

# Adoption of Modern Management Practices – The Changing Face of Retail

Smt. K. Aparna<sup>1</sup>

Research Scholar

Department of Management,  
S.K.University, Anantapur

Dr.P.Murali Krsihna<sup>2</sup>

Professor

Deaprtment of Management,  
S.K.University, Anantapur

## Abstract—

*Retailing in India is at the crossroads. The Indian retail scenario is presently facing the similar situations as the 'mom and pop' stores in the developing nations faced at the emergence of big box retailers. The new expansions of retail formats are adaptations of western formats fetching moderate to lukewarm success. The challenge lies in retailer's understanding of customer's needs and motivations, and most importantly, such parameters and perceptible dimensions of the shopping experience which are considered more important by consumers in evaluating a store.*

*The modern consumers is posing a challenging task for Indian retail. Post liberalization, we have moved from sellers' market to buyer' market. More aware, more confident and much more demanding, today's consumers wants the best product at the best price. And that is not all, the manner in which the product is presented to him has to be perfect too. Retailers have, therefore, been busy trying to keep pace with all these requirements at the same time striving to remain profitable. Research indicates that to excel in today's highly saturated retail markets, companies need to abandon the geographic expansionism that, ironically, created their original success. Instead, they need to initiate new competitive strategies based on profit-driven product selection and customer targeting.*

*This change represents more than a makeshift to survive the downturn. Rather, it signifies a major transition in how retailers will compete with each other in the future. It will require changes in culture, operations, strategy and finance. Those that develop the capabilities to manage product and customer profitability will have the earnings to support future investment and value growth.*

*In this context it is very important to study few basic aspects of retail strategic planning. Any business effort taken by a retailer from time to time can be a reason for competitive advantage but some advantages are sustainable over a long period of time, while others are of trial nature. Sustainable advantages are usually hard to crack. A retailer puts in full energy to keep competitors away from the market. Building a sustainable competitive advantage means, retailers should create certain advantages that enable them to survive against all odds and when presented by its competitors. In a nutshell, building a sustainable competitive advantage is the path to survive for long. Hence it is vital to discuss key areas of successful competitive advantages in this context*

*Keywords— Consumers, Retailers, adaptations, Sustainable, Competitive Strategies*

## I. INTRODUCTION

Retailing is becoming consistently more important in economic terms. This becomes evident when looking at the development of many individual countries. In highly developed countries, retailing is assuming more and more of a leadership role in the distribution channel. The expansion strategies, retail branding strategies, innovative solutions for supply chain management etc., all reflect this trend. In transformation countries, especially in emerging countries, such as China and India, fundamental changes in retailing structures become apparent and may lead to comparable developments. In view of internationalisation, a further profound change can be noticed. Retailing companies that were formerly characterised by a local or national orientation are increasingly developing into global players with worldwide operations.

With this backdrop it is essential to discuss different retail mix strategies adopted by retailers' to attract the customers. Consumers' choice is the significant element for success of retailers. It is not easy to please the consumers as they want high quality merchandise at low price. So it is important for retailers to focus upon the attractive marketing strategies to satisfy the consumers' needs. Retail mix strategies are playing vital role in the growth of organized retail sector. Retailers are opting for various marketing mix strategies to attract consumers to buy from emerging retail formats. In this context it is essential to understand the retailing strategies adopted by retailers.

In this context it is essential to discuss sustainable competitive advantages a modern retailer can create for the organisation by different methods to increase the footfalls and in turn increase the sales. It is one of the vital elements in a retail strategy. Any business activity that a retailer engages in can be the basis for a competitive advantage, but some

advantages are sustainable over a long period of time, whereas others can be duplicated by competitors almost immediately. It's hard for retailers to develop a long term advantage by offering broader or deeper merchandise assortments. If broader and deeper assortments attract a lot of customers, competitors will simply go out and buy the same merchandise for their stores.

Establishing a competitive advantage means that the retailer, in effect, builds a wall around its position in a retail market. When the wall is high, it will be hard for competitors outside the wall (i.e. operating in other markets or entrepreneurs) to enter the market and compete for the retailer's target customers.

Over time, all advantage will be eroded due to competitive forces, but by building high, thick walls, retailers can sustain their advantage, minimize competitive pressure, and boost profits for a longer time. Thus, establishing a sustainable competitive advantage is the key to positive long – term financial performance.

To build a sustainable competitive advantage, companies must develop and implement strategies to differentiate themselves from the competition in a long run. The purpose of developing a sustainable competitive advantage is to improve the organisation's sustenance in the industry. The creation of a sustainable competitive advantage ensures that the company will outlast the competition.

## **II. OBJECTIVE OF THE STUDY**

The objective of this paper is to study about building sustainable competitive advantages by modern retailers using different methods to increase the footfalls and profitability of the emerging retail format.

### **Hypothesis Formulation:**

Ho: There is no significant influence of competitive strategies on enhancing sales and customer satisfaction.

H1: There is significant influence of competitive strategies on enhancing sales and customer satisfaction

### **Data Collection and Sample Details:**

The data used for the present study is primary in nature. The respondents were administered a structured questionnaire. Following are other details of the samples.

1. Sample Size: 65
2. Sampling Method: Judgement sampling
3. Sample Population: Retailers
4. Sampling Data: Primary field survey data
5. Sampling Area: Anantapuramu, Kurnool, Nellore and Tirupathi

For the present study, the quantitative data analysis was performed based on the data collected from the questionnaires. In this study, the data analysis is performed with the help of Statistical Package for Social Sciences (SPSS-20 Version). The study utilised both descriptive as well as inferential statistics for data analysis.

## **III. SCOPE OF THE STUDY**

Core competence is the capability which is very difficult to be copied by the competitors. Thus it gives an advantage over the competitors. An attempt has been made to identify the ways and means, which gives an edge to the retailers over its competitors like having their presence in the vicinity of the customers and competitors, trained and dedicated employees, retail branding and unique positioning, latest technology, unique merchandise and so on.

### **Literature Review:**

The decision area strategies are the directing processes that assist organizations to make key marketing decisions when choosing products, their respective prices, distributions and promotions. The stated parameters depend intrinsically on the target market and brand image (Jeannt & Hennessey, 2001). According to Kurtz, MacKenzie and Snow (2009), "an organization develops its marketing strategy by first identifying the target market for its products and then develops a marketing mix strategy designed to attract new consumers of a particular segment." A unique combination of the product, price, promotion and place in the sector allows organizations to compete effectively to ensure sustainability and profitability. For example, an organization wanting to increase their market share can achieve this by matching product offerings with related price discriminations, promotions and an efficient distribution system<sup>60</sup> (Jeannt & Hennessey, 2001). Cravens and Piercy (2006) continue to stipulate that a marketing strategy should follow certain characteristics<sup>28</sup>, which are stated below:

1. Focus on providing superior consumer value, and recognize that innovation offers a sustainable advantage.
2. Make long-term investments in relationships with suppliers, distributors, employees and consumers.
3. Create satisfied consumers based on capabilities and motivation of their people.
4. Build effective supply chains and information technology infrastructure to deliver superior operating per

A marketing strategy is a long-term plan on how to achieve consumer loyalty and added value. The concepts of a strategy ensures that organizations implement a learning culture that is open to change and innovation with a long-term commitment to develop loyal consumer relationships. A marketing strategy identifies specific segments of the market towards which the organization's marketing activities might be aimed. It highlights opportunities that can be exploited and states objectives that are required in order for the corporate goals of an organization to be achieved. Ultimately,

strategy ensures synergy across the entire organization without exception. Critical to the success of any strategy is the need to ensure that all business functions and their underpinning activities work for the same purpose and are designed with a common vision in order to achieve integration and consistency in approach Beamish and Ashford (2008) assert that the function of having a strategy is to create competitive advantage in order to ensure that all components of the strategy work together, as a whole, and independently in order to achieve optimum results. The process of creating strategies is a complex but significant step that organizations should consider in order to remain in the market and, furthermore, to grow.

Over the years, various theories and models have been developed to identify the best strategies to use. According to Porter (1998), “to reach a successful strategy, all focus should lie on the industry dynamics and characteristics.”

This means that the attractiveness of industries differs and that in order to be profitable, it is important to identify driving factors that support the competition. Conversely, Prahalad and Hamel (1990) place focus on the core competencies of an organization. According to them, performance is mainly driven by the resources profile of an organization.

#### IV. BUILDING SUSTAINABLE COMPETITIVE ADVANTAGE

Some of the factor leading to a sustainable competitive advantages are strong vendor relationship, location advantage, carry a wide product line, fine tune merchandise assortments on a store-by-store and category-by-category basis, knowledgeable and skilled employees, facilitate quick and efficient merchandise replenishment, developing sophisticated distribution and information systems, customer service and introducing online purchase.

A question is asked to know the source of competitive advantage of selected retail outlet. The above table represents the sources of sustainable competitive advantage of selected retail outlets. The major sources of competitive advantages for selected retail outlets are Establish Brand Loyalty (6.43), Location Advantage (5.90), Knowledgeable and Skilled Employees (5.87), Developing Sophisticated Distribution and Information Systems (5.86), Carry a Wide Product Line (5.83), Strong Vendor Relationship (5.81), customer service (5.80), Facilitate Quick and Efficient Merchandise Replenishment (5.72), Introducing Online Purchase (5.72) and Fine Tune Merchandise Assortments on a Store-By-Store and Category-By-Category Basis (5.5).

**TABLE 1: Sources of Competitive Advantage (Ranking)**

Source of Completive Advantage	Mean	Std. Deviation	Rank
Establish Brand Loyalty	6.4308	3.00504	<b>1</b>
Location Advantage	5.9077	2.29621	<b>2</b>
Knowledgeable and Skilled Employees	5.8769	2.45909	<b>3</b>
Developing Sophisticated Distribution and Information Systems	5.8615	2.32431	<b>4</b>
Carry a Wide Product Line	5.8308	2.48476	<b>5</b>
Strong Vendor Relationship	5.8154	2.38414	<b>6</b>
Customer Service	5.8000	2.38616	<b>7</b>
Facilitate Quick and Efficient Merchandise Replenishment	5.7231	2.44635	<b>8</b>
Introducing Online Purchase	5.7231	2.32854	<b>9</b>
Fine Tune Merchandise Assortments on a Store-By-Store and Category-By-Category Basis	5.5692	2.44291	<b>10</b>

It is interpreted that from the above table that 'Establishing Brand Loyalty' means that retailers are striving to make customers committed to buy merchandise and services from their stores. Other bases for sustainable competitive advantage mentioned help attract and maintain loyal customers; for instance, having Knowledgeable and Skilled Employees, Carry a Wide Product Line, and customer service all help solidify a loyal customer base. But having loyal customers is, in and of itself, an important method of sustaining an advantage over competitors.

Therefore it can be concluded that modern retailers are trying to build loyalty by developing a strong brand for the store or store brands, developing clear and precise positioning strategies and creating an emotional attachment with customers through loyalty programs.

Location is the critical factor in consumer’s selection of a store. For example, most people shop at the supermarket closest to where they live. A competitive advantage based on location is sustainable because it is not easily duplicated. Retailing is a labour- intensive business, in which employees play a major role in providing services for customers and building customer loyalty. Knowledgeable and skilled employees committed to the retailer’s objectives are critical assets that support the success of companies. Recruiting and retaining great employees does not come easy. Hence retailers are trying to gain a sustainable competitive advantage by developing programs to motivate and coordinate employee efforts, providing appropriate incentives, fostering a strong and positive organizational culture and environment and managing diversity.

All retailers strive to reduce operating costs – the costs associated with running the business –and make sure the merchandise that customers want is available. Then retailers can decide how to use the costs savings they achieve. They could offer even better service, increase the breadth and depth of their merchandise assortments, or lower prices to differentiate themselves from competition.

Retailers are trying to achieve these efficiencies by developing sophisticated distribution and information systems and sharing information with vendors. For instance, merchandise sales information flows seamlessly from retail outlets to its

Vendors, to facilitate quick and efficient merchandise replenishment that avoids costly stock outs. Data warehousing enables the company to fine – tune its merchandise assortments on a store- by- store, category- by- category basis. It is slightly difficult for retailers to develop a competitive advantage by carrying a wide product line as there is chance for the competitors to imitate. Therefore retailers have realized a sustainable competitive advantage by developing private label brands (also called store brands), which are products developed and marketed by a retailer and available only from that retailer.

By developing strong relations with vendors, retailers may gain exclusive rights to sell merchandise in a specific region, obtain special terms of purchase that are not available to competitors who lack such relationships, or receive popular merchandise in short supply. Therefore relationships with vendors, like relationships with customers, are developed over a long time and may not be easily offset by a competitor.

Retailers also can build a sustainable competitive advantage by offering excellent customer service. Offering good service consistently is difficult because customer service is provided by retail employees, and humans are less consistent than machines. The quality of service can vary from person to person and from day to day. Retailers that offer good customer service instill its importance in their employees over a long period of time through coaching and training. In this way, customer service becomes part of the retailer’s organizational culture.

However, some other competitive strategies which are subjected to statistical treatment are considered to test the hypothesis which include Unique Merchandise, Retail Branding and Unique Positioning, Closer proximity to customers and competitors, Competitive pricing, Trained and Dedicated Employees, Adaptation to latest technology, Efficient Supply Chain Management, Public relations, Efficient Complaint Handling

Pearson’s correlation was used to measure relationship between competitive strategies and sales. The table shows that statistically significant correlation exist between Sales and Competitive Strategies ( $r=0.823$ ,  $p>0.000$ ) which are significant at 1 per cent level

TABLE-2

<b>Competitive Strategies</b>	Pearson Correlation	<b>.823**</b>	.781*	.799*	.767*	.673*	.006	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.965	
	N	65	65	65	65	65	65	65

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Therefore it can be inferred that by adopting competitive strategies sales of the retail outlets can be increased and in turn enhance the customer satisfaction.

Core competence is the capability which is very difficult to be copied by the competitors. Thus it gives an advantage over the competitors. An attempt has been made to identify the ways and means, which gives an edge to the retailers over its competitors like having their presence in the vicinity of the customers and competitors, trained and dedicated employees, retail branding and unique positioning, latest technology, unique merchandise and so on.

Framing such advantages has become imperative for the survival of the retailer in today's global economy. The values of the company and the culture that it creates goes forward to create the spirit of enterprise which is an integral part of the organisation

Technological progression is taking place in retail sector as in any other sector. With the dawn of information and technology, several new concepts and tools are being brought into retail sector to widen the customer base.

The practice of pricing that was once the science of economics has turned out to be an art with an aura of scientific touch. Dynamic competitive pressures, lifestyles of consumers and proliferation of retail outlets in different formats have opened up several challenges to retailers. The theme of pricing deals with three broad, relevant and practice-oriented issues in the area of pricing and its link with retail strategy. The concept of value is one vital issue which is of interest to retailers. The behavioural aspect of pricing that delves into the influence of consumers perception of price is another critical issue. The third issue is about creating value with organisational support and retail marketing mix elements-this aspect emphasizes the link, pricing has with the retail organisation as well as with elements of retail marketing mix.

It is recognized that competitive strategies emerged as one of the important strategies implemented by retailers. This can be interpreted to the continuously transforming globalized and liberalized world of retailing. Competition becomes the key organizational principle of marketing activities. In this vibrant business environment, consumer behaviour, trends and issues of retailing are undergoing a dramatic change. This demands marketing approaches to be altered accordingly. Thus all retailers are challenged to formulate marketing strategies that will ensure them to compete with other retailers.

## V. CONCLUSION

Therefore retailers are using competitive strategies by adapting to the latest technology, offering unique merchandise, retail branding and unique positioning, offering products at competitive pricing, public relations and being close to customers. Use of technology in retail delivers revolutionary processes and in effect redefines the industry or to change the approach towards business. The technological footprint that a retailer creates is a strong indicator of his ability to leverage people and managerial talent. The information technology strategy adopted has to be based on the business strategy to enable synchronisation with key success factors of the business. Retailers continue to effectively use new and emerging technologies to stay continually relevant to the ever-changing consumer. Offering unique merchandise is a

differentiating characteristic of retailers to be competitive. Retail branding helps build up trust and loyalty of customers and minimises risk attached with the purchase and unique positioning of retailer against its competitors is important to develop loyalty. Offering products at lower price to their customers as compared to their competitors. This strategy also helps in attracting the competitor customers' to shop from their own store. In retail sector, maintaining public relations ultimately leads to success.

Hence significance of competitive strategies which are distinct competencies of a retailer relative to competitors must not be over looked. The key to success of retailers is its ability to define customers and cater to their needs in a distinctive manner.

#### **REFERENCES**

- [1] Jhamb, D., and Kiran, R. (2012). Trendy shopping replacing traditional format preferences. *African Journal of Business Management*, 6(11), 4196-4207..
- [2] Cushman & Wakefield. (2010). Retailing Reality: The Way Ahead for India's Retail business.
- [3] Deloitte Touche Tohmatsu Ltd. (2010). Indian Retail Market: Changing with the Changing Times. August.
- [4] Economist intelligent Unit. (2008, November 11). India: Consumer Goods and Retail Report.
- [5] Euromonitor International. (2010, January). Country Market Insight: Retailing - India.
- [6] Euromonitor International. (2011). Retailing - India. Industry Overview.
- [7] Gupta, R., Bhatiani, R., & Gupta, P. (2010). An Overview of India's Consumer and Retail Sectors. Technopak Advisors Pvt. Ltd.
- [8] Gupta, R., Kumar, P., & Bhatiani, R. (2009). A Financial Deep Dive into India's Retail Sector . Technopak Advisors Pvt. Ltd.
- [9] Joseph, M., Soundararajan, N., Gupta, M., & Sahu, S. (2008). Impact of Organized Retailing on the Unorganized Retailing. Indian Council for Research on International Economic Relations.
- [10] Joshi, P. (2011, February 28). Television Homeshopping & the consumer: Where's the Rule Book. Business Standard.