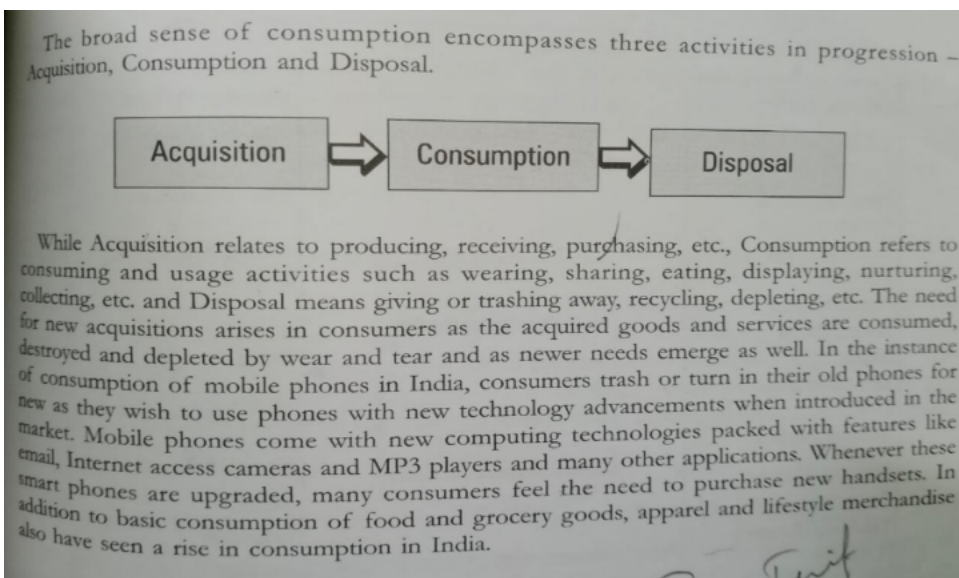
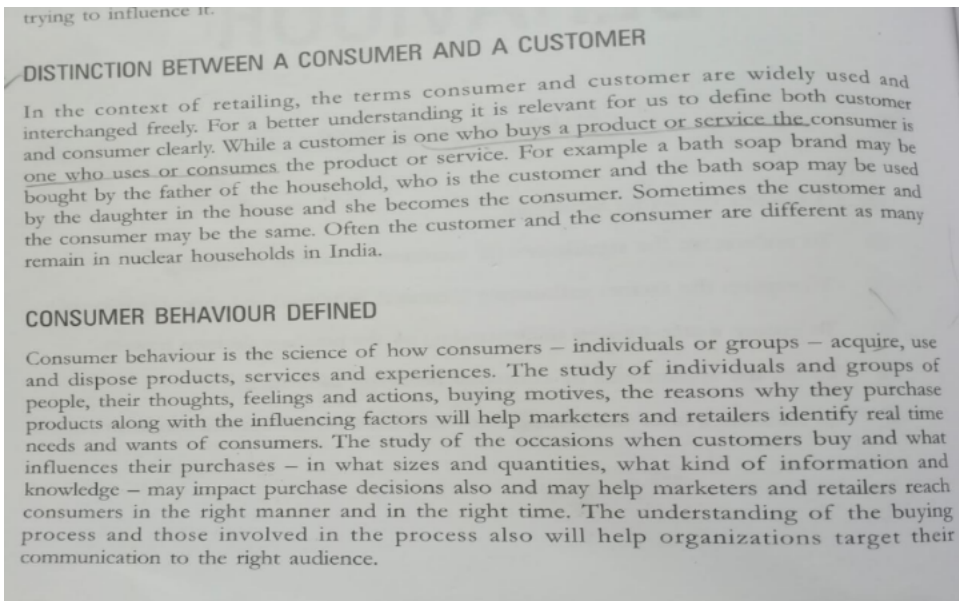


**KUNTHAVAI NAACHIYAR GOVERNMENT ARTS COLLEGE FOR WOMEN (A) THANJAVUR-7**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**

Code: 18K5BB10 - RETAIL MANAGEMENT -II

**UNIT – I**

Distinction between a consumer and a customer. Factors influencing consumer shopping patterns. Purchase decision process. Buying decision roles. Shopper profile analysis. Application of consumer behavior in retailing.



## CONSUMER BEHAVIOUR AND SHOPPING PATTERNS

### Internal and external factors impacting consumer behaviour

Increase in family size, growth in income, increase in levels of exposure and learning, mounting peer pressure, change in attitudes and lifestyles are some of the factors that impact the growth of consumption in a growing economy like India. These influences can largely be grouped into external factors and internal factors. The external factors that influence consumption are culture, family, demographics, social status, reference groups and even marketing initiatives and sales efforts of organizations. The internal influencing factors result from learning, perception, attitudes, motives, emotions, personality traits, etc. These external and internal factors influence the customer to make the decision to buy following a decision making process. It is hence relevant to say that understanding consumer behaviour for marketing and retailing organizations is not an option but a veritable necessity for competitive survival.

### Shopping patterns and motivations

Shopping patterns in today's retailing context emerge from the customer's attitudinal and behavioural outlook.

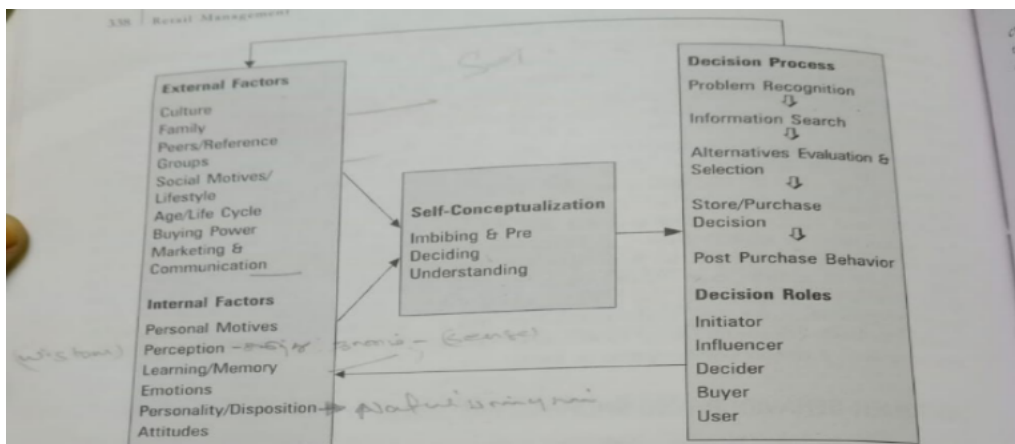


Fig. 37: Consumer behaviour model

### Shopping patterns based on shopping needs

Customers may tend to shop whenever they have a need or may shop on weekends whenever they have the time or may shop once a month as the pay pack arrives. Customers tend to shop in their nearby catchment for their top-up needs and for their stock-up needs they may go to a destination store to shop. For making their home linen purchases they may go to a destination specialty store but for their convenience good needs they may go shopping in the nearby catchment 'kirana' store. Customers may have their own 'baskets' with their preferred mix of products to buy following their preferences and their lifestyles. The time and frequency of making purchases and the mix of products they buy are significant in retailing and they need to be understood clearly by retailers.

### Shopping patterns governed by information search

Shopping patterns are influenced often by information search by customers. Especially with the availability of information at fingertips as a result of the availability of technology a

customers can easily compare prices and features using the mobile phone. All that one needs to do is to scan the QR code of a product in a store and one can compare prices of different brands of the same product in the same store or in different stores. In many instances, consumers have compared prices in such a way while shopping in a retail store but have found the price to be cheaper on an e-commerce site and have ordered for the product from the site standing in the floor of the store itself!

**Shopping patterns influenced by the retail store**

Most often shopping patterns are influenced by the retail store elements such as the existence of the store, product availability, price and service. If all these aspects are in order and to the liking of the customers, they will visit the store frequently. The relationship between the store follows may also influence the shopping patterns of the customers. The high level of service rendered by the store personnel often influences the customers to make repeat visits to a store.

**Shopping motivations**

Motivations are the driving force to enable customers to get into the act of purchasing at retail. Thrilled with the act of skillful shopping, women like to browse carefully and buy as evidenced by the motivation of shopping studied by Paco Underhill. To make skillful purchases ascertaining the right quality and price motivates women purchasers a great deal. Paco Underhill, the renowned researcher on the Science of Shopping has approached shopping motivations from a retailer's perspective and how retailers should understand why people buy. In his book, "Why We Buy", Paco Underhill elaborates on the Science of Shopping and his research is based on the premise that "certain physical and anatomical abilities, tendencies, limitations and needs common to all people, and the retail environment must be tailored to these characteristics", and if all those are identified and addressed, shoppers will be motivated to buy more in such a friendly environment and at ease.

Consumer researcher Tauber studied shopping motivations and established that "an understanding of shopping motives requires the consideration of satisfactions which shopping activities provide, as well as the utility obtained from the merchandise that may be purchased". He established that beyond product motives there were personal and social motives influencing customers to buy. These two categories of motives are defined in the following tables:

Personal motives	
<i>Role Fulfilling</i>	The housewife tends to see grocery shopping as one of her roles to fulfill the need of the family - part of a role to play as a dutiful housewife.
<i>Distraction</i>	People may consider shopping as recreational activities that may bring them joy and happiness. Shopping may be a welcome relief for some to find happiness as a pleasurable breakaway from their routine.
<i>Self-purification</i>	People may use shopping as a medium to express different states of mind and moods. Shopping may relieve people from boredom and from tired state of mind too. It may be refreshing for the mind to do shopping.
<i>Trend Spotting &amp; Learning</i>	People may find information of new products and models as they go shopping. They may find new learning of products and services during their shopping. Customers may look for sheer learning experience and keeping themselves abreast of new trends and new product-lines.
<i>Physical Activity</i>	It may be a motivation for some to do shopping as a physical activity. They may like to walk the aisles of the shop floor enjoying shopping and at the same time gaining the benefits of physical exercise, which may replace the need to do exercises.
<i>Sensory Stimulation</i>	This category of shoppers look for sensory benefits while shopping. For instance they may enjoy the store displays and visual merchandising. The ambient environment modern retailing provides may motivate some to do shopping.

*Table 21: Customer Buying Motives - Personal*

Social Motives	
<i>Social Experiences</i>	Gregarious people may find themselves shopping with their friends and express themselves. A need to socialize with friends through shopping may be a motivation for some shoppers. Malls serve as a preferred location for their rendezvous.
<i>Opportunity to Communicate with People with Similar Interests</i>	This category of shoppers look forward to meeting and communicating with people with similar interests. Some may find pleasure in meeting co-shoppers with common interests - e.g. as in bookstores people with similar interests sharing their views and opinions.

Peer Group Attraction	The motivation to shop may come from shoppers of the same profiles and peers. Customers of same profiles may visit for instance a luxury mall and it is a pleasure for such shoppers to associate with their peers there. Actors who are peers may meet in a haute couture designer wear gallery and they may look forward to having such opportunities to meet often during shopping.
Bargaining Pleasure	It is a social motivation for many people to bargain and shop. They enjoy bargaining and getting the pleasure of having struck a good deal. This pleasure is derived during shopping across profiles of customers. Such a pleasure is often a great motivation to shop for many.

Table 24: Customer Buying Motives – Social

**Purchase decision process**

The purchase decision process consists of the following popular steps of buying:

**Problem recognition**

The first part of the decision process in the consumer buying behaviour is problem recognition which actually means the process of perceiving the need or want for a product. A couple may be enjoying their ride on a motor cycle to commute to various places and the moment the addition of a baby to the family arrives, there is a need to buy a motor car.

**Information search**

The next step of information search involves the gathering of information about the available options for the customer to buy. This search for information can be of two kinds – Internal search and External search. Internal search may refer to the customer's own knowledge gained from learning, exposure to advertisements recalled from memory or previous experiences if any. Internal search is done for merchandise frequently bought or if the purchase is not a high involvement one. External search is resorted to when the purchase involves a huge risk of investment or it is a high involvement buy where an internal search is insufficient. The customer may resort to information search from friends who own similar products, product reports, advertising and expert opinions from trade and sales people. In the instance of purchasing a car, the customer may ask his friends or relatives who own the make while gathering details and comparative reports from websites offering details and from catalogues.

**Influencer**

Yet another member of the family may play the role of influencing the purchase. The influencer while convincing the key stakeholders of the purchase affirming the purchase. The say that the daughter may buy diamond studded gold jewellery instead of plain jewellery. The younger sibling in the family may also influence the designs of jewellery that could be chosen by the family for the daughter.

**Decider**

One who finally decides the purchase within the budgeted parameters may be the mother again. She perhaps makes the final decision to buy. The role of deciding to buy finally sometimes may be the joint decision of both the father and the mother too in a nuclear household.

**Buyer**

The buyer is the one who actually pays for the product and makes the purchase. In a nuclear family, it is more often the father than anyone else. The father makes the final purchase as he writes out the cheque or pays by cash or swipes his credit card at the cash till.

**User**

The user of the jewellery is the daughter who adorns herself. She is the final consumer of the product bought. She enjoys the adornment value the product offers her.

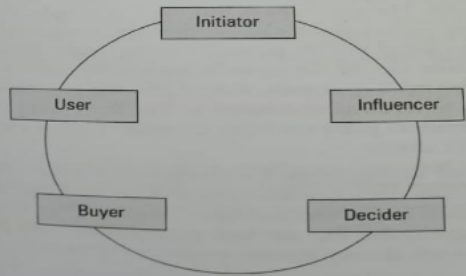


Fig. 38: Buying Decision Roles

### Evaluating alternatives

This step of alternatives evaluation refers to the process of analyzing and assessing value. The customer may use both objective and subjective measures to assess such value in options from information search. The process of evaluating alternatives involves the comparison of brands on their features, advantages and benefits. In the instance of the purchasing of a car, the various brands in a segment are analysed and assessed for features like engine capacity, mileage, interior features and a strong brand equity that can attract a good resale value later.

### Store/Purchase decision

This step is about the customer deciding what to buy, when to buy and from where to buy. The customer may decide whether he should buy from the brick and mortar store or buy on the Internet. In the case of buying a car, once he decides the model he wants to buy, the customer may decide the store or dealership from where he would buy. He also may decide when to buy. Car dealers may offer a discount towards the end of a month to achieve their targets and that may be the right time to get the best bargains.

### Post purchase behaviour

Post purchase behaviour of customers needs to be well understood by manufacturers and retailers. The post purchase scenario involves the actual use of the product by the customer. The customer may meet with great satisfaction using the product or may have anxious moments with the product or may be disappointed as well. Such satisfaction and dissatisfaction may affect consumer value perceptions on the money spent and may impact the word-of-mouth communication of the product to others who may be prospective customers. It may also affect a customer's repeat purchase behaviour. So many car retailers may follow-up with customers on their feedback and work towards generating positive feedback from them. Closely following customer satisfaction and solving problems if any instantaneously may reduce customer's post purchase psychological tension and anxiety.

### Buying decision roles

It is necessary for one to understand the role of the participants in a decision making process when purchases are made in a household. There are five key buying roles as defined in the purchase decision process. They are as follows:

#### Initiator

The initiator is one who actually identifies the need for the purchase of a product. For example in the instance of buying gold jewellery, the mother in the household may understand clearly that her daughter may get married in the next few years and she has to start buying gold jewellery for adorning her at the time of her wedding. The need for buying

The above purchasing roles may be applicable for a variety of purchases made right from high involvement purchases like jewellery and even very low involvement and impulsive purchases. Even for the purchase of a detergent, the servant/maid in the household may identify the need and initiate the purchase and buyer and the brand influencer could be the mother. The father could play the role of the decider and user may again be the servant/maid herself. Even impulsive purchases may be triggered by friends accompanying the buyer who may gift what is bought to another user as well. It becomes relevant for a retailer to understand the different roles played by consumers and customers in the purchase decision-making process.

### APPLICATIONS OF CONSUMER BEHAVIOUR IN RETAILING

There are four major applications of consumer behaviour to retailing:

1. The foremost application of consumer behaviour is in the area of retailing strategy. For instance, understanding consumer behaviour in retailing has helped retailers merchandise their stores efficiently. Understanding that consumers would like to shop with a physical feel handling products freely before buying, retailers have resorted to keeping their displays in a free-access format. With the objective of satisfying consumer's buying convenience store merchandise arrangements may help them choose, pick, feel and basket products in a supermarket. The displays of merchandise in a free access fixture design determine the format strategy. Another example is the tenant mix and zoning strategy followed in malls as a result of the mall management's understanding of shopper behaviour. The mall's zoning strategy that defines the kind of stores to be in each level, i.e., men's, women's, kids', casuals, accessories, perfumes, entertainment and dining is decided as a result of how consumers like to shop.
  2. Another key application is government policy that can have a clear impact on consumer behaviour. Cigarettes are not sold from many modern supermarkets in India, as smoking is injurious to health. The government had made it mandatory to publish pictorial warnings on cigarette packets announcing that smoking is injurious to health. A Supreme Court ruling has announced that the pictorial warning against smoking should be printed over 40% of the front face of the cigarette packet. Similarly in order to aggressively control obesity in developed economies, all food products are mandated to carry nutrition facts for customers to read and understand so that they would understand the effects. The impact of government policy can be to the extent that the merchandise mix at retail can undergo a drastic change.
  3. Retailing can increase consumption. Price benefits on larger quantity purchases and bundled offers promoted by retail stores can increase consumption largely. Free access displays in supermarkets can remind customers instantaneously to pick up many impulse products, which otherwise they may not have remembered to buy. Salespeople in retailing may upsell and cross-sell, thereby increase customer purchases.
- Consumers may share their behavioural patterns through the social media. They may share their buying habits with their friends through social sites like Facebook and retailers



understand such behaviour and tailor the merchandise mix in the retail stores. Such understanding of consumer behaviour from the new age media can tweak retail product mix to serve customers precisely ensuring proper inventory management.

### CONSUMER PSYCHOLOGY

Retailers understand consumer psychology in evolved economies and train their front-end people to conclude maximum sales accordingly.

#### Inviting displays

Buyers would like to see products as they go about buying. So the maximum displays attract the best quantum of sales on the shop floor.

#### Psychological selling techniques

Many buyers like sales people to talk about products and clarify product features before they buy. In the process, sales personnel understand consumer psychology well. Using the flattering technique, for instance, they may use phrases like "You look slimmer in this dress", when a lady customer tries out a garment, which may flatter her a great deal and induce her to buy. "One does not know when we'll have this in our store again. This is the last piece in our current fast selling collection" may further hasten the customer to buy. This may successfully create a sense of scarcity so that the customer may not want to miss an opportunity to buy. The third psychological tool that many retailers may use is the technique of 'fulfilling an obligation through reciprocity'. This means that a customer may feel obligated to buy for a 'favour' received from the sales floor personnel or the retailer, in the buying process. For instance, when the sales person has offered the customer multiple alternatives digging through the stocks for long, the customer may be obligated to buy; or for that matter it is commonplace in jewellery stores to offer snacks and beverages to customers as they go through the product range presentation and the customers may become hugely obligated to make a purchase.

#### Attractive prices

The 'value game' plays a major role in the psychological framework of the customers' buying process. When prices are less than MRP and offering instant opportunities to compare prices on the selling site or in other competing stores, the customers are driven to make a decision to buy.

## UNIT – II

### Managing Retail personnel

Various tasks involved in retailing. Problems faced in retail selection process. Motivation – what motivates retail people? Tools used by sales manager to motivate staff.

**Issues and concerns in retailing** – Manpower planning, Recruitment, Motivation and retention.

### Business planning

The starting point in retailing, as in all businesses, is the annual plan. With this plan, the retailer puts a fix on the volume and value of business that he intends to accomplish. This of course has a direct effect on the number of people the retailer needs to recruit in the future. For example, a retail organization needs to plan and recruit for new store openings. This may start with an arithmetic calculation using current store manning levels as a basis. However, after this, the number has to be revisited looking at other aspects that are mentioned below.

### Manning standards and utilization

Developing manning standards helps optimize the number of staff. As each season passes, the retailer finds that the standards get more refined and applicable for the purposes of performance development. Factors that influence manning standards are:

### Work-task organization

Assuming that one is opening a new store, or is re-examining jobs with a view to redesign them more effectively, the retailer has to decide which tasks to group together to form a particular function. This will mean a work-task analysis with reference to functions that characterize retailing: buying, selling, storing, transporting, financing, information gathering and risk-taking. The retailer needs to identify tasks and map them into jobs depending on the chosen method of organization. Examples of tasks that characterize retail are given below:

### Some typical tasks in retail

- Forecasting Sales
- Purchasing Supplies
- Purchasing Merchandise
- Building Merchandise Assortments
- Pricing Merchandise
- Selling
- Training Employees
- Displaying Merchandise
- Billing Customers
- Packing and Gift Wrapping
- Searching for Merchandise
- Advertising
- Handling Customer Complaints
- Controlling Inventory

- Transporting Merchandise
- Supervising Employees
- Hiring and Firing Employees
- Cleaning the Store
- Handling Cash
- Paying Bills
- Customer Research
- Altering/Repairing Merchandise
- Storing Merchandise
- Preparing Merchandise Statistics
- Maintaining the Store
- Providing Store Security

The retailer needs to decide how tasks have to be grouped to provide the highest level of efficiency. For example, in a store where customer walk-ins are few, and the merchandise stocked are high-fashion garments, the same salesperson may be asked to assist the customer in selection, bill the customer, collect payment and pack the item. However, in a supermarket where a cash-and-carry system exists, the jobs may be separate, with different people stacking items on shelves, cashiering etc. In a store selling specialty products – like branded cosmetics – there is no product development effort required from the retailer since the brands are presenting developed and advertised lines. Hence the salesperson may be asked to indent for re-orders as well as do selling, since he would know which items are slow and which are fast movers. However, in a fashion garments store which has its own label, a specialist merchandiser may be required to take decisions on re-orders, deciding whether continuing the product line would benefit the store image or not.

#### Store positioning or image

The number of staff hired is often dictated by the positioning of the store. For example, a high-fashion boutique store promising exclusive service will need to ensure that every customer who walks in is attended to personally. On the other hand, a warehouse store can afford to have no staff to help the customer.

#### Store strategy

Sometimes the store strategy for the year might dictate a change in staffing patterns. For example, a store that is experiencing a new business scenario such as a competitor setting up store in its vicinity may want to increase staffing and provide better service as an immediate strategy to retain the customer. Another example could be an internal strategy of using employee creativity – one may need to plan time off for employees to think creatively, and therefore employ more staff.



on the customer as well.

## HUMAN RESOURCES ISSUES AND CONCERNS IN RETAILING

Like any other service organization, the HR function in retailing (as practised by both HR functionaries as well as managers in operations/retail) is extremely important. However, as the industry evolves, some special issues have emerged. In fact HR managers may find themselves focusing on just a few activities almost 90% of the time. These constitute:

- (a) Manpower planning.
- (b) Recruitment.
- (c) Motivation, retention and building reward systems that ensure performance orientation.

This chapter covers the above three issues, emphasizing on aspects that are of special concern to the retailer, rather than a general coverage of manpower planning or motivation.

### Manpower planning

Since manpower costs form a major part of costs for the retailer, the decision on how many people it should have is crucial, and has a bearing on standards of performance and productivity. Most important, it affects the kind of service that a retailer may like to offer. Very often, retailers are so busy managing operations that the key issue of manpower planning is relegated to the background. What they don't realize is that a proper plan can perhaps improve performance on many fronts: the smoothness of operations, customer service levels and profitability.

How does a retailer go about deciding how many people he should employ? The following factors should be taken into consideration:

shelf talkers) and putting it into a shopping basket. A salwar kameez on the other hand is a 'shopping product' that requires assistance (for explaining the cut, fabric, sizing and assistance for trials) when the selection is being made.

### Ratio of manpower costs to volume of sales

At a macro level, this is a good method of planning manpower. Retailers can fix a percentage of sales turnover to be utilized on manpower costs. Micro planning can then be made within this limit.

### Shifts, opening days/hours, holidays, leave entitlement

The total number of staff depends on the shifts planned, and ideally should coincide with the flow of customer traffic. This is a complicated process, with the quantum of leave allowed, weekly offs, holidays etc. to be taken into account when planning.

### Issue of availability

A customer-focused method of looking at staffing numbers is to decide on the level of service to be offered. For example, on a particular floor, the retailer needs to decide how many service personnel should be present at a given time (like peak customer traffic time). Then staff strength should be decided after making allowances for leaves, weekly offs, staff breaks, back office work etc. that take them away from the customer. It is important to then devise a method to track availability of staff for the customer, to ensure that the targeted numbers are available.

### Importance of manpower information systems and audits & control in manpower planning

A good manpower information system, integrated into the sales reporting system, is a must for retailers to ensure efficient manpower planning. For example, staff availability and its effect on performance can be measured by finding out the staff allocation for each product category and location, tracking attendance (using an electronic attendance recording system), and then comparing these with sales figures and fluctuations in them. The study of GMROL can be made more meaningful if section-wise sales and staffing costs are captured.

### Recruitment

Retailers across the world face a scarcity of trained manpower. And because of the high employee turnover rates, they are saddled with constant recruitment activity.

Recruitment and selection has two objectives: (a) to recruit the right person for the job, and (b) to ensure that the right person is not rejected. This activity is crucial for retailers for the following reasons since proper recruitment and selection would ensure that time is not wasted on activities that do not directly add value to the bottom line, reduces recruitment

- **Sub-contracted Employees:** Sub-contractors are awarded jobs within the company, but are not part of its core competence. Outsourcing is gaining popularity since it works out to be more cost-effective. In retailing, these areas typically are housekeeping, security, transaction processing in accounts etc.
- **Self-employed Agents:** These include commission agents not on the rolls of the retailer, who operate outside the store and are instrumental in bringing in customers. These agents get a percentage of the business they bring in, like taxi drivers bringing in tourists, tour operators who bring in their own customers to the store.
- **Agency Temporaries:** These are staff from agencies normally used for very short durations for, say, promotions or events within the store.

#### Special features of retail recruitment

##### Sources of recruitment:

In retailing, staff sources are varied and the recruiter normally has to employ unconventional methods to hire them. Since the jobs involve odd working hours, front-line staff are recruited from those living in the vicinity of the store. This helps contain employee turnover. Also, references are often a cost-effective source of recruitment, and it also has a high hit ratio.

##### Issues in the retail selection process:

While setting up selection policies, an important issue is defining the selection process to ensure that the right person comes on board – that is, what is the process, is it correctly defined, who is the authority making the final decision? In retail companies, where the emphasis is on service, recruitment, selection processes and job criteria are well-defined. Recruitment is viewed as an important activity, and conducted by a senior person.

Another issue in retail selection is that of integrity. Almost all jobs in retail, especially front-line sales, are open to the possibility of theft/fraud/misappropriation. Hence the need to define a selection process that identifies the trait of integrity. Many retailers insist on careful preliminary screening of candidates, reference checks, detailed checks with previous employers and so on.

##### Scarcity of trained manpower:

The world over, the retail industry faces a shortage of trained personnel. And while there is no dearth of people who want the jobs, there is an acute shortage of institutes to train people in retail skills/knowledge. Several retailers have established large training teams and even institutes affiliated with them where people are trained for retail jobs on a large scale. The scarce supply position means that poaching talent is rampant and frequent job changes the norm.

**Unsocial hours:**

Recruiting in retail is difficult as front-line jobs involve 'unsocial hours' - that is, on weekends and public holidays - which is unavoidable for the retailer. As a result, the pool of available and willing manpower shrinks.

**Short-term manpower demands:**

Customer-buying is seasonal and depends on festivals, the weather, state of the economy and other factors. Hence there are peaks and troughs in sales through the year. Recruitment must be adjusted to take into account these variations. For example, in the peak season from October to December a clothing or jewellery retailer will need more staff. However, if permanent staff are hired according to the demands of the peak season, they will be underutilized for the larger part of the year. Hence retail recruitment demands greater flexibility and resourcefulness.

**The reputation problem:**

In India, retailers still face a peculiar stigma where retail front-end jobs are concerned. Candidates often feel that retail jobs are merely "standing in a dukaan", with no career prospects. This has, however, changed with the advent of large, professionally-run department stores. But there's still a long way to go before retail jobs are seen as serious career options.

**Front-line nature of retail:**

All retail employees have to face customers and interact with them to a certain extent. Hence, apart from technical/job knowledge the retail recruiter needs to look for additional attributes in the candidate such as communication skills, personality and appearance. This makes finding candidates more difficult.

**Recruitment with reference to customer profile:**

For all jobs that involve interaction with customers, the impact on them has to be taken into account. For example, store personnel may need to know an additional language if a large proportion of customers speak a specific language. Similarly, when the customers are children, a salesman may need skills like storytelling, juggling or performing a few magic tricks apart from selling.

**Need for mobility:**

Front-line staff, like other employees, are concerned, even at the time of recruitment, about the growth prospects in the organization. Often sales people who seek careers in retail jobs aspire to move quickly up the ladder and become supervisors, department managers,

- Managing Retail Personnel 305
- Information about the organization's goals
  - Opportunity to show creativity
  - Helpful colleagues

#### Monetary Factors:

- Special recognition for outstanding performance
- Individual incentive/bonus
- Commissions
- Overall compensation
- Contests – travel or merchandise prizes
- Group incentive/bonus

However, most salespeople are just like managers when it comes to motivation. Monetary motivations may rank No.2 or No.3 in importance for a retail salesperson. No.1 would be any one of the softer factors, such as respect, accomplishment/achievement, status, security and stimulation.

#### Tools that can be used by a sales manager to motivate staff

Without exploring the theories of motivation, here are a few practical tips for retail managers:

**Job variety:** Salespeople get bored selling the same product day in and day out, month after month. Rotation, changing products, allowing them to do other associated jobs such as visual display, cashiering and retail statistics reduce job monotony.

**Job autonomy:** Studies indicate that salespeople who are given greater autonomy – like enriching the job with the responsibility of indenting, keeping statistics of stocks, giving feedback to improve product design, redressing customer complaints, participating in customer research etc. – are more responsible and have higher levels of productivity.

**Specialized training:** For many individuals the opportunity for growth and knowledge acquisition are tremendous motivators. For salespeople, training could be on product knowledge, service skills, computer skills, leadership and teamwork, visual displays, merchandising basics etc.

**Public recognition of achievements, for example, contests and meetings:** The retail sales floor is a dramatic arena, where the skills and achievements of participants are constantly on display for all – superiors, peers and customers – to appreciate. Hence public recognition is often a powerful tool to motivate employees.

**Goal-setting:** Setting performance benchmarks and linking rewards to the same is a time-tested tool. Very often the retail manager may be remiss in fixing targets.

merchandisers, store heads etc. However, the positions that become vacant are few compared to the number of aspiring salespeople at a location, and competition is fierce. Retail businesses grow by increasing their sales volume by setting up new stores in new locations. And opportunities for jobs involving more responsibility often emerge there, provided the employee has geographic mobility and across functions. Hence determining mobility while recruiting is important for employee retention.

#### Women in retail:

In economies where the retail industry is developed, more than 50% of women are employed in the industry. The nature of jobs that exist – such as customer service personnel or buyers – make retail an attractive option for women. In India, women are still reluctant to take on jobs that involve late hours. However, recruitment decisions depend on customer expectations and comfort. Will a female customer be comfortable buying lingerie from a salesman? Will a 50-year-old male customer be comfortable if he needs to buy trousers where a saleswoman may need to take measurements for alteration?

#### Legislation:

In India legislation has to be taken into account while deciding staffing. The Shops & Establishments Act has fixed store opening and closing timings, the duration an employee can work, mandatory leave/holidays and breaks after a specified number of hours, and special provisions for the employment of women. Hence while deciding shifts, breaks, weekly offs and staffing patterns, the retailer needs to ensure that he is on the right side of the law.

#### Motivation and rewards for performance

##### What motivates retail salespeople?

The following is an illustrative list of different motivators. Most managers believe that overall compensation ranks as the No.1 motivator for salespeople. For themselves, on the other hand, they say money comes second or third.

##### Non-monetary Factors:

- Encouragement and contact of supervisor
- Opportunity for promotion
- Advanced training
- Participative goal setting
- Sales quotas
- Challenging/creative job
- Opportunity for learning

**Incentives like cash prizes, travel opportunities, merchandise:** These could vary from a straight percentage of sales, to innovative incentive designs which tackle specific problems such as customer conversion, increasing ticket size, increasing the number of items purchased by each customer, pushing slow movers, improving customer service, mystery shopper schemes etc.

**Salary and remuneration structures:** This is covered later in this chapter.

**Retention: motivating in the long run** *Control*

High employee exit rates are the bane of retailers the world over. Large employee turnover leads to high recruitment costs, time wasted on recruitment, and high induction and training costs. It is important to remember that employees have a career life cycle. A manager needs to respond to this and use the right motivators at each stage of his career. He also needs to recognize when the employee is likely to disengage from the organization.

CAREER STAGE	EMPLOYEE BEHAVIOUR	SALES FORCE MOTIVATOR
Explore	- Searches for comfortable position, unstable	Use communication to give society basic skill-building
Establish	- Seeks stabilization - Strives for professional success/promotion	Introduce rewards/challenges Plan career
Maintain	- Concern to retain current position, stable	Reward creativity, emphasize smart work Career development plans
Disengage	- Declining performance - Psychological disengagement	Reduce working hours Re-deploy

Table 22: Career Life-cycle

**Remuneration: the structure**

Remuneration for salespeople can be structured in any of the following ways:

- Salary only
- Salary + Bonus
- Salary + Bonus + Commission
- Salary + Commission
- Commission only
- Non-cash incentives (usually an additional component of rewards)