CHAPTER VIII

CONCLUSION AND SUGGESTIONS
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8.0 Background:

Retailing in India is in the experimentation stage. Since it is at a growth stage of Life Cycle, the wheel of retailing is reinventing new strategies to combat the forthcoming hurdles. The major hurdle is to live up the expectations of the consumers and at the same time also take care of the rising expenses to control losses. While on one hand the new retailers have to woo the customers to attract them towards the store, on the other hand serious look at the negative impact on the profitability also needs to the verified.

Based on the field analysis and desk research it is clear that, Profitability Indicators in Pune city are representative of National Benchmark. However in the recent past some new entrants have withdrawn from the market. There still is skepticism about sustainability of retailers in smaller cities. Though the retail boom is on the horizon, local strategies to attract the footfalls need to be devised. It is not enough to use the same strategies used at the national level. The strategies also need to be localised. Food Retailing is the most vulnerable segment as far as localisation effect is concerned. In the country of extreme diversity, it is imperative to carefully design the marketing strategies on the basis of local tastes, preferences, festivals and other occasions.

The survey was conducted in two parts. Profitability indicators were assessed from the responses collected from retail outlets in Pune. These indicators were compared with the National Benchmark and overall profitability for Pune was assessed.
The second part involved study of Consumer Satisfaction of Consumers in Pune City. Satisfaction levels, consumer attitudes and shopping behavior was explored through the consumer survey.

Comparative analysis of profitability indicators and consumer feedback was done. On the basis of these, certain loopholes were established. An effort was also made to identify the weak areas identified from the consumer survey where action was missing at the retail outlets leading to low profitability.

On the basis of the field analysis and data interpretation, inferences were drawn regarding the functioning of Organised Retail Outlets in Pune City.

8.1 Conclusion:

- Lease Rentals are not significantly high as compared to the National Benchmark. This is a good indicator for Pune based outlets. Though Shoppers’ Stop and Westside have very high lease rentals the other outlet set off for the same.
- Percentage Conversions are significantly high as compared to the National Benchmark. This is a good indication. However these conversions are not able to exhibit good Ticket size. Pune being medium sized City, the Sales per transaction are on the lower side.
- Recurring expenses are significantly high as compared to the national benchmark. Electricity expenses are very high and need to be brought under control.
- Shoplifting and Pilferage Ratio is very low at Shoppers’ Stop. Billing Accuracy and Time is also found more satisfactory by the consumers as compared to the other outlets.
- Ticket Size at Westside is higher than the other outlets. Similarly, Consumers have positive attitude towards the
availability of items at Westside. Merchandise is also reasonably priced in Westside according to the consumers.

- Though Sales Promotion Expenses at Big Bazar are on the lower side, consumers are aware of the Promotion Schemes launched by the retailers from time to time.

- Sq. Ft. per employee is rather high for Spencer’s as compared to the National Benchmark. At the same time 14% of the consumers feel that Staff Attitude and Efficiency needs improvement. Satisfaction Score for Assistance from Staff for Spencer’s is also not very satisfactory.

8.2 Suggestions:
Suggestions are given on the basis of the field observations and literature review on the basis of the objectives of the study. The hypotheses of the study were also tested and results are used as a basis for giving suggestions.

Based on the field observations and analysis, suggestions are made in three parts;

I. Store Specific Suggestions
II. Suggestions directly related to the improvement in profitability indicators and satisfaction levels.
III. Formulation of marketing strategies to ensure the financial profitability for sustainable growth

I. **Store Specific Suggestions**:

- **Shoppers’ Stop:**
  Though Sales per Sq. Ft. are very low at Shoppers’ Stop, Merchandise Display is found to be most satisfactory among the stores surveyed. Hence rearrangement of Merchandising Mix coupled with attractive offers will be added advantage.
• **Westside:**
  It is observed that about 20% of the respondents feel that the store should make more variety of products and brands available. Moreover the Ladies Accessories and Ladies Wear Department can be merged for better productivity.

• **Big Bazar:**
  Vegetable Section at Big Bazar needs improvements. It is rated much below Spencers with respect to freshness and packaging. At all these outlets, since the size is huge vegetables sections is at times ignored in the busy periods and hence the satisfaction levels suffer. Maintaining appropriate temperature, general cleanliness and replenishment of vegetables more frequently are good solutions for overcoming this problem.

• **Spencer's:**
  a. **General Cleanliness:**
     As per the field observations, Footfalls per Sq. Ft. are very high at Spencer's. However consumers have rated General Cleanliness as unsatisfactory. This calls for extra effort in maintaining the outlets. In fact the General Cleanliness suffers when there is load on infrastructure due to increased footfalls. Hence it is necessary to make provision for extra cleanliness during the busy hours to avoid unclean environment.

  b. **Promotion Campaign:**
     Though the promotion expenditure of Spencers is as per the National Benchmark, consumers are not aware of the Special Offers (Mean Score -0.20). Hence it is suggested that the retail chain needs to have a relook at the promotion schemes.
The outcome of these campaigns also should be measured to find out the effectiveness.

II. **Suggestions directly related to the improvement in profitability indicators and satisfaction levels**

These suggestions are confined to the functioning of retail outlets in Pune city. They are mainly based on the analysis of field responses about profitability and consumer responses about satisfaction levels. The suggestions with respect to improvements in the Pune based Outlets are made in this section.

- **Lease Rentals:**
  Pune being one of the cities where Real Estate Rates are skyrocketing, there is a need to devise strategies to reduce the burden of lease rentals. Retailers need to forecast the needs of retail space in the forthcoming period and book the space in advance to save on the lease rentals. Upcoming areas need to be scanned in advance so that the retail space can be acquired at cheaper rates. Location Studies at micro level in the vicinity of Pune city need to be conducted. The upcoming areas where public infrastructure is being developed need to be searched and identified. Theses upcoming areas need to be earmarked at an early stage to negotiate on the lease rentals.

- **Footfalls:**
  Footfalls per sq. ft. are way above the national benchmark in Pune. However there is a need to spread these footfalls over all days of the week and all hours of the day, evenly. The strategies such as happy hour purchase, quick pickups should be used to divert some footfalls to non busy hours. This will reduce the burden on infrastructure in busy hours and will result in better service and better satisfaction levels. Pune typically enjoys
staggered weekends depending on the industry sectors. Thursday being the industrial weekly holiday Saturday and Sunday are the normal weekly holidays for other sectors. All days of the week and long hours of the day need to be made attractive for consumers to spread the footfall evenly. Consumer analysis of shopping behavior will be required on continuous basis for making every moment of the day attractive.

- **Conversions:**
  Conversions as a proportion of footfalls (61.29%) are greater than the benchmark of 55%. Continuous feedback about shopping experience and loyalty programs should be introduced at this time to keep the conversions high. With reference to the wheel of retailing the conversions are at peak when the outlet is new. As soon as the novelty factor diminishes, conversions also suffer. Pune is at the innovation stage of wheel of retailing. Continuous innovations are promoting the Novelty factors due to which conversions are on the higher side. However to keep these conversions high, special efforts will be required in the long run. Exchange offers, Loyalty discounts and professional cross sectional tie ups will be key to maintain the conversion percentages high.

- **Ticket Size:**
  It is observed that the ticket size is on the lower side as compared to the National Benchmark in Pune city. This can be attributed to the non storage approach and skepticism about the merchandise selection. Though Pune is growing rapidly into a midsized metro, the consumers still reflect on the small town attitude. They do not easily correlated to buying in bulk or buying in anticipation of price hikes. The retail outlets need to be more aggressive about bulk discounts and benefits attached to buying in bulk. The transaction size for the outlet also depends on the purchasing power of the
consumer segments served. If the merchandise offered can cater to the requirements of the entire family the transaction size will automatically rise.

III. Formulation of marketing strategies to ensure the financial profitability for sustainable growth
Since the conversions suffer as soon as novelty factor diminishes as per the wheel of retailing, continuous innovations is the key to success. Continuous Innovation should be directly aligned with the consumer expectations. Moreover critical analysis should be done about the cost saving on introduction of these innovative techniques. The following are some innovation areas for the retail outlets for consideration.

- **Floor Space Management** :
  The prices of real estate have soared up in the recent times. The retail space in prime areas is limited and very expensive. Hence the retailers need to make a choice either to pay overstated premiums for the floor space area or to move out of the central market area of the city. As Indian mindset is not to drive down to faraway places just to shop, most retailers prefer staying in the central shopping areas of the city/town to get the assured footfalls in spite of having to pay exorbitant rentals. It then becomes imperative for the outlets to enforce effective and stringent floor space management systems to compensate for the heavy rentals. Certain techniques that will be required to be considered by the retailers for effective floor space management are as follows:

  a. **Flexible Merchandise Display**:
     Depending upon the item-wise purchases during the day the retailers use flexible model of display system for the merchandise. For instance, if the peak purchases of vegetable are in the morning two hours and afternoon two hours, the racks
can be shifted on the front side in these hours and during the day other merchandise can occupy the same place. Similarly similar arrangements can be done for daily perishable necessities such as Backery, Milk, eggs etc. to be exchanged with confectionaries and toiletries.

b. **Inventory Management:**
Must keep watch on the nonmoving items and should be replaced with some other items from time to time. Seasonal requirements of food items also change to a large extent across the country. Hence the merchandise selection should be based on the local tastes and preferences.

c. **Space for Movement and Signage:** Consumers Respondents at all the retail outlets have indicated that there is a need for improvement in the space for movement. Since retail space is very scarce and expensive some innovative merchandise displays ideas need to be explored. Signage should be clear so that unnecessary movement of customers can be minimized. Logical arrangement of merchandise supported by the display system also can reduce efforts of search and will minimize unnecessary movement of shoppers.

- **Technological Innovations:**

  Smooth functioning of the retail store intensely depends upon the technological quotient of the retailers. The retailers need to match the speed of technological advancements and also absorb whatever is relevant for improvising present systems. Certain areas such as payment mechanism, hand held stock register, commodity identification devises will be the highlight of technological innovations of the future.
a. **Visual Merchandising:**

Visual merchandising has a key role to play in the Indian retail scenario. Fashion retail segment is mainly driven by the innovative ways in which the product can be displayed and is yet secure from shoplifting. Electronic devices, photographic equipments, computer peripherals are some segments which will welcome such innovations. Visual Merchandising can also be used for Garment Retailing to minimize the handling of garments to protect their fresh looks.

b. **Shopping Aids:**

Since the shoppers belong to various categories, age groups, segments and profiles, various types of shopping aids can be developed.

i. Automated shopping carts, on which one can sit and shop. These carts are very useful for the senior citizens and physically challenged consumers. The shopping carts can be used for sitting on them and shopping.

ii. Magnetic electronic diary to register bulk purchases of grocery items with the reminder facility is another innovative way to induce larger size of transaction. It is observed that those who maintain a list of items to be bought end up shopping more than those who come unprepared for shopping due to a simple reason that, those who do not list out the items in advance waste lot of time in recollecting their needs. Hence if the electronic hand held diaries are provided to the regular customers, they can induce shopping at one go and without much of unnecessary movement in the entire outlet.

iii. Listening aid with the preloaded information on ingredients and salient features of the products will allow the consumer to save his/her time while choosing
the merchandise. Most packages contain information in a very small font which is almost illegible. If this information is made available in a prerecorded audio system, it will save the shoppers from spending time on reading.

c. **SCM Innovations:**

The future SCM innovations will revolve around just in time approach for food retailing. Technological support such as RFID, stock handling devices and stock taking mechanism will smoothen up the process. Business intelligence will be the center point for these innovations. Multiple supply chain management systems will evolve for the single retail setup depending upon the customer segments that it caters to.

- **Innovative Promotions:**

Point of purchase promotions need to be very innovative and catchy since they play a major role in converting footfalls into actual sales. Apart from the point of purchase innovations, collaborative promotion strategy will also be call of the hour. For instance, the home décor retailers such as tangent, and Croma, can join hands with home loan companies which provide home improvement.

- **Creativity in Vegetable Retailing:**

Identification of accurate names of fruits and vegetables and feeding these names into the system is a great challenge for Indian retailers. It gets more complicated when the varieties are many and one cannot attach a barcode label to it. IBM has recently developed a gadget called Veggie Vision which can identify fruits and vegetables using a camera. This can eliminate the need to punch in a numeric code while weighing the produce. This can also allow a shopper to weigh his merchandise on his own without waiting for the shop floor assistant.