes a 30-day money-back guarantee (warranty/guarantee).

So if it doesn't suit your skin, you can get a full refund—no questions asked (benefit of guarantee).

**Customer:** That's reassuring.

**Sales Executive:** Feel free to call us anytime. We're here to help if you have any concerns (reducing potential regret).

### **Benefits of Product Information**

- Build customer trust by showing you're professional
- Improve sales success by giving the right info at the right time
- Reduce post-purchase issues (like returns or complaints)
- Make customers feel cared for and likely to come back

### **Needs for Product Information**

- 1. Helps Customers Decide:** Before buying, customers want to know if the product fits their needs. Clear information (like what it does, how to use it, and cost) lets them choose confidently.

**Example:** If someone wants a school backpack, they check size, material, compartments, price, and brand reputation.

- 2. Builds Trust and Credibility:** Honest, complete details show that the seller is reliable. If customers see that you share all facts even downsides they trust you more.

**Example:** A salesperson explains both pros and cons of a gadget, so the buyer feels you're not hiding anything.

- 3. Reduces Complaints and Returns:** When customers know exactly what to expect (e.g., durability, usage care), they are less likely to be disappointed later. That means fewer returns and unhappy reviews.

**Example:** Telling someone that a T-shirt may shrink slightly if washed in hot water helps them care for it properly and avoid surprises.

**4. Supports Comparison and Competition:** Customers often compare similar products. Detailed info (features, benefits, warranty) helps them see differences and decide to choose your product.

**Example:** Showing that one phone has longer battery life or extra storage can tip the choice in your favor.

**5. Meets Legal and Safety Requirements:** Some products must include regulatory details like ingredients for food, safety warnings for electronics, or expiry dates for medicines. This protects customers and follows the law.

**Example:** A skincare cream label must list all ingredients and caution if it may cause irritation, so buyers use it safely.

**6. Enables Better After-Sales Support:** When buyers understand how to use and maintain a product, they need less help later. If they do need support, clear instructions and specs guide troubleshooting.

**Example:** A printer guide with steps for replacing ink means the customer can handle it themselves or explain the problem clearly when calling support.

**7. Drives Sales and Loyalty:** Well-informed customers feel satisfied and are more likely to return or recommend the product. Good information can also highlight add-ons or upgrades.

**Example:** After explaining a laptop's features, a salesperson suggests a protective case or extra warranty in a helpful way, improving overall value (Fig. 5.3).



**Fig. 5.3: Needs for Product Information**

## HELPING THE CUSTOMER DECIDE WHAT TO BUY

To help the customer in deciding what to buy a sales executive need to understand customer needs, their budget and provide tailored options. Below are the details of these steps

### 1. Understand the Customer's Needs

- **Ask friendly questions:** “What will you use this for?” or “What matters most to you?” Example: For a backpack: “Do you carry many books or a laptop? Do you travel a lot with it?”
- **Listen Carefully:** Pay attention to their answers and note key points (size, style, budget, special features).
- **Show Empathy:** If they say, “I’m worried it might be too heavy,” respond: “I understand—carrying comfort is important.”
  - **Qualify Their Preferences and Budget**
- **Budget Check:** Gently ask about price range: “Do you have a spending limit in mind?” This helps you suggest options they can afford without awkward surprises.
- **Style and Brand:** If they care about look or a known brand, note that: “You like bright colors or a simple design?”

- **Usage Frequency:** “Will you use this daily or just sometimes?” Helps decide durability or premium vs. basic model.
  - **Present Tailored Options**
- **Show 2–3 Choices:** Give a small set of products that match their needs rather than overwhelming them.
- Example: “Here are two backpacks: one is lighter but fewer pockets; the other has more compartments but is slightly heavier.”
- **Explain features with benefits:** Link each feature to real-life benefits.
- “This lighter bag means less strain on your shoulders (benefit).”
- **Use comparisons:** A simple side-by-side talk: “This has waterproof fabric; that one is water-resistant but lighter.”
- The further process from demonstration till closing sales will be discussed later in the sessions.

## CUSTOMER RIGHTS

1. **Right to Safety:** Customers should not be harmed by the products or services they buy. Products must be safe when used as intended. Retail sales executive should always check and mention safety features or warnings (e.g., “Use this gadget away from water,” or “Keep out of reach of young children”).

**Example:** If someone buys a hairdryer, it should not overheat or cause an electric shock when used normally.

2. **Right to Be Informed:** Customers deserve clear, honest information about the product its features, price, ingredients/materials, usage instructions, expiry dates, and any risks. Retail sales executive should share full details (even drawbacks) so buyers can decide without surprises.

**Example:** A buyer of a skincare cream should see ingredients listed and know possible side effects.

3. **Right to Choose:** Customers should have options and not be forced into buying one specific product. Fair competition allows them to compare and pick what suits them best. Retail sales executive should present a few suitable alternatives, explain differences, and let the customer pick freely without undue pressure.

**Example:** In a store with multiple pen brands, the customer can choose the pen that fits their writing style and budget.

- 4. Right to Be Heard:** Customers' views, complaints, or suggestions should be listened to by sellers or producers. They can voice concerns or feedback. Retail sales executive should encourage feedback ("Tell me if anything feels off"), listen actively, note concerns, and forward them for resolution.

**Example:** If a laptop buyer finds a defect, they can report it and expect someone to listen and respond.

- 5. Right to Seek Redressal:** If a product is defective or a service unsatisfactory, customers can ask for repair, replacement, refund, or compensation. Retail sales executive should explain the warranty or return policy clearly. Guide the customer on how to claim repairs or refunds if needed.

**Example:** A person buys a blender that stops working in warranty period they can request repair or replacement.

- 6. Right to Consumer Education:** Customers should learn how to make better choices, understand basic rights, and know how to use products safely. Retail sales executive should offer simple tips or short demos (e.g., "Here's how to read the label" or "Try this quick checklist before buying electronics").

**Example:** Workshops or leaflets on reading nutrition labels on food packages help people choose healthier options.

- 7. Right to Privacy:** Personal data shared during purchase (like contact details) should be kept confidential and used only for agreed purposes. Retail sales executive should assure customers that their details are safe, explain how you use their data (e.g., for billing, warranty) and ask before sharing promotions.

**Example:** A customer's phone number for delivery should not be shared with other marketers without permission (Fig. 5.4).



**Fig. 5.4: Customer Rights**

### Benefits of Customer Rights for a Retail Sales Executive

- **Builds Trust:** When customers see that they are respected for their rights, they feel safe and valued.
- **Enhances Reputation:** A business known for fair treatment gains positive word-of-mouth.
- **Reduces Conflicts:** Clear explanation of policies and listening to feedback prevents misunderstandings and fights.
- **Encourages Repeat Business:** Satisfied customers who feel respected are more likely to return and recommend others.

### PRACTICAL EXERCISES

**Activity 1:** Identify the buying behaviour to understand the types of consumer buying behaviour.

**Material Required:** Pen, Notebook, Required Props.

**Procedure:**

1. The teacher will provide four customer situations (e.g., buying a laptop, buying a soap, trying a new snacks flavor, choosing a mattress).
2. Students will read each situation carefully and identify the type of buying behaviour:
  - a) Complex Buying Behaviour (high involvement, major differences between brands)
  - b) Dissonance-Reducing (high involvement, few differences)

- c) Habitual Buying Behaviour (low involvement, few differences)
  - d) Variety-Seeking Behaviour (low involvement, many differences)
3. In pairs, students discuss the situation and decide the correct behaviour.
  4. Each pair writes in their notebook:
    - a) The type of buying behaviour
    - b) One action a sales executive should take, e.g.,
      - For complex: provide detailed comparison
      - For habitual: focus on brand recall
      - For dissonance-reducing: reassure the buyer
      - For variety-seeking: offer small trial packs
  5. Each pair shares their answers with the class. Teacher gives feedback.

**Activity 2:** Match Product Features to Benefits for understand how product features connect to customer needs.

**Material Required:** Pen, Notebook, Required Props, Sample smartphone brochure (optional).

### Procedure:

#### 1. Introduction by Teacher

The teacher begins by introducing five key smartphone features, such as:

- Long battery life
- High RAM
- Large storage
- High megapixel camera
- Fingerprint or face lock

The teacher briefly explains what each feature means in simple language to ensure all students understand the technical terms.

#### 2. Observation and Understanding

Students look at each feature displayed. The teacher may show pictures, a real smartphone, or a printed spec sheet.

Students think about:

- How does this feature help the user?
- Why would a customer care about it?
- Who benefits the most from it? (students, travellers, parents, gamers, etc.)

### 3. Feature-to-Benefit Mapping

Students write one clear and simple sentence explaining the practical benefit of each feature.

Examples:

- Long battery life → The phone can last all day without charging, useful for travelling or long school hours.
- 6 GB RAM → The phone works smoothly and can run more apps at the same time without hanging.
- High-resolution camera → You can take clear and sharp photos even in low light.
- Fingerprint lock → Keeps the phone secure and allows quick unlocking.

### 4. Connecting Features to Customer Types

Students think about which type of customer would value each feature the most.

- Gamers → Need good RAM and storage
- Students → Need long battery life and good camera
- Parents → Need simple security features

They write this in their notebook.

### 5. Selecting Best Examples

Students choose 1–2 of their strongest feature–benefit statements and prepare to share them.

They practice reading clearly, confidently, and in simple language that a real customer would understand.

### 6. Presentation

Students present their examples to the class.

The teacher may ask follow-up questions like:

- Why did you choose this feature?
- How does this benefit help in everyday life?
- Would all customers value this equally? Why or why not?

### 7. Class Discussion

As a group, the class discusses:

- Why benefits matter more than technical features
- How customers make decisions based on benefits (comfort, convenience, speed, safety, savings)
- How good sales executives explain benefits in simple, relatable language

### 8. Reflection Activity

Students write a short paragraph on:

**“Why customers are more interested in benefits than technical features.”**

### 9. Extension Task (Optional)

Students choose one additional electronic item (e.g., TV, laptop, smart watch) and repeat the feature-benefit exercise at home.

**Activity 3:** Role Play – Know the Customer Rights

**Material Required:** Pen, Notebook, Required Props

**Procedure:**

1. Students pair up:
  - One student act as the customer
  - The other acts as the sales executive
2. Each pair selects a product (mixer grinder, cream, backpack, shoes, headphones).
3. The customer asks questions such as:
  - “Is this safe?”
  - “Do I have a guarantee?”
  - “What if it doesn’t work?”
4. The sales executive must explain any two customer rights, e.g.:
  - Right to Safety – assuring safe product use
  - Right to Be Informed – giving correct product details
  - Right to Choose – providing variety

- o Right to Seek Redressal – explaining return/exchange policy
  - o Right to Consumer Education – giving usage instructions
  - o Right to Privacy – assuring data protection
5. After 5 minutes, they switch roles and choose a different product.
  6. Volunteers perform the role play for the class.

**Activity 4:** Role Play – Understanding Customer Behaviour**Material Required:** Pen, Notebook, Required Props**Procedure:**

1. Students pair up; one becomes the customer, the other the sales executive.
2. Teacher assigns three scenarios:
  - a) Complex Purchase – e.g., purchasing a smartphone or laptop
    - Customer asks many technical questions
    - Executive must give comparisons and build confidence
  - b) Habitual Purchase – e.g., toothpaste or soap
    - Customer wants a quick purchase
    - Executive focuses on availability and brand familiarity
  - c) Variety-Seeking – e.g., flavored drinks or chips
    - Customer wants to try something new
    - Executive highlights new flavours and offers
3. Each pair performs all three scenarios, switching roles each time.
4. After the activity, as a class:
  - a) Discuss what strategies worked well
  - b) Identify ways the sales executive adapted to behaviour
  - c) Share challenges faced during the role play

**Activity 5:** Demonstrate Product Information**Material Required:** Pen, Notebook, 5 Product Boxes (brought from home), Required Props.**Procedure:**

1. Students bring five different product boxes such as cereal, soap, toothpaste, tea, medicine, chocolates, or shampoo.
2. Teacher explains the types of product information, such as:

- a) Product name
  - b) Price
  - c) Manufacturing and expiry dates
  - d) Ingredients
  - e) Safety instructions
  - f) Usage instructions
  - g) Quantity/weight
  - h) Warranty (if applicable)
3. Students examine each box and write the information in a table format.
  4. Each student selects one product and presents its information to the class, explaining:
    - a) Why the information is important
    - b) Which customer rights it protects (e.g., Right to Safety, Right to Be Informed)
  5. Teacher provides feedback on clarity and accuracy.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. Customers with \_\_\_\_\_ buying behaviour like to try new brands for variety.
2. \_\_\_\_\_ helps customers feel safe by promising repair or refund.
3. The \_\_\_\_\_ two safety protects customers from dangerous products.
4. Clear and honest product information builds \_\_\_\_\_ with customers.
5. Sales executives should explain product \_\_\_\_\_ as well as features.

### B. Multiple Choice Questions

1. Which type of buying behaviour involves deep thinking before purchasing?
  - a) Habitual
  - b) Variety-Seeking
  - c) Complex
  - d) Impulsive
2. What helps customers understand how to use a product safely?
  - a) Price tags
  - b) Usage Instructions
  - c) Labels

- d) Brand name
3. The right to be heard means:
- A customer can complain and expect a response
  - The product must be loud
  - Seller must shout offers
  - All prices must be told
4. What should a sales executive do for a customer with buyer's remorse?
- Ignore them
  - Offer more expensive products
  - Reassure and remind them of benefits
  - Argue with the customer
5. Why is the right to privacy important?
- So, the customer can shop alone
  - To protect personal data
  - To hide product prices
  - To avoid talking to salespeople

### C. State Whether the following Statements are True or False

- Complex buying behaviour is seen when customers purchase daily-use items.
- Product benefits show how a feature helps in real life.
- Customers don't need product details if they trust the brand.
- The right to redressal allows customers to return faulty items.
- Sales executives should share product information only if asked.

### D. Match the Columns

S. No.	Column A	S. No.	Column B
1	Complex	A	Suggest new or limited-edition snacks
2	Dissonance-Reducing	B	Offer detailed product comparisons
3	Habitual	C	Provide loyalty points or small gifts
4	Variety-Seeking	D	Reassure and highlight benefits after the purchase

### E. Short Answer Questions

- What is dissonance-reducing buying behavior?

2. Name any three types of product information.
3. Why is it important to explain warranty and guarantee to customers?
4. What does the right to be informed mean for a customer?
5. How can product information reduce returns or complaints?

**F. Long Answer Questions**

1. Explain the different types of consumer buying behaviours with examples. How should a sales executive respond to each?
2. What are the benefits of sharing detailed product information with customers? Give examples from a sales executive's point of view.
3. Discuss any five consumer rights and explain how a retail sales executive should respect each one during a sale.
4. How can a sales executive help a customer decide what to buy? Describe the steps involved.
5. Why is product information important for building customer trust and improving sales? Explain with examples.

**G. Check your Performance**

1. How can a sales executive build trust using product information?
2. Why is the Right to Privacy important for customers?
3. Give an example of how you would explain a product benefit during a sale.

## SESSION 2: PRODUCT FEATURES

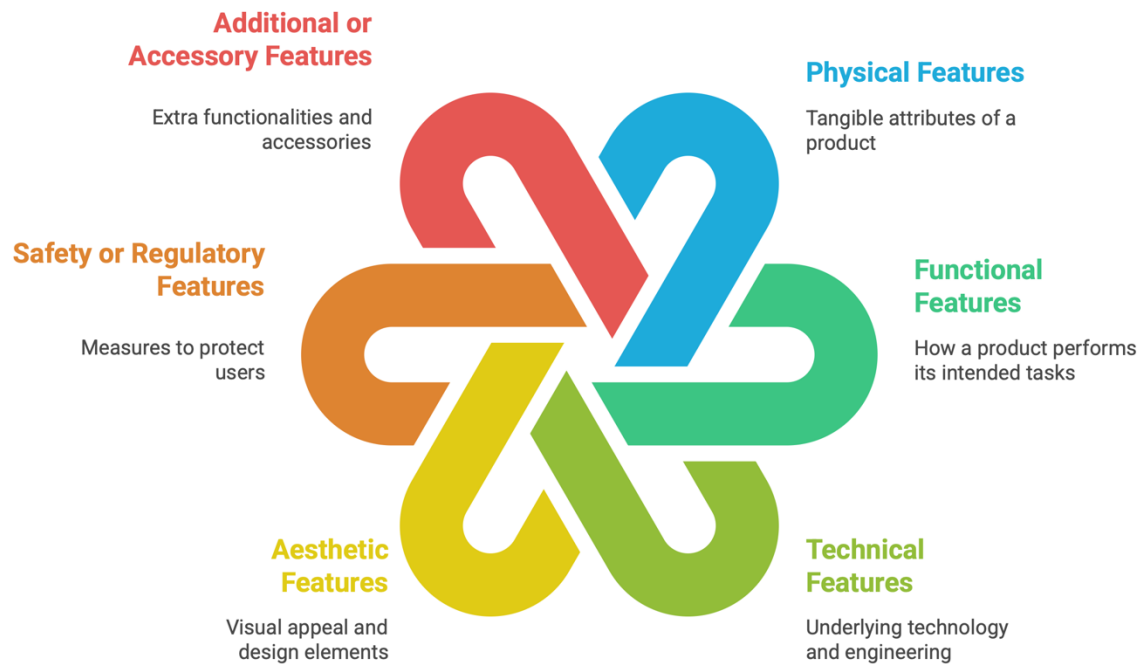
Product features are the characteristics or attributes that describe what a product is or what it has. They are the “facts” about a product that you can point to or observe. Knowing product features helps both the salesperson and the customer understand exactly what the product offers. In a simple word’s product features are specific quality, part, or function of a product. It tells the customer what the product includes or can do.

**Example:** For a water bottle, features might be:

- Material (e.g., stainless steel)
- Capacity (e.g., 750 ml)
- Lid type (e.g., screw-top or flip-top)
- Insulation (e.g., double-wall to keep drinks cold)

### TYPES OF FEATURES

- 1. Physical Features:** Visible or touchable parts: size, shape, color, weight, material e.g., a backpack’s feature: “has padded straps.”
- 2. Functional Features:** What the product does or how it works: functions, performance measures e.g., a phone’s feature: “has fast charging” or “connects to Wi-Fi.”
- 3. Technical Features:** Detailed specifications or technical data: battery life in hours, processor speed, storage capacity e.g., a laptop’s feature: “8 GB RAM, 256 GB SSD.”
- 4. Aesthetic Features:** Design aspects or style: color options, patterns, finish e.g., a notebook’s feature: “cover with water-resistant finish” or “comes in bright colors.”
- 5. Safety or Regulatory Features:** Built-in safety elements or compliance details: child-lock, safety certification, food-grade materials e.g., a toy’s feature: “made from non-toxic plastic” or “CPSC-approved.”
- 6. Additional or Accessory Features:** Extra items included: charger, case, user manual, free sample e.g., a headset’s feature: “includes detachable cable and carrying pouch” (Fig. 5.5).



**Fig. 5.5: Types of Features**

**Use of feature knowledge by Retail Sales Executive (Fig. 5.6)**

**1. Ask questions to identify relevant features**

Example “Do you need a bag with a laptop compartment?” and/or “Is having a long battery life important for you?”

**2. Present key features clearly**

Use simple language for example “This phone has a strong battery that lasts all day.” Avoid jargon unless you explain it.

**3. Demonstrate or show the feature**

Let the customer feel the padded strap or see the laptop fit in the sleeve. Show how noise-cancelling works by playing audio with and without it.

**4. Compare features among options**

“This model has 10-hour battery life; that one lasts 6 hours.” Highlight why one feature may suit the customer better based on their needs.



**Fig. 5.6: Use of Feature Knowledge by Retail Sales Executive**

### Benefits of Product Features

The advantage or value a customer gets from a feature. Customers care more about “How does this help me?” than just “What does it have?” Explaining benefits shows real value. (Fig.5.7).

### Types of Benefits

- **Functional Benefit:** Practical help or performance.

**Example:** Feature: “Fast-charging phone battery” → Benefit: “You can charge in 30 minutes and use it all day, even if you forget to plug in overnight.”

- **Emotional Benefit:** How it makes the customer feel.

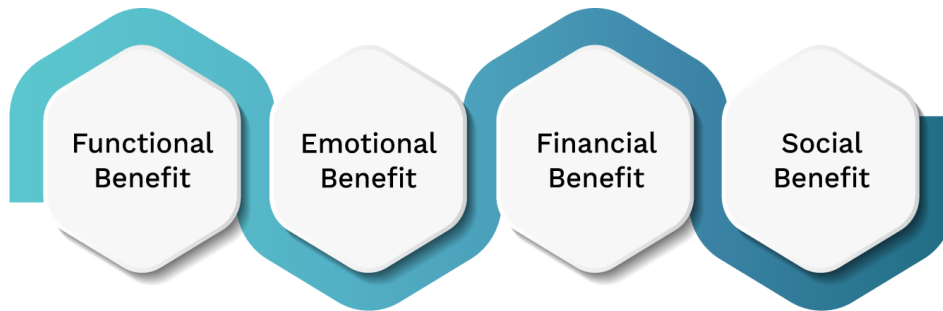
**Example:** Feature: “Ergonomic chair with lumbar support” → Benefit: “You’ll feel comfortable and less tired during long study sessions.”

- **Financial Benefit:** Money saved or value gained.

**Example:** Feature: “Energy-efficient LED bulb” → Benefit: “Reduces electricity bills over time.”

- **Social Benefit:** Improves status or social experience.

**Example:** Feature: “Stylish backpack design” → Benefit: “You look modern and confident at school or outings.”

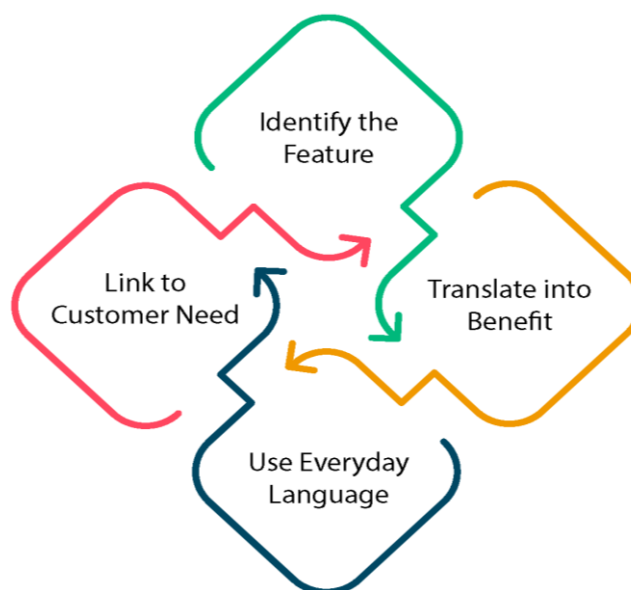


**Fig. 5.7: Benefits of Product Features**

### Connecting Features to Benefits

Retail sales executive can connect product features to benefits for converting prospective customers to actual customer (Fig. 5.8).

- 1. Identify the Feature:** Start with a clear fact, e.g., “This water bottle has double-wall insulation.”
- 2. Translate into Benefit:** Explain why it matters, “That means your drink stays cold for up to 12 hours, so on a hot day you can enjoy refreshing water all afternoon.”
- 3. Use Everyday Language:** Avoid jargon. Instead of “vacuum-sealed insulation,” say “keeps drinks cold longer.”
- 4. Link to Customer Need:** Ask, “Do you often feel your drink warms up before you finish?” Then show how the feature solves that.



**Fig. 5.8: Connecting Features to Benefits**

### Using Benefits for sales by Retail Sales Executive (Fig. 5.9)

1. **Ask About Customer's Situation:** "Do you often work long hours at home? A comfortable lamp might help."
2. **Present Features with Benefits:** "This lamp has adjustable brightness (feature), so you won't strain your eyes during late-night study (benefit)."
3. **Tell a Short Story or Example:** "A friend used this lamp and found they could read longer without headaches."
4. **Compare Options by Benefits:** "Option A charges in 30 minutes so you won't wait; Option B takes 2 hours, so if you're often in a hurry, A fits better."
5. **Handle Objections by Focusing on Benefits:** If price seems high, stress long-term savings or comfort: "Though it costs a bit more, the durable material means you won't need a replacement soon."



**Fig. 5.9: Using Benefits for sales by Retail Sales Executive**

#### Difference Between Feature and Benefit

- **Feature** = What it is or what it has.
- **Benefit** = Why that feature matters to the customer (how it helps).
- Example: Feature: "Insulated mug keeps drinks hot for 6 hours."  
Benefit: "You can enjoy hot tea during a long study session without reheating."
- **Examples**
- **Customer wanted to buy School Backpack**
- **Feature:** "Has a laptop sleeve that fits up to a 15-inch laptop."
- **Benefit:** "You can safely carry your laptop to college without worrying it will get scratched."
- **Customer wanted to buy Earphones**

- **Feature:** “Noise-cancelling function.”
- **Benefit:** “You can focus on online classes or music without outside noise distracting you.”
- **Customer wanted to buy Water Bottle**
- **Feature:** “Made of stainless steel, leak-proof lid.”
- **Benefit:** “Keeps drinks fresh and prevents spills in your bag.”

### Compare and Contrast Products

This help customers see differences and pick what matches their needs best. Further prevents confusion when many similar options exist, builds confidence in the purchase. Following are the steps to compare and contrast the product.

#### 1. Identify Customer Needs and Priorities

**Ask questions:** “What is most important: price, durability, style, or special features?” and/or “How often will you use this? In what situations?” Then listen to customer to note key points (e.g., needs light weight more than extra pockets), rank priorities because some needs matter more than others (e.g., budget > brand name, or battery life > camera quality).

#### 2. Gather Product Information

- For each candidate product, collect:
- **Features** (size, material, battery life, capacity, etc.)
- **Benefits** (why each feature helps)
- **Price details** (base price, discounts, extra costs)
- **Warranty/Guarantee** and after-sales support
- **Usage instructions or limitations** (e.g., weight limit, care)
- **Safety/regulatory notes** if relevant
- Use simple language: avoid jargon unless you explain it.

#### 3. Create a Comparison Table (Decision Matrix)

- **Example table:**

Criteria	Backpack A	Backpack B
Price	₹1,200	₹1,500
Weight (empty)	500 g	700 g
Laptop compartment	Fits up to 14" laptop	Fits up to 15" laptop
Material (water-proof)	No	Yes
Comfort (strap padding)	Medium	High
Warranty	6 months	1 year
Benefit notes	Lighter but less space	Slightly heavier but safer in rain; lasts longer
Customer priority fit	Good for light daily use	Better if carrying laptop in rainy weather

#### 4. Discuss Pros and Cons Aloud

- **Speak clearly:** “Backpack A is lighter and cheaper, but Backpack B protects your laptop in rain and has longer warranty.”
- **Link to customer’s life:** “Since you walk in rain often, the waterproof feature in B matters more.”
- **Acknowledge trade-offs:** “B costs ₹300 more and is a bit heavier; is that okay if it keeps your laptop safe?”
- **Use Visual or Physical Aids**
- **Show real items:** Let customer handle each product to feel weight, see compartments.
- **Simple sketches or photos:** Draw or display side-by-side images of key parts (e.g., pocket layout).
- **Flowchart or checklist:** A checklist the customer ticks: “Must-have: laptop sleeve? Yes. Waterproof? Yes.” This narrows choices.

#### 5. Handle Customer Questions

- **Encourage questions:** “Do you wonder how it behaves when fully loaded?”

- **Answer honestly:** If a product lacks something important, mention it and offer the alternative.
- **Offer a trial if possible:** “You can try carrying some books in each to feel the comfort.”
- **Recommend the Best Fit**
- **Summarize findings:** “Given your need for rain protection and laptop use, Backpack B seems best despite being slightly heavier and costlier.”
- **Check agreement:** “How do you feel about paying ₹1,500 for these benefits?” If budget is tight, discuss payment options or look at another model.
- **Give time if needed:** “Take this comparison sheet with you; let me know if you have more questions later.”
- **After-Decision Support**
- **Reassure:** “If you find any issue, here’s how warranty or return works.”
- **Follow up:** A short message after a few days: “Is the backpack working well in your daily routine?”
- **Offer extras:** Suggest useful add-ons only if they truly help (e.g., a rain cover or moisture-wicking bag organizer).
- **Understanding Customer Responses**
- When you talk to a customer, their words and behavior give clues about how interested they are. Recognizing these signals helps retail sales executive know when to give more information, address doubts, or move toward closing the sale.
  - **Positive Responses**
- **Examples of what they say:**
  - “That sounds good.”
  - “Can you tell me more about this feature?”
  - “How much does it cost?”
  - “Do you have it in another color/size/model?”
- **What it means:** Customer are curious and leaning toward buying. They need details to decide.
- **How to confirm and proceed:**
  - Acknowledge: “I’m glad you like this—here are more details...”

- Probe: “Which aspect matters most to you?”
- Offer trial or demo: “Would you like to try it now?”
- Summarize next steps: “If you decide today, we can arrange delivery by tomorrow.”

## 6. Neutral or Tentative Responses

- **Examples of what customer say:**

- “I’m not sure.”
- “I need to think about it.”
- “Maybe later.”
- “It’s interesting, but I’ll check other options.”

- **What it means:** They are undecided. They may like some features but have concerns (price, need, timing).

- **How to confirm and proceed:**

- Find concerns: “I understand. What worries you most about this option?”
- Offer comparisons: “Would it help to compare with another model?”
- Provide reassurance: “If you need time, here’s a summary sheet; I can follow up in two days.”
- Check urgency: “Is there a deadline for your decision, like a trip or event?”
- Stay friendly and patient: avoid pressure; show you respect their pace.

## 7. Negative or Hesitant Responses

- **Examples of what they say:**

- “I don’t think this fits my budget.”
- “I don’t need that feature.”
- “I had a bad experience before.”
- Silence or distracted behavior.

- **What it means:** They have objections or low interest. Could be price concerns, mismatch with needs, past issues, or simply not the right time.

- **How to confirm and proceed:**

- Acknowledge respectfully: “I understand budget is important.”

- Ask for specifics: “Which part doesn’t suit you?”
- Offer alternatives: “We have a simpler version at a lower price” or “Another model with fewer features might match your need.”
- Address past issues: “I’m sorry about your earlier experience. Here’s how this product/service differs or how our support works.”
- If truly uninterested: “No problem. Let me know if I can help with something else.” Keep door open for future.

## 8. Non-Verbal and Behavioral Cues

- **Positive cues:** Nodding, leaning in, handling or testing the product, smiling, taking notes or photos.
- **Neutral cues:** Quiet listening without much expression, glancing around, checking phone occasionally.
- **Negative cues:** Crossing arms, frowning, moving away, checking watch or phone frequently, appearing distracted.
- **Interpret and act:**
  - If positive: continue with more details or close: “You seem interested in this feature—shall we finalize?”
  - If neutral: gently engage: “Do you want to see it in action?” or “Can I clarify anything?”
  - If negative: pause and ask: “Is there something you’d like to change?” or “Maybe this isn’t ideal—what would you prefer?”
  - Always stay polite and observant; match your tone to their level of interest.

### Confirming Genuine Interest

After noticing positive signals, confirm interest before moving ahead:

#### 1. Ask a Direct but Friendly Question

- “Does this fit what you need?”
- “Would you like to go ahead with this choice?”
- Listen to tone: confident “Yes” vs. hesitant “Maybe.”

#### 2. Offer a Small Commitment Step

- “Shall I reserve this for you?”
- “Would you like to place an order now, or shall I show you payment options?”

- If they agree, it shows real intent.

### 3. Check for Final Concerns

- “Before we finish, is there anything else on your mind?”
- Address leftover doubts to avoid buyer’s remorse.

### 4. Summarize Benefits and Next Steps

- “Just to recap: this meets your need for [key benefit], costs [price], and comes with [warranty/support]. Shall we proceed?”
- A clear summary helps them see value and feel confident.

### 5. Readiness Indicators

- Asking about payment methods, delivery time, or warranties often signals readiness to buy.
- When they start filling forms or asking “When can I get it?”, you can move toward closing.

#### Example Dialogues

##### 1. Positive Turn to Confirmation

- **Customer:** “I like this laptop’s battery life.”
- **Sales Executive:** “Yes, it lasts up to 10 hours. Would you like to reserve it now? We can arrange delivery by Friday.”
- **Customer:** “That works. Please reserve it.”

Explanation: Customer praised a feature; sales executive offers reservation to confirm interest and secure sale.

##### 2. Neutral to Clarify Needs

- **Customer:** “I’m thinking about these two bags but not sure.”
- **Sales Executive:** “I understand. What will you carry most often? If it’s a laptop and books, Option A with a padded sleeve may suit you. Does that help?”
- **Customer:** “Yes, I carry heavy books daily. Option A sounds better.”

Explanation: Sales executive asked about needs, guided choice, turned neutral into positive interest.

##### 3. Handling Objection

- **Customer:** “This smartphone is a bit expensive for me.”
- **Sales Executive:** “I see. Would a model with slightly lower specs but lower price work? It still handles your main needs.”
- **Customer:** “Show me that option.”

Explanation: Acknowledge budget concern, offer alternative, and confirm interest in a different product.

#### 4. Non-Verbal Cue

- Customer keeps picking up a pair of headphones and trying them on but hasn't spoken.
- **Sales Executive (observing):** "You seem to like how they fit. Would you like to test the sound now?"
- **Customer:** "Yes, please."

Explanation: Noticing behavior, prompting a demo confirms interest

#### **Evaluate Product Features and Encourage Customers to Ask Questions:**

As a Sales Executive, it's your job to explain product features clearly and help customers understand how the product can be useful to them. Sales executive should also make the customer feel comfortable asking questions, because good questions lead to good decisions.

#### **Evaluate Product Features**

##### 1. Understand the customer's needs

- Ask: "What are you looking for?" or "What will you use it for?"
- This helps you focus only on features that matter to the customer.

##### 2. Check the main features of the product

- Look at packaging, product tags, or manuals.
- Learn the benefits of each feature (Why is it helpful?).

##### 3. Explain features in simple language

- Instead of saying: "This bottle is BPA-free," say: "This bottle is made of safe plastic which is good for health."

##### 4. Compare features with other products

- Example: "This one has 3 compartments, but that one has 5."

**Encourage Customers to Ask Questions:** Many customers are shy or unsure about asking. It's the job to make them feel welcome.

Use friendly phrases:

- "Please feel free to ask anything."
- "Do you want me to explain that again?"
- "Would you like to know how this works?"
- "Let me know if anything is confusing."
- Use body language:
- Smile, make eye contact, and nod while they speak.

- Don't interrupt. Listen carefully.
- Give time — don't rush them.

### Benefits of Encouraging Questions

- Helps the customer understand the product better.
- Builds trust — the customer feels respected.
- Clears doubts — leads to a confident buying decision.
- Shows that you care, not just about selling, but about helping.

### Example Dialogue

**Customer:** This bag looks nice, but I'm not sure if it's strong enough.

**Sales Executive:** Great question! This bag is made of tough nylon and has double-stitched straps, so it won't tear easily. You can carry heavy books or even a laptop safely. Would you like to check the inside space?

**Meaning of Specialist Products:** Specialist products are special and unique items that customers usually buy only after careful thinking and strong personal interest. These **are** not daily-use products, and people often go out of their way to find them. In simple words a specialist product is something that a person really wants, is willing to search for, and often does not mind spending extra time or money to get it.

Examples of Specialist Products:

- Designer clothing or luxury watches
- High-end sports equipment
- Custom-made furniture
- Professional cameras
- Premium smartphones
- Art pieces or musical instruments

### Features of Specialist Products:

Feature	Description
Unique or high-quality	Not easily available everywhere
Higher price	Usually more expensive than regular items
Specific customer interest	Only some people look for them
Extra effort to buy	Customers may travel or wait for it

### Example:

A customer wants a Canon DSLR camera for professional photography. They don't just buy any camera—they want a specific brand and model.

They read reviews, compare prices, and may even wait for a discount or travel to a store that sells it.

### Handling Customer Objections to Promote Sales and Goodwill

As a Sales Executive, you will often meet customers who have doubts or concerns before buying a product. These are called objections. A smart salesperson knows how to handle objections politely, clear the customer's doubts, and build trust.

**Customer Objections:** Customer objections are reasons why a customer may hesitate or say "no" to buying a product.

#### Examples of Objections:

- "It's too expensive."
- "I'm not sure if it's good quality."
- "I want to check other options."
- "I don't need this now."
- "I had a bad experience earlier."

#### Handle Objections Properly

Step	What to Do	Example Dialogue
1	Listen calmly	"I understand. Can you share what concerns you?"
2	Show understanding	"Yes, quality matters. Let me explain how this product lasts long."
3	Give clear answers or solutions	"This product comes with a 1-year warranty and free service."
4	Give comparisons or alternatives	"If this is out of budget, I can show you a more affordable option."
5	Stay polite and friendly	"No problem at all. I'm here to help whenever you're ready."

#### Good Handling Promotes Sales and Goodwill

- Customers feel heard and respected.
- You solve their problem and build confidence.
- Even if they don't buy now, they may come back later.
- They may recommend you to others.

**Example Conversation:**

**Customer:** “This mixer is too costly for me.”

**Sales Executive:** “I understand. Budget is important. This mixer is slightly more expensive because it has a powerful motor and comes with a 2-year warranty. But we also have a simpler model within your budget. Would you like to check that?”

**Result:** The customer sees options and feels respected.

**PRACTICAL EXERCISES**

**Activity 1:** Product Features Hunt to help students identify and differentiate between physical, functional, and other features of a product.

**Materials Required:** Pen, Notebook

**Procedure:**

**Explore Products** Students may visit a nearby shop (grocery, mobile store, stationery shop)

**OR** Browse any online store (Flipkart, Amazon, Meesho, etc.).

1. Students choose any commonly used product such as:
  - o Mobile phone
  - o Pen
  - o Water bottle
  - o Shampoo
  - o Shoes
  - o Earphones
2. Students draw a table in their notebook and fill the details:

Product Name	Brand	Physical Features	Functional Features	Other Features (Packaging, Warranty, etc.)	Price,

3. Students should observe:
  - a) **Physical features:** size, shape, colour, weight, material
  - b) **Functional features:** what it does, how it works
  - c) **Other features:** price, warranty, packaging style, eco-friendly aspects, brand offer

4. Each student shares their observations in 1–2 minutes.
5. Trainer asks follow-up questions to assess understanding.
6. Trainer's Evaluation Points:
  - a) Identified all types of features correctly
  - b) Observed details accurately
  - c) Presented confidently
  - d) Understood difference between physical and functional features

**Activity 2:** Group Discussion (Version 1) on encourage students to think critically about product features and how they influence customer decisions.

**Materials Required:** Pen, Notebook

**Procedure:**

**1. Form Groups**

Students make small groups of 3–4.

**2. Select a Product**

Groups choose a familiar product like:

- o Soap
- o Shoes
- o Headphones
- o Biscuits
- o Bags

**3. Group Discussion Points:**

Students discuss:

**a) Which features make the product attractive?**

- o Colour, design, fragrance, durability, cost, packaging, etc.

**b) Are these features useful for all types of customers?**

- o For example, strong fragrance soap may not suit sensitive skin customers.

**c) How can a sales executive use these features to convince a customer?**

- o Highlighting benefits
- o Comparing with competitors
- o Explaining customer-specific advantages

#### 4. Share in Class

Each group presents the key points they discussed. Trainer summarizes the correct understanding.

#### 5. Trainer's Evaluation Points:

- a) Participation of all members
- b) Logical reasoning
- c) Clear communication
- d) Understanding of customer needs

**Activity 3:** Product Comparison Role Play how to compare products, understand customer needs, and suggest the most suitable item.

**Materials Required:** Two product boxes of the same category but different brands (Example: 2 shampoos, 2 biscuit packets, 2 mobile phones, 2 toothpastes, etc.), teacher feedback sheet and pen.

#### Procedure:

##### 1. Form Groups of 3

Assign roles:

- Sales Executive
- Customer
- Teacher/Observer

##### 2. Provide Product Boxes

Each group receives two similar items of different brands.

##### 3. Role Play Instructions for Sales Executive

The Sales Executive must:

###### a) Compare both products

- Physical features (size, weight, colour, material)
- Functional features (what it does, effectiveness)
- Other features (price, flavour, warranty, packaging)

###### b) Ask Customer Needs Questions

Example:

- o “What is your budget?”
- o “Do you prefer herbal or gel-based?”
- o “How often will you use it?”

###### c) Suggest the Best Product

Based on customer answers, recommend one product with justification.

#### 4. Role of Customer

- o Ask questions to test the Sales Executive
- o Share preferences clearly
- o Challenge the salesperson politely

#### 5. Role of Teacher/Observer

- o Observe communication
- o Evaluate product knowledge
- o Fill the feedback sheet

Sample Scenario (As Provided)

#### Product: Two Brands of Toothpaste

Brand	Type	Weight	Price	Key Benefit	Flavour
A	Herbal	100g	₹50	Prevents tooth decay	Mint
B	Gel-based	150g	₹60	Whitens teeth	Lemon

#### Customer Need:

Wants natural ingredients and budget-friendly product.

Teacher Feedback Sheet (Sample)

Criteria	Yes/No	Comments
Did the sales executive explain all product features clearly?		
Did they ask the customer about their needs?		
Did they suggest the best product based on customer need?		
Was the communication polite and professional?		

Post-Activity Reflection Questions (Teacher Should Ask):

- What did you learn about comparing products?
- How can we better understand customer needs?
- Why is it important to explain all features clearly?

**Activity 4:** Group Discussion (Version 2 – Chart Making Activity) to help students categorize product information and identify the features that make products attractive.

**Materials Required:** Pen, Notebook, Chart paper, Colour pens

**Procedure:**

**1. Select a Product Category**

Each student chooses a category such as:

- o Personal care product
- o Footwear
- o Mobile accessories
- o Snacks
- o Stationery item

**2. Pick One Familiar Product**

Example:

- o Soap
- o Shoes
- o Headphones

**3. Prepare a Chart**

Students create a colourful chart that includes:

- o Product name and brand
- o Physical features
- o Functional features
- o Other features (price, packaging, warranty, ingredients)
- o "Features that make the product attractive" section

Suggested chart layout:

**Title: PRODUCT INFORMATION CHART**

- o Product Name:
- o Brand:
- o Picture (draw or paste):
- o Physical Features:
- o Functional Features:
- o Other Features (price, packaging etc.):

- o Attractive Features:
  - Colour/design
  - Eco-friendly
  - Good fragrance
  - Affordable pricing
  - Strong warranty

#### 4. Class Presentation

Students present their charts.

5. Trainer gives feedback based on clarity, neatness, and information accuracy. Trainer's Evaluation Points:
- a) Chart neat and well organised
  - b) Correct classification of features
  - c) Creativity
  - d) Understanding of product attributes

### CHECK YOUR PROGRESS

#### A. Fill in the Blanks

1. Product features help in understanding the \_\_\_\_\_ of a product.
2. \_\_\_\_\_ features refer to the appearance, size, shape, or colour of the product.
3. \_\_\_\_\_ features are related to what the product does or how it performs.
4. A good \_\_\_\_\_ makes a product look more attractive and safer to use.
5. Features like price, packaging, and guarantee are known as \_\_\_\_\_ features.

#### B. Multiple Choice Questions

1. Which of the following is a physical feature of a product?
  - a) Warranty
  - b) Brand Name
  - c) Colour
  - d) Usage
2. What are functional features mainly related to?
  - a) Looks
  - b) Performance
  - c) Packaging

- d) Price
3. Which of the following is not a product feature?
- Durability
  - Brand Name
  - Height of salesperson
  - Product design
4. Why are product features important for a customer?
- To confuse them
  - To help them make informed choices
  - To increase shop rent
  - To decorate the shop

**C. State Whether the following Statements are True or False**

- Product features do not affect customer decisions.
- Physical features include color, shape, and size.
- Functional features describe how a product looks.
- A product with useful features can solve customer problems.
- Sales executives do not need to know about product features.

**D. Match the Columns**

S. No.	Column A	S. No.	Column B
1	Colour	A	Another feature
2	Warranty	B	Functional feature
3	Performance	C	Physical feature
4	Packaging	D	Another feature
5	Shape	E	Physical feature

**E. Short Answer Questions**

- What are product features?
- Why should a sales executive know about product features?
- Give two examples of physical features of a product.
- What is the difference between physical and functional features?

**F. Long Answer Questions**

1. Explain the importance of product features for both customers and sales executives.
2. Describe the different types of product features with suitable examples.
3. How can knowledge of product features help in improving sales?

**G. Check your Performance****Case Study 1:**

Ravi, a sales executive at an electronics showroom, is explaining the features of a refrigerator to a customer. He tells the customer that the refrigerator has a stainless-steel body and is available in silver and black colors. It has a fast cooling system and consumes less electricity. The refrigerator also comes with a 2-year warranty and free home delivery.

Answer the following questions:

1. Identify two physical features of the refrigerator.
2. What are the functional features mentioned by Ravi?
3. List any two other features Ravi talked about.
4. Why is it important for Ravi to explain all three types of features to the customer?
5. Which feature might help the customer decide quickly – physical, functional, or other? Give reason.

**Case Study 2:**

Pooja works at a mobile phone store. A customer wants to buy a new smartphone. Pooja shows a phone that has a 6.5-inch HD screen, is available in three colours, and is lightweight. It has a fast processor, good battery backup, and a high-quality camera. The phone also comes with a 1-year warranty, free screen protector, and a discount offer.

**Answer the following questions:**

1. What are the physical features of the smartphone shown by Pooja?
2. Mention two functional features of the smartphone.
3. What other features can attract the customer?
4. How do these features help the customer decide?
5. As a sales executive, what should Pooja do if the customer wants a different colour or more warranty?

### SESSION 3: PRODUCT DEMONSTRATION AND STORE SAFETY

Store for safety and security and potential sales whilst helping customer A store must be organized in a way that ensures safety and security while also supporting potential sales and effective customer assistance. Proper layout, clear aisles, adequate lighting, and visible safety signs help prevent accidents and create a comfortable shopping environment. Security measures such as CCTV cameras, anti-theft devices, and alert staff reduce the risk of loss and build customer trust. At the same time, well-arranged merchandise, attractive displays, and easy product access encourage customers to explore more items, increasing sales opportunities. Trained staff who remain alert to safety issues while actively assisting customers with information, guidance, and courteous service help balance security with a positive shopping experience, leading to higher customer satisfaction and repeat visits.

**1. Check for Store Safety: Retail sales executive** must make sure the store is safe for both customers and staff. They should look for:

- Wet or slippery floors (can cause falls)
- Loose wires or items on the floor
- Shelves or products placed improperly
- Fire exits not blocked

**Retail sales executive requires to do:**

- Report any danger to your supervisor
- Use caution signs (e.g., “Wet Floor”)
- Keep walkways clear and organized
- Gently guide customers away from unsafe areas

**Example:** If a bottle spills in the aisle while you are helping someone, say: “Let’s step this way while I inform my team to clean it. I’ll continue showing you the product here.”

**2. Check for Store Security:** Always be alert to protect the store from theft or damage. Retail sales executive should observe suspicious behavior (someone hiding items, looking around nervously), unattended bags or open packages, customers walking out without billing. After observing the situation, they should inform your security or manager quietly, never accuse or argue with customers and stay calm and continue helping other customers.

**Example,** if you see someone acting oddly, say to your team quietly “Please keep an eye on aisle 3. I noticed something unusual.”

**3. Check for Potential Sales Opportunities:** While helping one customer, sales executive should also look for chances to assist others or increase sales. They should look for, if customers looking around confused, someone touching a product but not asking questions and is there any upselling or cross-selling chances. To resolve this retail sales executive should make eye contact and smile to show you're available, say, "I'll be with you in a moment" if you're busy, suggest related products (e.g., "Would you like matching shoes with this dress?")

**Example:** "I'll just be a minute with this customer. Meanwhile, feel free to explore our latest offers on that shelf!"

Retail sales executive has to follow below steps to maintain safety and security in the store and promote sales

- 1. Greet and Help the Customer:** Welcome the customer with a smile. Ask how you can help. Example: "Good morning! Can I help you find something?"
- 2. Observe Store Safety:** While moving around, check if the floor is clean and safe such as wet floors, open wires, items blocking pathways. Example: If you see a spilled drink, quickly clean it or inform housekeeping.
- 3. Check Store Security:** Be alert and watch for anything unusual like unattended bags, suspicious behavior, open exits. Example: If someone is acting suspicious, quietly inform the store manager or security staff.
- 4. Spot Sales Opportunities:** Look for chances to increase sales by suggesting products. Example: "You're buying a shirt? Would you like to see matching trousers or accessories?"
- 5. Keep the Store Presentable:** Tidy up shelves or displays while helping customers. Example: Straighten folded clothes or put misplaced items back in place.

As a Sales Executive, your job is not only to assist customers with their purchases. You also need to make sure the store is safe, secure, and ready for sales at all times — even while you are helping a customer.

#### Points to Remember

Area	What to Do
Safety	Watch for spills, broken items, or obstacles
Security	Be alert for theft or suspicious activity
Sales	Notice new customers, suggest products, offer help

**Customer need**

What a customer wants or is looking for when they come to buy a product or service. These needs might be, a problem they want to solve, a wish they want to fulfil or a feature they are looking for. To know customer needs retail sales executive should

1. Ask questions – "What are you looking for?"
2. Listen carefully -
3. Observe their behavior -
4. Understand their problem -

Example: Customer- "I need shoes that don't hurt my feet."

Customer Need-Comfort

Right Product- Soft, padded shoes with a flexible sole

**Mapping Customer Need**

As a Sales Executive, the main goal is to help the customer find the right product. To do that well, you need to match what the customer needs with what the product offers, this is called "mapping the needs to features and benefits."

Mapping means connecting the customer's needs with the features and benefits of the product. Features are what the product has and Benefits are what the product does for the customer. Example, if a customer says, "I need a bag that won't get wet in the rain," a retail sales executive can say, "This bag is waterproof (feature), so your things will stay dry (benefit)."

Every customer has different needs. A good sales executive listens to the customer and then shows how the product features and benefits can meet those needs. Mapping customer needs means understanding what the customer wants and matching those needs to the right product or service. It is like finding the best path between what the customer wants and what you can offer. The golden rule for Sales Executives in mapping needs of the customer is "Don't just talk about the product. Show how it helps the customer."

**Importance of mapping need**

Reason	Explanation
Better Customer Satisfaction	When customers get what they need, they are happy and more likely to buy.
Builds Trust	The customer feels you understand them and are not just trying to sell anything.
Increases Sales	When you match the right product to the right customer, sales go up.
Reduces Returns	Customers are less likely to return the product if it suits their needs.

**Example**

Customer Need	Product Feature	Product Benefit
A student wants a light laptop for school.	Lightweight design	Easy to carry in a bag every day.
A customer wants a phone with a long battery life.	6000mAh battery	Can last all day without charging.
A parent wants clothes that are easy to wash for kids.	Machine-washable fabric	Saves time and effort in cleaning.

**Customer:** I need a phone for my online classes.

**Sales Executive:** Great! This model has a large screen and long battery life, so it's perfect for long video classes. It also comes with a front camera, so you can attend Zoom meetings clearly.

**Steps to Map Needs to Product Features****1. Ask the customer questions**

- "What are you looking for?"
- "How will you use it?"

**2. Listen carefully**

- Understand their real need (budget, use, size, etc.)

**3. Select the right product**

- Choose based on their answers

**4. Explain the matching features and benefits**

- Use simple, clear language

**Cross-selling:** means offering the customer a related or additional product along with what they are already buying. As a Sales Executive, your job is not just to sell one product, it's also to help customers buy better by suggesting useful extra items or better options. Example: Customer buys: A mobile phone and a Cross-sell suggestion can be "Would you like to buy a phone case or screen protector with it?"

**Upselling** means suggesting a better or more advanced version of the product the customer is looking at. If a customer wants a phone with 64GB storage, you suggest one with 128GB. If they choose a basic water bottle, you suggest an insulated one that keeps water cool.

**In simple words Cross-selling** is suggesting related products and **Upselling** is suggesting a better or upgraded version of the same product.

Importance of Cross-selling and Up-selling:

Benefit to the Customer	Benefit to the Sales Executive
Gets more useful items	Increases total sale value
Saves time (buys all at once)	Builds stronger customer relationship
Learns about better options	Improves product knowledge and trust

### Cross-Selling Example:

**Customer:** I want to buy this laptop.

**Sales Executive:** Great choice! Would you also like a laptop bag or a wireless mouse to go with it?

### Upselling Example:

**Customer:** I want this phone with 64GB.

**Sales Executive:** That's a good model. But for just ₹1,000 more, you can get 128GB storage — better for photos, videos, and apps. Would you like to check it?

### Role of Demonstration in Promoting and Selling Products

A product demonstration is not just about showing how something works but it's about helping the customer understand how the product will help them in real life. This means showing both the use and the value of the product. When customers can see how a product works, they understand it better. That's why giving a demonstration is a powerful way to promote and sell products.

**Product Demonstration:** A product demonstration means showing how the product works in front of the customer. The purpose of this is to help the customer see, touch, or try the product before they buy it.

**Examples of Demonstration:**

<b>Product</b>	<b>How to Demonstrate</b>
Mixer/Grinder	Show how it blends fruits or grinds spices
Pen	Let the customer write and feel the grip
Mobile Phone	Show camera clarity, speed, or special features
Backpack	Show space inside, strong zippers, waterproof cloth
Perfume	Spray once to let the customer smell it

**Importance of Demonstration**

<b>Reason</b>	<b>Benefit to Sales</b>
Helps customer understand the product	Makes buying decision easy
Shows the quality and benefits	Builds trust in the product
Clears doubts and questions	Reduces objections
Creates interest and excitement	Attracts attention
Builds confidence in the seller	Customer feels guided

Example, **Customer:** I'm not sure if this iron heats quickly.  
**Sales Executive:** Let me show you. I'll plug it in, and you can feel how fast it gets warm. It also has automatic shut-off for safety.

**Points to Remember**

- Demonstration means showing the product in action
- It helps the customer see the value of the product
- A good demonstration can increase sales and build trust

**Step-by-Step Guide to Demonstrating a Product**

<b>Step</b>	<b>What to Do</b>	<b>Example</b>
Greet and Understand the Customer	Start with a friendly greeting and ask questions to know what the customer needs.	“Good morning! Are you looking for something specific today?”
Introduce the Product Clearly	Tell the customer what the product is and what it is used for.	“This is our new electric kettle. It’s perfect for making tea or coffee quickly.”
Show How the Product Works (Usage)	Demonstrate the main features by actually using the product.	Plug in the kettle and show how fast it boils water.
Explain the Value (Benefits)	Tell the customer how the product will help make their life easier or better.	“It saves time and shuts off automatically, so it’s safe too.”
Involve the Customer	Let the customer touch, try, or test the product if possible.	“Would you like to lift it? See how light and easy it is to handle.”
Answer Questions Politely	Listen to the customer’s doubts and answer them clearly.	“Yes, the kettle comes with a 1-year warranty.”
Give a Summary	Repeat the key benefits in short.	“So, this kettle is fast, safe, and easy to use — perfect for home or office.”
Encourage the Customer to Buy	Politely ask if they would like to go ahead with the purchase.	“Would you like me to pack it for you?”

Example, **Customer:** I’m looking for a hair dryer that doesn’t damage hair.

**Sales Executive:** Let me show you this one. It has a cool-air setting that protects your hair. Let’s plug it in see how soft the airflow is? And it’s very light to hold. It also comes with a two-speed setting. Would you like to try holding it?

Tips for a Good Demonstration:

1. Be confident and polite
2. Keep the explanation simple
3. Show one feature at a time
4. Always connect the feature to a real benefit
5. Smile and be friendly

### **Points to Remember**

**A good demonstration = Show + Explain + Involve**

You're not just showing the product but you're helping the customer imagine how it fits into their life.

### **Key Safety Guidelines to Be Followed in the Demonstration Area**

When you are showing a product to a customer, you must make sure the area is safe for the customer, for yourself, and for the store.

A safe demonstration area helps prevent accidents and builds trust with the customer.

### **Importance of Safety**

- a) To avoid injuries or accidents
- b) To protect store property and products
- c) To give customers a good experience
- d) To show that the store is professional and responsible

**Key Safety Guidelines to Follow**

<b>Safety Guideline</b>	<b>What It Means</b>
Keep Area Clean and Dry	Make sure the floor is not wet or slippery. Clean up spills quickly.
Arrange Products Properly	Place products neatly on a table or shelf to avoid falling or breaking.
Use Proper Electrical Connections	If you are showing electrical items (like a mixer or iron), check wires and plugs. Never use damaged sockets.
Don't Block Walkways	Make sure customers and staff can walk freely without tripping over wires or boxes.
Keep Sharp or Hot Items Away from Customers	If using things like knives or irons, handle them carefully and keep them out of reach.
Use Safety Signs If Needed	If an area is under demonstration, use a small sign that says "Product Demo in Progress" to alert others.
Be Alert and Careful	Always watch the customer and the product during the demo to avoid accidents.
Know Emergency Contacts	Be ready to call your supervisor or first-aid person in case something goes wrong.

Example, you are demonstrating a steam iron. Before the demo:

- a) Check if the wire is safe
- b) Keep the hot plate facing away from the customer
- c) Make sure the table is steady
- d) Tell the customer: "Please don't touch the iron — it gets hot quickly."

**Clearing Equipment and Products After the Demonstration and Connecting with the Customer**

Once Retail Sales Executive finish showing a product to a customer, they need to clean the demonstration area and continue talking to the customer to help them make a final decision.

Clearing the demonstration area after the product demonstration is done:

What to Do	Why It's Important
Put equipment back in its place	Keeps the area organized
Switch off and unplug devices	Saves power and prevents accidents
Clean the surface and tools used	Makes the space ready for the next customer
Remove any water, wires, or sharp objects	Avoids slips, trips, or injuries
Pack up extra product pieces neatly	Shows professionalism and care

**Example:** You used a juicer for a demo. After the demo, unplug it, wipe it dry, keep the parts in the box, and place the box back neatly on the shelf.

### Connect with the Customer

Now that the customer has seen the demo, it's time to talk to them and help them make a choice.

What to Do	Example Dialogue
Ask for their opinion	"How did you like the product?"
Answer any final questions	"Yes, it comes with a 1-year warranty."
Remind them of the benefits	"It's easy to clean and saves time every day."
Help them decide	"Would you like me to pack one for you?"
Thank them politely	"Thank you for your time! I'm here if you have more questions."

### PRACTICAL EXERCISES

**Activity 1:** Store safety inspection walk of students identify safety and security issues in a store environment.

**Materials Required:** Safety checklist (printed), Pen/pencil, Mock retail store setup/classroom corner

#### Procedure:

1. Divide the class into small groups (3–4 students).

2. Give each group a safety checklist (includes: wet floors, loose wires, blocked exits, etc.).
3. Set up a mock store with a few intentional hazards (e.g., wires on the floor, open cleaning bottle).
4. Ask groups to inspect the area and note the problems.
5. Each group presents their findings and suggests corrective actions.
6. The teacher divides the class into small groups of 3–4 students to encourage teamwork and observation skills.
7. Each group is provided with a safety checklist, which serves as a guide to identify common safety and security hazards found in retail environments.
8. The teacher sets up a mock retail store area, intentionally placing a few safety hazards such as loose electrical wires, wet floor signs missing, open cleaning chemical bottles, blocked exits, or cluttered aisles.
9. Groups are instructed to carefully inspect the mock store area, observe the surroundings, and mark all identified safety and security issues on their checklist.
10. After the inspection, each group presents their findings to the class, clearly explaining the hazards identified and suggesting appropriate corrective actions such as placing warning signs, clearing exits, securing wires, or properly storing chemicals.
11. The teacher concludes the activity by summarizing key safety practices, emphasizing the importance of regular safety inspections and compliance with store policies and legal safety standards.

**Activity 2:** Role Play on Product Demonstration with Safety Measures to learn safe and effective demonstration

**Materials Required:** A small household item (e.g., electric kettle, iron, backpack), Table setup, Safety signs (“Demo in Progress”, “Caution: Hot Surface”)

**Procedure:**

1. The teacher selects pairs of students. In each pair, one student takes the role of the Sales Executive, while the other plays the Customer.
2. The Sales Executive begins the role play by greeting the customer politely and asking relevant questions to understand the customer’s needs and expectations.
3. The Sales Executive then performs the product demonstration in a safe and systematic manner, clearly explaining product features, benefits,

and usage precautions while using appropriate safety signs and proper handling techniques.

4. After the demonstration, the Sales Executive invites customer feedback, responds to queries, and clarifies safety-related instructions, such as correct usage and maintenance of the product.
5. Roles are then rotated so that each student gets an opportunity to act as both the Sales Executive and the Customer, and the activity is repeated.
6. The teacher observes the role play, provides constructive feedback, and highlights best practices related to product demonstration, customer interaction, and safety compliance.
7. Choose pairs: one student acts as the Sales Executive, the other as the Customer.
8. The Sales Executive starts with a greeting and understanding customer needs.
9. They perform a safe and clear demonstration, using proper signs and handling.
10. End with a discussion on customer feedback and answering questions.
11. Rotate roles and repeat.

**Activity 3:** Mapping Customer Needs to Product Features

**Materials Required:** Index cards with customer needs, Index cards with product features/benefits.

**Procedure:**

1. Shuffle both sets of cards and distribute them among students.
2. The teacher prepares two separate sets of index cards—one set highlighting various customer needs and the other set highlighting relevant product features or benefits.
3. Both sets of cards are shuffled thoroughly and distributed randomly among the students.
4. Students holding a “Customer Need” card move around the classroom to find a student holding a “Product Feature” card that best satisfies their assigned need.
5. Once a suitable pair is formed, both students discuss and agree on the logic behind their matching.
6. Each pair then presents their match to the class, clearly explaining how the product feature addresses the specific customer need.

7. The teacher facilitates a class discussion after each presentation, offering feedback, correcting misunderstandings, and reinforcing key concepts related to customer-centric selling.
8. Each student with a "Customer Need" card must find a partner with a matching "Product Feature" card.
9. After pairing, they explain why the match is correct.
10. Class discusses each pair to reinforce understanding.

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. A \_\_\_\_\_ means showing how a product works in front of the customer.
2. Use \_\_\_\_\_ signs like "Wet Floor" to prevent slips.
3. Mapping needs helps reduce product \_\_\_\_\_.
4. Cross-selling is suggesting \_\_\_\_\_ products.
5. Keep \_\_\_\_\_ and wires away during demonstrations.

### B. Multiple Choice Questions

1. What should you do if you see a spill on the shop floor?
  - a) Ignore it
  - b) Call security
  - c) Inform housekeeping and use a caution sign
  - d) Walk around it
2. Which of these is a benefit of product demonstration?
  - a) Reduces shelf space
  - b) Reduces customer interest
  - c) Builds trust
  - d) Causes confusion
3. Which of the following is an example of upselling?
  - a) Selling a cover for a phone
  - b) Selling a higher-storage phone instead of a basic one
  - c) Selling two phones
  - d) Selling a broken phone at discount
4. What is the first step in mapping customer needs?
  - a) Select a product
  - b) Explain features
  - c) Ask questions
  - d) Give discount

5. Why should a demonstration area be clean?

- To attract children
- To avoid injury
- To reduce noise
- To increase returns

**C. State Whether the following Statements are True or False**

- Customers should never be allowed to touch products during demonstrations.
- Using proper plugs and sockets is a safety rule in demos.
- Mapping needs means choosing the most expensive product.
- A blocked fire exit is a safety hazard.
- Demonstration helps confuse customers.

**D. Match the Columns**

S. No.	Column A (Customer Need)	S. No.	Column B (Product Feature)
1	Needs lightweight laptop	A	Machine-washable fabric
2	Wants clothes easy to wash	B	6000mAh battery
3	Wants phone with long battery life	C	Lightweight design
4	Wants waterproof school bag	D	Waterproof material
5	Attends long video classes	E	Large screen and front camera

**E. Short Answer Questions**

- What is cross-selling? Give one example.
- Why is store safety important for a sales executive?
- How does a demonstration help in selling products?
- What should a sales executive do after completing a product demo?
- List any three steps in mapping customer needs.

**F. Long Answer Questions**

- Explain the step-by-step process of demonstrating a product safely.

2. How can a sales executive identify and meet a customer's need effectively?
3. Describe the importance of cross-selling and upselling with suitable examples.
4. What are the safety guidelines to be followed during a product demonstration?
5. Describe how a sales executive can balance helping a customer while observing store safety, security, and potential sales.

## G. Check your Performance

### Case 1: Store Safety and Security

Ravi is a retail sales executive at a large electronics store. One day, he notices water on the floor near the air cooler section. At the same time, a customer walks in asking about a mixer grinder. While Ravi is helping the customer, he sees a child running close to the wet area.

#### Tasks:

- a. What safety steps should Ravi take immediately?
- b. How can he continue helping the customer without ignoring the safety issue?
- c. Write a sample line Ravi could say to the customer while ensuring safety.
- d. Why is it important to manage both customer service and safety together?

### Case 2: Product Demonstration and Customer Engagement

A customer comes to a home appliance store and says, "I need a toaster that is safe and easy to use for my elderly mother." You are the sales executive. You show a simple toaster that has an auto shut-off feature and a cool-touch body. During the demo, the customer touches the body of the toaster to check the temperature.

#### Tasks:

- a. How would you explain the product's features and connect them to the customer's need?
- b. What safety measures should be taken during the demonstration?
- c. What questions can you ask the customer to better understand their needs?
- d. What should you do after the demonstration to maintain store safety and connect with the customer?

## SESSION 4: PERSONALIZED CUSTOMER SERVICES

When demonstrating a product or service, it is important to give customers enough opportunities to ask questions. This helps them understand the product better and clears any doubts they may have. A good sales executive should pause during the demonstration, use a friendly tone, and invite the customer to ask questions. For example, saying “Please feel free to ask if you have any questions” makes the customer feel comfortable and respected. When customers ask questions, it shows they are interested, and it helps you guide them better. Encouraging questions builds trust and increases the chances of making a successful sale.

When retail sales executive is demonstrating a product to a customer, it's important to make customers feel comfortable and involved. One good way to do this is by giving them a chance to ask questions.

This helps the customer:

- Understand the product better
- Clear their doubts
- Feel more confident before buying
- Trust you more as a salesperson

**Example, Customer:** I’m not sure how to use the different settings on this microwave.

**Sales Executive:** “No problem! Let me show you how it works step by step. And please feel free to stop me anytime and ask anything.”

### Benefits of Letting Customers Ask Questions

Benefit	Explanation
Builds trust	The customer feels heard and respected
Clears confusion	They can understand how the product works
Increases interest	Questions show they are thinking about buying
Improves communication	It becomes a two-way conversation
Helps you offer the right product	You learn more about what the customer needs

### Tips to Encourage Questions

Tip	Example
Ask open-ended questions	“What do you think about this feature?”
Pause during the demo	Give them time to think and respond
Invite them to ask	“Please feel free to ask if you have any questions.”
Use a friendly tone	Smile and speak in a calm voice
Don't rush the demo	Go step-by-step so they can follow
Be patient and attentive	Listen carefully when they ask something

### Ways to Convince the Customers

Convincing a customer means helping them understand how a product or service is useful for them. A good sales executive should speak politely, listen carefully to the customer's needs, and explain how the product solves their problem. You can share the benefits of the product, give examples of other happy customers, and offer any discounts or guarantees available. Showing confidence, giving a short demonstration, and answering questions clearly also help. Most importantly, be honest, friendly, and helpful so the customer feels comfortable and trusts you.

### Probing Techniques to Identify the Customer Requirements

As a Sales Executive, your job is to help customer to find the product that suits them best. To do this, sales executive must ask the right questions to understand what the customer really wants or needs. This skill is called probing. Thus, probing means asking smart and polite questions to understand the customer's needs clearly.

### Importance of Probing

Reason	Why It Helps
Understand exact needs	You can recommend the right product
Keep the conversation going	Helps build trust and interest
Avoid wrong suggestions	Saves time and avoids customer confusion
Increase chances of sale	Customers feel understood and satisfied

### Probing Techniques (Types of Questions to Ask)

Type of Question	Example	When to Use
Open-ended questions	“What are you looking for today?”	To get more details
Closed-ended questions	“Do you prefer black or white?”	To get specific answers
Clarifying questions	“When you say ‘lightweight’, do you mean for travel?”	To confirm customer meaning
Confirming questions	“So, you want something easy to carry and under ₹2,000, right?”	To repeat and check understanding
Leading questions	“Would you prefer something that’s easy to clean?”	To guide the customer gently
Needs-based questions	“Who will be using this — you or a family member?”	To understand the purpose

**Example, Customer:** I’m looking for a phone. Sales Executive (using probing): “Sure! May I ask what you mostly use your phone for — calls, social media, or gaming?” and “Do you prefer a big screen or a compact size?” lastly “What’s your budget range?”

### Objection Handling Techniques

When retail sales executive talks to a customer about a product, they may sometimes say "No" or raise a concern. This is called an objection. As a Sales Executive, your job is to listen calmly, understand the customer’s concern, and respond politely to help them feel confident about the product.

An objection is a reason or doubt the customer gives for not buying a product.

## Common Customer Objections

Objection Type	Example
Price	"It's too expensive."
Need	"I don't really need this now."
Product doubts	"I'm not sure if it will work as expected."
Brand or model	"I was looking for a different brand."
Time	"I'll come back later."

## Techniques to Handle Objections

following are the steps to handle objections

### 1. Listen Carefully

- Don't interrupt. Let the customer finish.
- Show you are interested in what they're saying.  
**Example:** "I understand, sir. Please tell me more."

- **Acknowledge the Objection**

- Show respect for their opinion.
- Don't argue or correct them immediately.

**Example:** "Yes, I see why you feel that way."

### 2. Ask Questions to Understand More

- Try to know the real reason behind the objection.

**Example:** "Is the price the only concern, or are you also comparing features?"

- **Give a Clear and Honest Response**

- Explain how the product solves their problem.
- Show benefits clearly.

**Example:** "This fan uses 30% less electricity, so you save money every month."

- **Give Proof or Examples**

- Use reviews, offers, or guarantees to build trust.

**Example:** "This comes with a 1-year warranty. Many customers are happy with its performance."

- **Offer Alternatives (if needed)**
- Suggest another product if it suits their need better.  
**Example:** “We also have a model in your budget with similar features.”
- **Ask for Feedback or Close the Sale**
- Check if the customer feels satisfied.
- Ask politely if they’d like to buy.  
**Example:** “Does that answer your concern? Shall I get one packed for you?”
- Example, Customer: This iron looks nice, but it’s a bit costly. Sales Executive:
  - “I understand. Price is important.”
  - “Can I show you how it saves electricity and time?”
  - (Shows demo) “It heats up in 20 seconds and turns off automatically — great for safety and savings.”
  - “Plus, it comes with a 2-year warranty.”

### **Persuasion Techniques**

As a Sales Executive, your job is to help the customer choose the right product. Sometimes, the customer may feel unsure or confused. That’s when you use persuasion techniques to gently guide them toward making a good decision. Persuasion means using polite and smart ways to influence the customer’s decision without forcing them.

It is not about pressuring the customer. It is about helping them see the value of the product.

### **Importance of Persuasion**

- Helps the customer feel confident
- Increases chances of a sale
- Builds trust and a good relationship
- Shows that you understand their needs

### Persuasion Techniques for Sales Executives

Technique	What to Do	Example
Show Benefits, Not Just Features	Explain how the product helps in daily life	“This mixer is easy to clean — it saves you time in the kitchen.”
Create Urgency (Gently)	Mention limited stock or time-limited offers	“This model is on discount only till this weekend.”
Use Social Proof	Talk about other happy customers	“This is our best-seller. Many customers have loved its performance.”
Offer Comparisons	Show two products and explain which one is better for the customer’s needs	“This one is slightly costlier but has a 3-year warranty instead of 1 year.”
Ask Closing Questions	Help customer imagine using the product	“Would you like to try how it feels in your hand?”
Be Confident and Polite	Speak with a smile and positive attitude	“I’m sure this will make your daily work easier.”

**Example, Customer:** I like this vacuum cleaner, but I’m not sure it’s worth the price. Sales Executive:

- “I understand, ma’am. Let me show you how it works.”
- (Demonstrates) “It cleans in half the time and has a washable filter, no extra cost in the future.”
- “Also, many families have bought it and found it very useful. Shall I show you the customer reviews?”

### Acknowledging Customer Buying Decision

When a customer decides to buy a product, it is important for the sales executive to respond in a positive and respectful way. This is called acknowledging the customer’s decision. You can simply say, “Great choice!” or “You’ve picked one of our best-selling products.” This makes the customer feel happy and confident about their decision. It also shows that you care about their choice. A warm smile, polite words, and offering help with billing or packing leave a good impression and build customer trust.

## Techniques of Closing Sales and Bill Payment

Closing a sale means helping the customer make the final decision to buy the product. It is the last and most important step in the selling process. At this stage, the customer has shown interest, asked questions, and is almost ready to buy — they just need a little push and confidence to complete the purchase.

A good sales executive should know when the customer is ready and gently guide them by saying things like, “Shall I pack this for you?” or “Would you like to go ahead with this one?” Once the customer agrees, assist them with the billing process by taking them to the counter, sharing the total amount clearly, and explaining any offers, warranties, or return policies. Make sure the payment process is smooth and quick—whether it’s by cash, card, or digital payment. Always end with a thank you and a smile, making the customer feel happy and valued.

### Signs That a Customer Is Ready to Buy

- They ask about the price, warranty, or delivery
- They compare fewer products now
- They smile, nod, or say things like “I like this” or “This looks good”
- They ask, “Can I pay by card?” or “Is this available now?”

### Techniques to Close the Sale

Here are some polite and smart ways to help the customer decide:

Technique	Example Phrases
Assumptive Close	“Shall I pack this for you?”
Direct Close	“Would you like to buy this now?”
Alternative Close	“Would you like the red one or the blue one?”
Summary Close	“So, this model has a 2-year warranty, fast charging, and is within your budget. Shall we go ahead?”
Trial Close	“How do you feel about this product?” (To check if they’re ready)

### Handling the Bill Payment

Once the customer agrees to buy, guide them through the billing process:

1. Take them to the billing counter or start the process on the device

2. Mention the final price clearly, including any taxes or discounts
3. Ask for the preferred payment method (cash, card, UPI, EMI)
4. Process the payment smoothly and quickly
5. Provide a printed or digital receipt
6. Explain the return/exchange policy or warranty
7. Say thank you and offer further help

Example, Customer: I think I'll take this mixer. Sales Executive:

"That's a great choice! It's very popular with our regular customers. Would you prefer to pay by card or UPI?"

(Processes payment)

"Here is your bill and warranty card. If you need any help, we're always here. Thank you and have a great day!"

### **Significance of Providing Personalized Customer Service**

Personalized customer service means giving special attention to each customer based on their needs, likes, and preferences. It shows the customer that they are important and not just one of many. For example, remembering a regular customer's name, suggesting products based on what they bought before, or helping them choose something that suits their budget, all these are part of personalized service. It makes customers feel respected and valued. When customers are happy, they are more likely to return to the store and also tell others about the good experience. This helps build strong relationships and increases sales in the long run.

1. Personalized service means treating each customer in a special and unique way
2. Helps customers feel respected, understood, and valued
3. Involves remembering customer preferences or previous purchases
4. Allows you to suggest the right product for the customer's needs
5. Builds trust and stronger customer relationships
6. Increases the chance of repeat visits and word-of-mouth promotion
7. Helps improve customer satisfaction and overall sales

### **Effect of Seasonal Trends on Sales Opportunities**

Seasonal trends mean changes in customer demand during different times of the year. For example, people buy woolen clothes in winter, umbrellas in the rainy season, and gifts during festivals. These trends affect what products are sold more and when (Fig. 5.10).

As a sales executive, you must understand which products are in demand during a season. This helps you plan your sales approach, offer the right products, and increase sales. For example, during the festive season, you can suggest gift packs or offer discounts. If you know the seasonal trend, you can take advantage of more sales opportunities.

1. Seasonal trends change what customers want to buy during the year.
2. Demand increases for some products in specific seasons (e.g. fans in summer, jackets in winter).
3. Sales executives should suggest the right products based on the season.
4. Special offers and displays can attract more customers during seasonal peaks.
5. Understanding trends helps in better planning, stocking, and selling.
6. Increases the chance to meet sales targets and keep customers happy.



**Fig. 5.10: Effect of Seasonal Trends on Sales Opportunities**

## PRACTICAL EXERCISES

**Activity 1:** Role Play on Practice Objection Handling in a Sales Scenario

**Materials Required:** Sample products (toys, electronics, kitchen items, clothing, etc.) Printed objection cards (e.g., “Too expensive”, “I want to think about it”, “I don’t need this now”, “I saw a cheaper one elsewhere”, “Not sure if this will work for me.”) Notepad and pens for feedback

### Procedure:

1. Divide the class into pairs—one student becomes the Sales Executive, and the other becomes the Customer.

2. The 'Customer' randomly selects one objection card without showing it to the Sales Executive at first.
  - a) Sales Executive starts with a warm greeting.
  - b) Shows or explains a sample product.
  - c) Customer listens and then presents the objection from the card.
3. The Sales Executive must:
  - a) Listen actively (don't interrupt).
  - b) Acknowledge the objection (e.g., "I understand why you feel that way.")
  - c) Ask clarifying questions
    - "May I know what price range you are looking for?"
    - "What feature is most important to you?"
  - d) Provide a solution using techniques like:
    - Feel-Felt-Found
    - Showing value
    - Alternative products
    - Additional benefits
  - e) Attempt a soft close (e.g., "Shall I show you a smaller size or another model?").
4. Switch Roles  
Students switch roles and repeat with a new objection card.
5. Class Discussion
  - a) Each pair shares one objection and how it was handled.
  - b) Trainer highlights strong points like confidence, politeness, product knowledge, problem-solving, tone.

Trainer's Evaluation Checklist:

- a) Active listening
- b) Acknowledgement of customer's concern
- c) Asking questions
- d) Giving relevant solutions
- e) Friendly tone and body language
- f) Not being pushy

- g) Confidence and clarity

**Activity 2:** Practice Customer Interaction to Make Customers Feel Comfortable to Ask Questions

**Materials Required:** Sample products (microwave, mobile phone, mixer, clothing, water bottle, etc.) Script template (greeting lines, polite phrases, questions to ask customers) Observation sheet for trainer

**Procedure:**

1. Demonstration Setup

One student plays the Sales Executive and another plays the Customer.

2. Start the Product Demo

- a) Sales Executive begins with a greeting.
- b) Shows the product step-by-step.

3. Make the Customer Comfortable

During the demonstration, the Sales Executive must:

- a) Smile, maintain eye contact.
- b) Use encouraging lines such as:
  - “Please feel free to ask any questions.”
  - “If you want me to repeat anything, I’d be happy to.”
  - “Your questions help me explain better.”

- c) Pause after every key point.

4. Customer Must Ask Questions

The ‘Customer’ asks 2–3 product-related questions, like:

- a) “What is the warranty?”
- b) “Is it heavy?”
- c) “How much electricity does it use?”
- d) “Is there a discount?”

5. Trainer Observes

Trainer checks friendliness, clarity, politeness, product knowledge, and comfort level created.

6. Feedback Round

- a) Trainer gives individual suggestions.
- b) Students share what made them feel comfortable or uncomfortable.

**7. Trainer's Evaluation Checklist:**

- a) Friendly greeting
- b) Smile and positive tone
- c) Encouraging statements
- d) Clear explanations
- e) Patience while listening
- f) Inviting customer questions
- g) Confidence in responding

**Activity 3:** Group Discussion on Seasonal Sales Planning to Understand How Seasonal Trends Affect Product Demand

**Materials Required:** A3 sheets or chart paper, Sketch pens, markers, stickers, Pictures of seasonal items (summer fans, winter jackets, umbrellas, festive lights, etc.), previous sales trends or store flyers

**Procedure:****1. Group Formation**

Divide the class into groups of 4–5 students.

**2. Choose a Season or Festival**

Options include:

- a) Summer
- b) Winter
- c) Monsoon
- d) Diwali
- e) Christmas/New Year
- f) Back-to-school Season

**3. Group Planning Activity**

Each group must create a Seasonal Sales Plan including:

List of In-Demand Products

- a) Summer: water bottles, fans, sunscreen
- b) Winter: sweaters, room heaters
- c) Festivals: gift hampers, decorations

Promotional Ideas

- a) Buy 1 Get 1

- b) Combo offers
- c) Discount slabs
- d) Festival special packaging

Visual Poster or Mini Chart

- a) Add pictures, sketches, product lists, discount messages
- b) Add a catchy slogan
  - “Stay Cool This Summer!”
  - “Warm Deals for a Cold Winter!”

#### 4. Presentation

Each group presents their seasonal plan for 2–3 minutes.

#### 5. Class Reflection

- a) Discuss which season had the most interesting products.
- b) Trainer explains how real stores plan inventory and promotions based on demand.

#### 6. Trainer’s Evaluation Checklist:

- a) Clear seasonal product list
- b) Creative promotions
- c) Attractive poster/chart
- d) Teamwork
- e) Communication during presentation
- f) Understanding of seasonal trends

## CHECK YOUR PROGRESS

### A. Fill in the Blanks

1. Encouraging customers to ask questions helps to build \_\_\_\_\_.
2. Asking \_\_\_\_\_-ended questions helps understand customer needs better.
3. A polite and honest way of helping customers decision is called \_\_\_\_\_.
4. An example of a seasonal product is \_\_\_\_\_ in the winter.
5. When a customer agrees to buy, we must help with smooth \_\_\_\_\_.

### B. Multiple Choice Questions

1. What is the purpose of probing in customer service?
  - a) Sell more products

- b) Understand customer needs
  - c) Argue with the customer
  - d) Offer discounts
2. What should a Sales Executive say to encourage questions?
- a) "Don't ask too much."
  - b) "Please feel free to ask."
  - c) "Just watch the demo."
  - d) "Let's hurry up."
3. Which of the following is a leading question?
- a) "What is your name?"
  - b) "Would you prefer something easy to carry?"
  - c) "Where are you from?"
  - d) "Do you have a bag?"
4. What does 'personalized customer service' mean?
- a) Offering the same product to everyone
  - b) Giving attention based on customer's unique needs
  - c) Ignoring customer feedback
  - d) Always offering discounts
5. Which technique helps close a sale directly?
- a) Objection close
  - b) Summary close
  - c) Trial close
  - d) Direct close

**C. State Whether the following Statements are True or False**

- 1. Encouraging questions makes customers uncomfortable.
- 2. Closed-ended questions give detailed information.
- 3. Persuasion is about forcing customers to buy.
- 4. Personalized service increases customer satisfaction.
- 5. Sales executives should ignore seasonal trends.

**D. Match the Columns**

<b>S. No.</b>	<b>Column A</b>	<b>S. No.</b>	<b>Column B</b>
1	Open-ended question	A	“It’s too expensive
2	Probing	B	“Would you like to buy this now?”
3	Seasonal trend	C	Demand changes during the year
4	Objection	D	” What are you looking for today?”
5	Direct close	E	“Asking smart questions

**E. Short Answer Questions**

1. What is the importance of letting customers ask questions during a product demo?
2. What is probing and why is it important?
3. What are some signs that show a customer is ready to buy?

**F. Long Answer Questions**

1. Explain the steps a Sales Executive should follow to handle a customer's objection.
2. What is personalized customer service and how does it help in increasing sales?

**G. Check Your Performance**

1. List any two ways to personalize customer service.
2. What should you do when a customer says, “I’ll think about it”?
3. Encourage the customer to ask questions during the demo?

**ANSWER KEY****MODULE 1: INTRODUCTION TO RETAILING****SESSION 1: CURRENT SCENARIO OF THE RETAIL SECTOR IN INDIA****A. Fill in the Blanks**

1. End user
2. 1.5
3. Third
4. 600
5. 10
6. Reverse

**B. Multiple Choice Questions**

1. a
2. c
3. c
4. d
5. b
6. c

**C. State whether the following Statements are True or false**

1. False
2. False
3. True
4. True
5. False
6. False

**D. Match the Columns**

1. D
2. C
3. A
4. B
5. E
6. F

**SESSION 2: FORMS OF RETAILING****A. Fill in the Blanks**

1. Kirana
2. Hypermarket
3. non-store
4. Omni-channel
5. Franchise
6. Specialty

**B. Multiple Choice Questions**

1. c
2. b
3. c
4. b
5. c
6. c

**C. State whether the following Statements are True or false**

1. False
2. False
3. True
4. True
5. False
6. False

**D. Match the Columns**

1. E
2. F
3. D
4. C
5. A
6. B

**SESSION 3: SKILLS REQUIRED FOR RETAIL SALES EXECUTIVE****A. Fill in the Blanks**

1. front-line

2. up selling, cross-selling
3. customer-centric performance
4. Point of sale
5. Physical
6. Problem-solving

**B. Multiple Choice Questions**

1. c
2. c
3. b
4. c
5. c
6. d

**C. State whether the following Statements are True or false**

1. False
2. False
3. True
4. True
5. False
6. True

**D. Match the Columns**

1. D
2. E
3. F
4. A
5. B
6. C

**SESSION 4: DUTIES AND RESPONSIBILITIES OF RETAIL SALES EXECUTIVE****A. Fill in the Blanks**

1. Welcome
2. Customer
3. Counting

4. Retailing
5. Cash

**B. Multiple Choice Questions**

1. b
2. c
3. b
4. c
5. d
6. b

**C. State whether the following Statements are True or false**

1. True
2. False
3. True
4. False
5. True
6. False

**D. Match the Columns**

1. B
2. C
3. E
4. A
5. D
6. F

**MODULE 2: PROCESS OF PAYMENT IN RETAIL****SESSION 1: INTRODUCTION TO RETAIL PAYMENT PROCESSING****A. Fill in the Blanks**

1. Goods, Services
2. Choice
3. Security
4. Debit
5. Bank

**B. Multiple Choice Questions**

1. c
2. b
3. c
4. b
5. c

**C. State whether the following statements are True or False**

1. False
2. True
3. True
4. False
5. False

**D. Match the Columns**

1. C
2. D
3. A
4. B
5. E

**SESSION 2: RETAIL PAYMENT MANAGEMENT****A. Fill in the Blanks**

1. Original
2. Visually impaired
3. Swipe/dip/tap
4. Cheque
5. BNPL provider

**B. Multiple Choice Questions**

1. c
2. c
3. c
4. c
5. c

**C. State whether the following statements are True or False**

1. False
2. True
3. False
4. True
5. False

**D. Match the Columns**

1. B
2. C
3. E
4. A
5. D

**SESSION 3: MANAGING RETAIL PAYMENT PROCEDURES****A. Fill in the Blanks**

1. Sale
2. Counterfeit
3. Marked
4. Count up
5. Weight

**B. Multiple Choice Questions**

1. b
2. c
3. c
4. b
5. b

**C. State whether the following statements are True or False**

1. True
2. False
3. False
4. True
5. True

**D. Match the Columns**

1. C
2. E
3. B
4. A
5. D

**SESSION 4: RECORDKEEPING AND DOCUMENTATION****A. Fill in the Blanks**

1. Recordkeeping
2. Documentation
3. Index
4. POS
5. Financial

**B. Multiple Choice Questions**

1. c
2. b
3. c
4. c
5. c

**C. State whether the following statements are True or False**

1. False
2. True
3. False
4. False
5. True

**D. Match the Columns**

1. C
2. D
3. A
4. B
5. E

**MODULE 3: RETAIL SALES TRANSACTIONS****SESSION 1: PROCESSING OF PART EXCHANGE SALES TRANSACTIONS****A. Fill in the Blanks**

1. customer
2. old items
3. discounted
4. amount
5. two or more parties

**B. Multiple Choice Questions**

1. d)
2. a)
3. a
4. a)
5. a)
6. a)

**C. State whether the following statements are True or False**

1. True
2. True
3. False
4. False
5. True

**D. Match the Columns**

1. C
2. D
3. A
4. B
5. F
6. E

**SESSION 2: PROCESSING OF CASH AND CREDIT SALES TRANSACTIONS****A. Fill in the Blanks**

1. Point of Sale (POS)

2. daily
3. invoices
4. vendors
5. data

**B. Multiple Choice Questions**

1. a
2. a
3. b
4. c
5. a
6. b

**C. State whether the following statements are True or False**

1. True
2. False
3. False
4. False
5. True

**D. Match the Columns**

1. D
2. C
3. E
4. A
5. F
6. B

**SESSION 3: PROCESSING OF CASH AND CREDIT APPLICATIONS FOR PURCHASES****A. Fill in the Blanks**

1. later
2. 30, 90
3. account receivables
4. credit worthiness
5. installments

6. CIBIL

**B. Multiple Choice Questions**

1. b
2. b
3. b
4. b
5. d
6. b

**C. State whether the following statements are True or False**

1. True
2. False
3. True
4. False
5. True
6. True

**D. Match the Columns**

1. F
2. B
3. C
4. D
5. E
6. A

**SESSION 4: RECONCILE THE RETAIL SALES AND PURCHASES**

**A. Fill in the Blanks**

1. financial
2. bank
3. Reconciliation
4. accuracy
5. segregation

**B. Multiple Choice Questions**

1. b

2. c
3. c
4. b

**C. State whether the following statements are True or False**

1. True
2. True
3. False
4. True
5. False
6. True

**D. Match the Columns**

1. D
2. E
3. C
4. A
5. B

**MODULE 4: PROCESS OF CUSTOMER ORDERS**

**SESSION 1: IDENTIFY CUSTOMER NEEDS AND WANTS**

**A. Fill in the Blanks**

1. Loyal Customers
2. Need-Based Customers
3. Wide Selection
4. Market trends
5. digital

**B. Multiple Choice Questions**

1. b
2. d
3. b
4. b
5. c

6. c
7. c
8. b

**C. State whether the following statements are True or False**

1. False
2. True
3. True
4. False
5. False

**D. Match the Columns**

1. D
2. E
3. A
4. B
5. C

**SESSION 2: INFORMATION TO THE CUSTOMERS**

**A. Fill in the Blanks**

1. Purchase Order (PO)
2. Payment
3. Know Your Customer (KYC)
4. Relevant
5. biometric

**B. Multiple Choice Questions**

1. c
2. c
3. b
4. b
5. b

**C. State whether the following statements are True or False**

1. True
2. False

3. True
4. False
5. True

**D. Match the Columns**

1. E
2. A
3. D
4. B
5. C

**SESSION 3: MAINTAINING THE INFORMATION ABOUT THE AVAILABILITY OF GOODS AND TERMS OF SUPPLY****A. Fill in the Blanks**

1. Discrepancies
2. Supplier
3. Regular
4. Audit
5. Customer

**B. Multiple Choice Questions**

1. c
2. b
3. b
4. b
5. c

**C. State whether the following statements are True or False**

1. True
2. False
3. False
4. True
5. False

**D. Match the Columns**

1. C
2. A

3. B
4. D
5. E

#### **SESSION 4: PROCESS OF RETURNED GOODS AND RECORDING**

##### **A. Fill in the Blanks**

1. Returned goods
2. Supplier return form
3. Condition
4. Product
5. Disposal

##### **B. Multiple Choice Questions**

1. c
2. a
3. d
4. c
5. b

##### **C. State whether the following statements are True or False**

1. False
2. True
3. False
4. True
5. False

##### **D. Match the Columns**

1. D
2. B
3. E
4. C
5. A

#### **MODULE 5: HELP IN CUSTOMER CHOOSE THE RIGHT PRODUCTS**

##### **SESSION 1: CONSUMER BEHAVIOUR, PRODUCT FEATURES AND CONSUMER RIGHTS**

##### **A. Fill in the Blanks**

1. Variety-seeking
2. Warranty
3. Right
4. Trust
5. Benefits

**B. Multiple Choice Questions**

1. c
2. b
3. a
4. c
5. b

**C. State whether the following statements are True or False**

1. False
2. True
3. False
4. True
5. False

**D. Match the Columns**

1. B
2. D
3. C
4. A

**SESSION 2: PRODUCT FEATURES****A. Fill in the Blanks**

1. qualities
2. Physical
3. Functional
4. design
5. other

**B. Multiple Choice Questions**

1. c

2. b
3. c
4. b

**C. State whether the following statements are True or False**

1. False
2. True
3. False
4. True
5. False

**D. Match the Columns**

1. C
2. A
3. B
4. D
5. E

**SESSION 3: PRODUCT DEMONSTRATION AND STORE SAFETY**

**A. Fill in the Blanks:**

1. product demonstration
2. warning
3. returns
4. related
5. cables

**B. Multiple Choice Questions**

1. C
2. C
3. B
4. C
5. B

**C. State whether the following statements are True or False**

1. False
2. True

3. False
4. True
5. False

**D. Match the Columns**

1. D
2. E
3. C
4. A
5. B

**SESSION 4: PERSONALIZED CUSTOMER SERVICE****A. Fill in the Blanks**

1. Trust
2. Open
3. Persuasion
4. Jackets
5. Billing/Payment

**B. Multiple Choice Questions**

1. b
2. b
3. b
4. b
5. d

**C. State whether the following statements are True or False**

1. False
2. False
3. False
4. True
5. False

**D. Match the Column:**

1. D
2. E

3. C
4. A
5. B

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**GLOSSARY**

<b>WORDS</b>	<b>MEANING</b>
<b>Retailing</b>	Selling goods or services directly to end consumers through stores or online.
<b>Point of Sale (POS)</b>	The system/place where a retail transaction is completed (billing and payment).
<b>Cash Point</b>	Checkout counters for processing transactions and issuing receipts.
<b>Inventory</b>	Stock of goods available for sale in a retail store.
<b>Digital Payment</b>	Payment methods like UPI, cards, wallets, and net banking.
<b>UPI</b>	Unified Payments Interface for real-time mobile bank transfers.
<b>Refund</b>	Money returned to a customer for a returned or faulty product.
<b>Customer Order</b>	A formal purchase request placed by a customer.
<b>Sales Transaction</b>	The process from customer billing to final payment in retail.
<b>SKU (Stock Keeping Unit)</b>	Unique product code used for inventory tracking.
<b>BOGO</b>	"Buy One Get One" promotional retail offer.
<b>Reconciliation</b>	Matching sales records with payments and inventory to ensure accuracy.
<b>Scanner</b>	POS device that reads product barcodes for quick billing.
<b>POS Terminal</b>	Hardware/software used at checkout for processing sales.
<b>Shoplifting</b>	Theft of goods from a retail store without payment.
<b>Order Fulfilment</b>	The complete process from receiving, processing, and delivering a customer's order.
<b>Product Knowledge</b>	Information about a product's features, uses, benefits, and availability used to assist customers effectively.
<b>Cross-selling</b>	Suggesting additional, complementary products to a customer during a sales interaction
<b>Refund</b>	Returning money to a customer for a product that is returned or found to be unsatisfactory
<b>Replacement</b>	Providing a substitute product in place of the original one that may be damaged or faulty.
<b>Customer Preferences</b>	The individual choices and expectations of a customer based on their needs and likes.
<b>Sales Transaction</b>	The complete process of selling a product or service, from billing to payment and documentation.
<b>Visual Merchandising</b>	Displaying products attractively in a retail space to stimulate customer interest and sales.
<b>Up selling</b>	A sales technique where a seller encourages the customer to purchase a more expensive item or upgrade.

<b>Inventory</b>	The goods or stock available in a store for sale to customers.
<b>Digital Payment</b>	Non-cash payments using methods like UPI, credit/debit cards, and mobile wallets
<b>Refund</b>	The process of returning money to a customer due to product returns or service issues.
<b>Customer Order</b>	A purchase request made by a customer, to be processed for delivery or pickup
<b>Reconciliation</b>	The process of matching sales, payments, and inventory data to ensure accuracy in financial records
<b>BOGO</b>	Acronym for "Buy One, Get One"; a common promotional offer in retail.
<b>SKU (Stock Keeping Unit)</b>	A unique identifier used by retailers to track individual products in inventory.
<b>UPI (Unified Payments Interface)</b>	A real-time payment system that allows instant bank transfers via mobile apps.
<b>Digital Payment</b>	Transactions carried out using electronic means such as UPI, wallets, or credit cards.
<b>Cross-Selling</b>	Suggesting additional, related products to a customer during the sales process.
<b>Product Demonstration</b>	A technique where the features and benefits of a product are shown to the customer
<b>Inventory</b>	The total stock of products available in a retail store.
<b>Retail Executive</b>	A professional who manages retail functions such as customer service, sales, and stock control
<b>Compliance</b>	Following legal, ethical, and company rules in business operations
<b>Order Fulfilment</b>	The complete process of receiving, processing, and delivering an order to a customer
<b>Customer Preferences</b>	The specific likes, needs, and requirements of customers.
<b>Refund</b>	Returning money to a customer for a returned product.
<b>Upselling</b>	Encouraging customers to buy a higher-end product than the one they originally considered.
<b>Receipt</b>	A document acknowledging the payment received from a customer.

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