KUNTHAVAI NAACHIYAR GOVERNMENT ARTS COLLEGE FOR WOMEN (A)
THANJAVUR-7
DEPARTMENT OF BUSINESS ADMINISTRATION
Code: 18K5BB10 - RETAIL MANAGEMENT -II

UNIT – III
Category management – Definition, Reasons for category management, Process of Category management, Demerits of Category management. Space management – Space planning process, Types of store layout, Measuring space performance.

2-MARK :

1. Define Category Management.
Category management is a retailing and purchasing concept in which the range of products purchased by a business organization or sold by a retailer is broken down into discrete groups of similar or related products; these groups are known as product categories (examples of grocery categories might be: tinned fish, washing detergent, toothpastes). It is a systematic, disciplined approach to managing a product category as a strategic business unit. "Category management" was coined by Brian F. Harris

2. **Define space management.**
Space Management involves the management of a company's physical space inventory. Whether you realize it or not, every organization manages their space one way or another.

3. Define Category.
The definition of category varies from situation to situation and one store to another. In one circumstance, category may be narrowly defined or very broadly defined, depending upon several factors. For instance, the category of sandwich may be narrowly defined so as to comprise only vegetarian sandwich, or it may be broadly defined to include all types of varieties such as vegetarian, non-vegetarian, chocolate, fried, baked, grilled, cheese spicy/mutton spicy etc.

4. **list out the two sub objectives are:**
I. How to horizontally position a store's own brand relative to the incumbent national brand and
II. How to price the store and national brands for retail category profit maximization.

5-MARK
1. Explain the Measuring space performance.
Space Utilization Performance:
Measuring Your Space Utilization Performance How to apply benchmarking data (without inputting your own data) to see if your building needs a more in-depth analysis
Many FMs are seeking benchmarking data to measure how their organizations are performing. One of the problems they encounter is having enough time to collect and input data for a comprehensive benchmarking survey.
Benchmarking:
What this group of FMs really wants is a table or chart showing the key operating metrics of a good peer group to compare with their performance. Then, depending on the findings, they may or may not be interested in the next steps, which usually are to identify ways to improve. In other words, if their buildings are already one of the top performers, there may be no need for them to focus further attention on the benchmarking exercise. Now, there are some tools available to answer these questions, where one does not have to input data. Let's look at some of what one can do in order to conduct such an initial assessment.
One of the most important KPIs (knowledge and performance indicators) centers around space utilization. The key metric here is Gross Square Feet per Occupant. Most other benchmarking metrics focus on

improving an operating cost in a specific category. For example, you may feel very productive if you reduce your maintenance cost by 10% which translates to maybe $0.20 to $.40 per GSF US. What if, instead, you could reduce the portfolio size by 10%. That would produce a savings of $6 to $12 per GSF. So the first KPI to look at is GSF per Occupant.
First, the FM must realize that not all space utilization charts provide a realistic picture of your benchmarked costs. Comparing data or even processes isn't a very effective way to improve your performance unless the comparisons are made with a relevant peer group. Below, our first example is a chart showing the GSF / person for all facilities greater than 600,000 GSF located in a suburban setting.

2. List out the Reasons of category management.
1) Consumer Changes
2) Economic and Efficiency Considerations
3) Competitive Pressures
4) Information Technology advances Consumer changes

1) Consumer Changes:
Consumer needs and lifestyles across the world have changed dramatically over the past decade. In addition, population growth rates in Europe and many parts of the developed world have declined and consumer spending power continues to shrink, impacting at homes food spending. Given these challenges, retailers and suppliers have been forced to better understand consumer needs and to meet those needs more effectively. Many retailers and suppliers have a growing interest in understanding the composition of their loyal consumer base and in defining the purchasing behavior of loyal consumers. Awareness is growing that failure to recognize and reward consumer loyalty can be costly.

2) Economic and Efficiency Considerations:
A retailer who adopts category management is believed to focus on the consumer. This ensures that the retailer is careful while describing categories and in the way these categories are managed at the store end. This focus affects simple processes as those used to describe categories. It takes into account the fact that consumers come to the store to satisfy needs which are more likely to be defined in terms such as pain relief, breakfast food, fresh breath, etc. The use of category descriptors that do not relate in direct ways to how consumers define needs can cause a lack of connection between how consumer come to buy and how retailers and suppliers do to market in attempts to meet consumer needs. Category management helps identify this lack of connection by emphasizing that consumer defined needs and their solutions should be at the heart of decisions on how products and categories are marketed.

3) Competitive Pressures:
Various practices may lead to a difference in the understanding of how the consumer actually buys and the manner in which the retailer thinks that the consumer buys. Category management draws attention to various kinds of unproductive departmental separations by emphasizing that categories should be defined first and foremost by consumer need and not by departmental separations. The traditional approach may not really help the retailer in today's environment. Effective responses to the competitive threats cross departmental planning. By focusing on consumer needs and solutions, category management provides an approach for addressing these issues.

4) Information Technology advances Consumer changes:
The emergence of new formats of retail like hypermarkets and category killers and the breaking down of global boundaries requires retailers to become more competitive. Success to these formats has typically come at the expenses of traditional retail formats. This type of competitor focuses on a category, not at a total store level. Specially retailers identify a category opportunity and exploit it by offering superior consumer value in that category.

10-MARKS
1) Explain the space planning process.

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit

1. Function and Zoning 2.Dimensions and shape of the space 3.Site, orientation and climate 4.Economy 5.Stretching space 6.Circulation patterns 7.Storage 8.Permanent fixtures 9.Special needs for elderly or disabled users 10.Emotion and psychology 11.Application of the Principles of Design 12.Skillful use of the Elements of Design

1. Function and Zoning;

Arguably the most important among space allocation considerations is a functional analysis of the space. The functional use of the space can be graphically illustrated.

Diagramming is the process of placing a two- or three-dimensional graphical representation of the proposed space on paper. The schematics are refined in stages, from rudimentary bubble diagrams to a finished floor plan, which will form the basis of the blueprints or working drawings.

2. Dimensions and Shape of the Space

The research phase of the Design Process involves ascertaining the adequate floor space for each activity area within the building. Generally, around 80 per cent of the available area is allocated to living space, 10per cent for passage and 10 per cent for storage With the aim of creating good designs for comfortable interior living, the sizes, shapes and spatial arrangement of the interior spaces should determine the exterior shape of the building, although in reality the desired style and proportions of the exterior may constrain the interior shapes of

The shape of the interior space has both horizontal and vertical dimensions. Rectangular rooms are the easiest to build and decorate, but are less architecturally interesting than spaces with curved or angled walls and ceilings, which may create the impression of greater space and so serve to visually expand the actual dimensions of the interior.

3. Site, Orientation and Climate

The size and shape of the space may be determined by constraints of the site, such as the size of the building plot, the slope of the site, the location of nearby buildings or the style of neighboring architecture.

The orientation of the site (the direction the plot faces) will influence the fenestration and good design will take full advantage of the solar aspects (the direction of sunshine).

Planning for climate is an important consideration of design. Homes in Finland will have different planning from those in California, for example, because houses in colder climes are designed to provide protection from winter cold and residences in hotter climes must provide respite from the heat from the sun.

4. Economy

Economy is a paramount consideration in space planning. In most cases, the client will need to impose a maximum spending limit, or a financial limit may be determined indirectly by the client's lender. The first economic consideration will be the amount of space, which directly affects the cost of the building. Two-storey dwellings are less costly to construct than single-storey living space, since a single roof and set of foundations can serve all levels, fireplaces can be stacked and plumbing and electrical systems can be centralized. Attic and basement conversions can provide an economical expansion of living space.

It can be economical to incorporate multi-use are

5. Stretching Space:

A number of structural devices can be employed to 'expand' the space Light colours appear to recede, making light-coloured walls seem further away Smooth textures expand space Wall-to-wall floor coverings make the floor area appear larger Strong vertical lines direct the eye upwards, making ceilings appear higher Floor-length window treatments can make walls look taller Use of horizontal holdings can give the impression of greater width Use of glass tables and other transparent materials Furnishings that show their legs, rather than upholstered skirts Conversely, too much space can be as big a dilemma as too little space.2 Areas that are larger than human scale in height or space, can amplify and echo noise, provide little opportunity for privacy, and seem unwelcoming.

6. Circulation Patterns

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.

2. Retail Management - Gibson G Vedamani –4th Unit

Circulation patterns are also referred to as 'traffic flow'. Space planning entails careful evaluation of traffic flow between rooms and between areas within rooms. Traffic patterns may be depicted as lines and arrows on a bubble diagram. Direct traffic flow should be hindered as little as possible.
Some pitfalls to avoid in managing traffic patterns

7. Storage
Possessions are hard to part with so storage fills up quickly. Storage areas should be located at the point of first or most frequent use. Storage zones are required in or near specific locations throughout the home:

The entrance hall for coats, shoes, scarves, gloves
The kitchen for food, cookware, crockery, appliances, cleaning products
The utility or laundry rooms for washing machine, dryer, mops, brooms, vacuum
Linen cupboard for towels, bed line
Bedroom wardrobes and cupboards for clothing
Bathroom cupboards for toiletries
Study or home office for books, paper, stationery supplies, computer equipment
Family room for DVDs, CDs
Tool shed or outside storage for garden and maintenance tools and equipment.

8. Permanent Fixtures
Rooms that contain built-in fixtures require particularly careful planning. Permanent fixtures are treated as structural components, specified by the architect or designer, and included on the floor plan. Kitchens, bathrooms and laundry rooms contain permanent fixtures and other rooms may also contain built-in cabinetry. The kitchen is often the hub of the family home; the centre for food storage, preparation, service and dining. Kitchens have also become an important centre for entertaining – a setting for hosts to cook and converse with guests. A kitchen costs more to outfit in cabinetry, appliances and plumbing fixtures, than any other room in the home.

9. Special Needs for Elderly or Disabled users
The ageing population, and the growing number of people aged over 65 who maintain a longer period of independent living, require adaptations in traditional kitchen design. Safety considerations are paramount, as well as comfort and convenience for users who may have impaired movement. The kitchen must be planned for accessibility, with no excessively high or low shelving to avoid bending and work surfaces at a comfortable height. Interiors for people with disabilities may require particular modifications to facilitate independent living. Wheelchair users, for example, require modified spaces and dimensions.

10. Emotion and Psychology
Interior designs that are intended to be psychologically or emotionally appealing, or to evoke a certain mood, can be accomplished by the shape, size and scale of the interior, as well by the use of certain materials, colours and textures. Dividing interior space into different sizes addresses different human needs. Small spaces provide a sense of security, comfort and intimacy, as well as an opportunity for users to feel a sense of ownership and belonging.

11. Application of the Principles of Design
Effective space planning necessitates careful consideration of the principles of design – harmony, emphasis, rhythm, balance and scale – in order to create effective and aesthetically pleasing interiors. The scale and proportion of interiors should always be related to the scale and proportions of the human frame.

12. Skillful use of the Elements of Design
The objective of achieving a balance between functionality and aesthetics in space planning is accomplished by manipulating the elements of design – shape, mass, light, line, pattern, colours.

2. Process of category management:

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit

☞category definition
☞category role
☞Category Assessment
☞Category Performance
☞Category Strategy
☞Category Tactics
☞Category Implementation
☞Category Revision

1. Category Definition:
The definition of category varies from situation to situation and one store to another. In one circumstance, category may be narrowly defined or very broadly defined, depending upon several factors. For instance, the category of sandwich may be narrowly defined so as to comprise only vegetarian sandwich, or it may be broadly defined to include all types of varieties such as vegetarian, non-vegetarian, chocolate, fried, baked, grilled, cheese spicy/mutton spicy etc.

2. Category Role:
Under this step, retailers usually determine the priority level and then assign a role for the category based on a cross category comparison considering liking and disliking of consumers, and market trends. Basically here retailers develop the base for allocating resources for the entire business.
For example, the ice cream product category has been upgraded in UK marked by introducing premium luxury ice-cream, ice cream confectionery, mass scale marketing and sales promotion companies such as Haagen Dazs and the development of premium store brands. Athletic footwear (trainers), toys and beer are examples of other categories that have shifted from value to premium (Vishwanath and Mark, 1999.

3. Category Assessment:
Under category assessment step, the retailer conduct an analysis of the category's sub categories, segments with respect to sales, turnover, profits, return on assets by reviewing consumer, market, retailer and supplier information. Category assessment requires a variety of analytical measures designed to determine the strengths, weaknesses, opportunities and threats of a particular category. It provides the retailer an opportunity to identify future prospects in the category.

The retailer's objective to assess categories is to know (a) whether to continue with the present category categorization, (b) Which categories require additional effort to generate profits, (c) What are the areas of highest turnover, profit, and return on asset improvement opportunities, and lastly to know the gaps existed between the chosen category and the present performance level of the category. Besides analytical tools, retailer sometimes assesses the categories with the help of data on the customers, suppliers or competitors.

4. Category Performance:
Measuring category performance is the fourth step in the category management process in which the retailer develops bottom-line and benchmark to measure the performance of the categories. It involves setting measurable targets in terms of sales, volume, margins, and gross margin return on investment (GMROI).

Establishing category performance measures are essential for measuring performance of a particular category which later on becomes base for further improvement within the category. Category performance measures basically represent the category score card that result in target objectives that are set by the retailer and supplier for the achievement of the implementation of the category business plan.

5. Category Strategy:

Under this stage of category management business process, retailers develop marketing and product supply strategies that determine the category role and performance objectives. The basic purpose behind developing strategies is the retailer's intention to capitalize on category opportunities through creative and optimum utilization of available resources assigned to a category.

2.Explain the widely applied category management strategies.

(i) Traffic Building:
Traffic building strategy is used to draw customers' attention towards store, aisle, and/ or category. This is usually achieved through advertising relatively low priced goods (having enough price difference from the everyday). This strategy typically applies to products that are most price sensitive, have high degree of household penetration, need frequent purchases, frequently promoted, having high sales in the category and generate major portion of sales.

(ii) Turf Protecting:
A turf protecting strategy (also known as super traffic building) basically is applied to defend the category sales and market share against a known competitor through competitive based pricing. This policy is only deployed when absolutely essential because it is generally an expensive strategy in terms of profit impact products with large transaction size that are under intense pressure from a defined competitor are considered under turf protection strategy. Turf protection strategy should be applied carefully as and when required because of the essential margin investment. However, proper use of a turf protection strategy can assist the retailer in creating a positive overall price image. Implementing turf protecting strategy requires that if the competitor reduces prices or prices fall in the market, the retailer will follow with price reductions to maintain turf protection strategy.

(iii) Transaction Building:
This strategy is issued to increase the sales of a particular category by emphasizing larger sales, multi packs, goods with trade-up options, aggressively pricing and promotion large transactions size terms, and goods that are subject to impulse purchase.

(iv) Profit Generating:
This strategy is used to generate profits by focusing on sub-category or parts of the category while keeping prices within competitive ranges. Products generating higher margins usually have a substantial amount of loyalty and which are not like less price sensitive items, with higher than category average gross margins are commonly used in this category. Store's own brands also come under profit generators.

(v) Excitement Generating:
This strategy is used to create excitement to a particular category by communicating a sense of dire need (urgency), or opportunity to the prospect. Seasonal items, latest arrivals, special items, limited edition, rapidly growing segments, fashion trends, and high items with a high incidence of impulse purchasing, come under this category.

(vi) Cash Generating:
This strategy is used to generate cash flow to ensure the retailer a balanced cash flow across the categories in a store to meet operating cash requirements, larger sales volume products, fast turning products, low inventory turnover goods, and goods with favorable payment terms come under this category.

(vii) Image Enhancing:
This strategy is used to enhance retailer's image before customers in one or more of the following aspects.

2. Category Tactics:
Categories tactics are used to determine the optimal category assortment, pricing promotions, and shelf penetration, essential to ensure that strategies put are on right track. Category tactics determine and authenticate the specific actions that are required to implement the category strategies developed earlier. The areas covered under category tactics vary from retailer to retailer and place to place. But pricing,

promotions, assortments and the store's overall presentation are few commonly used areas where tactics are developed. Therefore, it is expected from a supplier to do proper amount of value addition depending upon the role expected from a category; by assessing this retailers further develop proper strategies. For instance, a SKU may play convenience role for one retailer but a destination role for another. Therefore, while developing the category, category captain (usually supplier) should take an overall view of the category and create a framework suggesting for marketing (traffic building, profit generating, and image enhancing etc.) as well as ensuring product supply. The retailing format (departmental, destination, hypermarkets, etc.) and the product's stage in a product life cycle should be taken into consideration.

3. Category Implementation:
This step is used to implement the category business plan through a systematic schedule and list of responsibilities. Implementing category plan as per the objectives laid down, is the path to the success of category management.
A typical category plan under implementation stage includes:
I. What specific tasks need to be done? II. When to do, III. Where to do, and IV. Who will do it

Therefore, in a short, implementing category plan on the part of a retailer requires to decide what, where, when a task to accomplish and by whom.

4. Category Revision:
This is the final step in a typical category management business plan. Category review enables a retailer and concerned supplier to gauge the performance of a category and identify key areas of opportunity and threats to overcome by adopting alternate plans. As today category management is an important strategic plan, it becomes imperative for a supplier to revisit the dynamics of the category and the appropriate strategies and tactics. This will enable a supplier to measure performance against the appropriate strategies and tactics.
In this regard, one thing should be noted that category business plans are subject to change with regard to change in assumptions laid down. For instance, in case of any specific change in business environment, assumptions made earlier may not hold validate. Therefore, business plan must be modified with respect to change in underlying assumptions without any delay.

UNIT – IV
Merchandise management – definition. Phases in developing a merchandise plan. Methods of planning and calculating inventory levels. Requisites of a successful merchandiser. Key areas in merchandise management.

2-MARKS:
1. Define Merchandise management.
Merchandise Management involves understanding and evaluating the consumer's buying habits to effectively source, plan, display, and stock merchandise. It is a process from beginning which involves a strategy where you work towards to an end with a performance evaluation.
2. What is mean by Inventory levels?
Inventory refers to the items you keep in stock to process or resell. Keeping a high level of inventory allows you to easily meet customer demand. Keeping a low level of inventory reduces your costs and minimizes losses from deteriorating items.
3. **What is Merchandise Planning**?
The overall goal in merchandise planning is to maximize profitability by limiting markdowns and achieving and exceeding sales targets while also limiting excessive inventory.
4. **What is Merchandise Buying**?
The buyer must also understand the strategy of the company as well as how their category fits in line with that strategy. To understand the customer they must also understand the trends driving the industry. Part of the merchandise buying process is attending trade shows to select meaningful product and also conducting line reviews to present the product to the team.
5-MARKS

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit

1. Methods of planning and calculating inventory levels:

1. Basic stock method;
2. Percentage variation method;
3. Week's supply method; and
4. Stock to sales method.

1. Basic stock method:
The basic stock method is followed to derive a basic level of stock. The basic level of stock is a particular level of inventory available at all times. It meets sales expectation and allows for a margin of error. This approach ensures that stock levels are not depleted. Customers are satisfied as the products they intend to buy are always available. Basic stock method assumes particular importance if sales are higher than expected or if there could be any problem with the shipment and delivery of stocks.This method is suited to a low turnover or when sales may be erratic. Stock at the beginning of the month = Planned monthly sales + basic stock where

Average stock for season = Total planned sales for season / Estimated inventory turnover

Average monthly sales = Total planned sales for season / Number of months

2. Percentage variation method:
Percentage variation method is followed when stock is stable. When stock does not change considerably, the plan and monthly inventories are closer to the monthly average. The monthly percentage fluctuations from average stock should be half as great as the percentage fluctuations in monthly sales from average sales. This would be calculated as follows:

Beginning of month planned inventory level = Planned average monthly stock for season x 1/2 (1+ (Estimated monthly sales /Estimated average monthly sales*))*

3. Weeks supply method:
Week's supply method forecasts average sales on a weekly rather than a monthly basis. This method assumes that the inventory carried is in direct proportion to sales. This method is suitable for retailing organizations such as supermarkets where sales do not fluctuate by significant amounts. The predetermined number of weeks' supply is linked to the stock turnover rate desired. This method has a proportional link between the value of the stock and the forecast of sales.

Beginning of month stock = Average weekly sales x Number of weeks to be stocked

Average weekly sales = Estimated total sales for the period / Stock turnover rate for the period

Number of weeks to be stocked = Number of weeks for the period / Stock turnover rate for the period

4. Stock to sales method:
Stock to sales method is appropriate when a retailer wants to maintain a specified ratio of inventory to sales. Generally, the beginning of the month stock to sales ratio is used. This ratio reflects the amount of inventory required to affect that month's estimated sales.
For example, a ratio of three would require a retailer thrice that month's expected sales available in inventory at the beginning of the month.

2. Key areas in merchandise management:

Merchandise Operations

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit

Merchandise Planning
Merchandise Buying
☞**Merchandise operations:**
Keep in mind that not every retailer is national in scope and would have a division of labor with separate departments and even separate individuals performing these functions. Also keep in mind that there are other supporting functions in accounting, marketing, and human resources within retail organizations. However, the functions referenced above support the merchandise management process which many believe to be the heart of the retail business.

☞**Merchandise Buying**:
Merchandise Buying involves sourcing goods from vendors and wholesalers at the best possible cost to achieve maximum profitability. Merchandise Buying and Planning work hand in hand7 as the buyer must understand the merchandise financial plan and what products will drive sales in that category. A buyer must be fiscally responsible ensuring they are purchasing goods in line with their seasonal plans (prior to the season) and the Open to Buy (in-season). The Open to Buy calculates how much they have to spend based on the financial sales and inventory plan.

☞**Merchandise Planning**:
The overall goal in merchandise planning is to maximize profitability by limiting markdowns and achieving and exceeding sales targets while also limiting excessive inventory. Typically the merchandise planner will plan pre-season utilizing history from last year to build the six month plan that is typically either Fall or Spring. Pre-season planning accounts for any shifts in the business such as major holidays and any missed sales opportunities. For example, if the weather was unseasonably warm in the winter months and sales were missed or didn't come until much later they would want to keep accurate history to make sure they aren't planning this in future fall seasons.

10-**MARK:**

1. Requisites of a successful merchandiser:
1. The role of merchandiser requires a close liaison with consumers.
2. He should have a holistic view of the supply chain.
3. He should have regular interaction with central functions such as management accounting and distribution.
4. He needs to be an effective communicator with appropriate interpersonal skills.
5. The post of merchandiser needs administrative competence.
6. According to Gilbert, a merchandise plan is required for developing the first stage. Understanding the nature of various niche markets, collecting necessary details about competitors and plans regarding starting of new branches, taking into consideration of branding and corporate policy, accepting to merchandise budget and liaison and preliminary discussion with potential buyers
7. The merchandiser concentrates on the budgeting process which is the key area to the role of the merchandiser. Budgeting quantities in financial terms the objectives of the retailer for a defined period of time. The financial plan or master budget monitors the performance of the business. Retailers should buy the merchandise that can be set an acceptable market price and also provide a planned gross margin. This involves the retail value of sales and the cost value based on the purchase cost of the merchandise.
8. The merchandiser plays an important role in both planning and controlling retail activity. The merchandise budget is the tool for the financial planning and control of the investment. The master merchandise budget provides a gross sales projection, stock level requirements, retail production estimates and expected profit margins.
9. The merchandiser dis-aggregated the figures of the master merchandise budget into merchandise plans that are able to attain projected sales. The resultant process has one important dimension, managing variations in sales demand over time.

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit

UNIT V

Consumerism and ethics in retailing. Consumerism – definition, Reason for consumerism, Legislations for consumer protection. What are unfair trade practices? Business Ethics- meaning, Overt Ethical Issues and Convert ethical issues-meaning. Ethical issues in retailing, Councils for redressal of consumer disputes.

2-MARKS:

1. Define Consumerism.

Consumerism is the idea that increasing consumption of goods and services purchased in the market is always a desirable goal and that a person's wellbeing and happiness depends fundamentally on obtaining consumer goods and material possessions.

2. What is mean by Business ethics?

Business ethics is a form of applied ethics or professional ethics, that examines ethical principles and moral or ethical problems that can arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations.

5-MARKS :

1.What are the unfair trade practices?

1.False representation:

Falsely suggests that the goods are of a particular standard quality, quantity, grade, composition, style or model; Falsely suggests that the services are of a particular standard, quantity or grade; Falsely suggests any re-built, second-hand renovated, reconditioned or old goods as new goods; Represents that the goods or services have sponsorship, approval, performance, characteristics, accessories, uses or benefits which they do not have; Represents that the seller or the supplier has a sponsorship or approval or affiliation which he does not have; Makes a false or misleading representation concerning the need for, or the usefulness of, any goods or services; Gives any warranty or guarantee of the performance, efficacy or length of life of the goods, that is not based on an adequate or proper test; Makes to the public a representation in the form that purports to be- a warranty or guarantee of the goods or services, a promise to replace, maintain or repair the goods until it has achieved a specified result, if such representation is materially misleading or there is no reasonable prospect that such warranty, guarantee or promise will be fulfilled Materially misleads about the prices at which such goods or services are available in the market; or Gives false or misleading facts disparaging the goods, services or trade of another person.

2.False Offer of Bargain Price:

The 'bargain price', for this purpose means-the price stated in the advertisement in such manner as suggests that it is lesser than the ordinary price, or
the price which any person coming across the advertisement would believe to be better than the price at which such goods are ordinarily sold.

3. Free Gifts Offer and Prize Schemes

The unfair trade practices under this category are:
Offering any gifts, prizes or other items along with the goods when the real intention is different, or
Creating impression that something is being offered free along with the goods, when in fact the price is wholly or partly covered by the price of the article sold, or Offering some prizes to the buyers by the conduct of any contest, lottery or game of chance or skill, with real intention to promote sales or business.

4. Non -Compliance of Prescribed Standards

Any sale or supply of goods, for use by consumers, knowing or having reason to believe that the goods do not comply with the standards prescribed by some competent authority, in relation to their performance, composition, contents, design, construction, finishing or packing, as are necessary to prevent or reduce the risk of injury to the person using such goods, shall amount to an unfair trade practice.

5. Hoarding, Destruction:

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit

Any practice that permits the hoarding or destruction of goods, or refusal to sell the goods or provide any services, with an intention to raise the cost of those or other similar goods or services, shall be an unfair trade practice. Monopolistic and Restrictive Trade Practice Back.

2. Legislations for consumer protection:

Consumer protection is the practice of safeguarding buyers of goods and services, and the public, against unfair practices in the marketplace. Consumer protection measures are often established by law. Such laws are intended to prevent businesses from engaging in fraud or specified unfair practices in order to gain an advantage over competitors or to mislead consumers. They may also provide additional protection for the general public which may be impacted by a product (or its production) even when they are not the direct purchaser or consumer of that product. For example, government regulations may require businesses to disclose detailed information about their products—particularly in areas where public health or safety is an issue, such as with food or automobiles.

10-MARKS:

1. Explain the Reasons for consumerism:

1. Rising prices:

The value of a rupee was a rupee in 1949 matching its full face value. But now it is worth less than 10 paise. The pricing theory holds that price is directly related to quality and quantity. But prices of mass consumer goods such as soaps, tooth paste etc., are 10% — 20% above the real prices. So, often dealers earn a good margin of profit and create an artificial demand for them.

2. Adulteration:

Unscrupulous traders indulge in adulteration. They make illegitimate and abnormal profit through adulterated products. Adulteration involves cheap ingredients mixed with the product intended for sale. Such adulterated product is detrimental to health. A survey says about 25 to 35% of the food we eat today is adulterated. Presence of stones in grains, cheaper fats in ghee, mixing of coconut oil with palmoleins etc., are common in adulteration. They all leave behind harmful effects on consumers.

3. Duplication:

Duplicates are made for all types of products like automobile components, medicines, blades, pens, watches; clothes and even currency notes. Consumers are not able to differentiate the original products from duplicates. Duplicate products are available through wide marketing network undertaken by dishonest traders. Some home made products are stamped “Made in Japan”, “Made in USA” just to lure the consumers.

4. Artificial demand:

When the price of a product is steadily increasing, some traders buy in bulk and hoard them. They put up a sign “No stock” in front of their shops, though stocks are in abundance with them. As a result, consumers pay higher prices because of the artificial scarcity created. In certain cinema houses, selling tickets in black is quite common. Though seats may be vacant, these theaters will be claiming “full house“. But the sale in ‘black‘ will be very brisk outside the theater.

5. Sub-standard products:

Substandard products are made using inferior raw materials or by cutting short the required production processes. After a product is well received in the market, some manufacturers deliberately downgrade the quality of the product without reducing the price. Customers cannot inspect the goods as they are packed and sealed. Only after the use of the goods purchased, they will be in a shock.

6. Product risks:

Some products are valid or potent only for a particular period. Example: medicines, drugs, fruits, etc. On the expiry of a particular period, consumption of such items proves to be detrimental to health.

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit

7. Misleading Advertisements: Misrepresentation of facts, false claims, cheating do occur in advertising. An advertiser may make a tall claim about the usefulness of his product, just to lure the consumers to buy them, whereas the product may not be as useful. So, consumers should be protected against deceptive advertisements.

8. Warranty and service:
At the time of sale, sellers guarantee a good performance of the product they sell. If a product becomes defective after being sold, buyers are not given any remedy for the defect noticed in the goods. In such cases, remedy is available through consumer redressal forums.

9.Fitness of products:
Salesmen are supposed to assist the buyers in making wise selection of goods. The products that buyers buy must suit their needs. Product fitness refers to product quality, durability and suitability in relation to the purchase objective of the consumers. But most of the goods are sold by pressurizing the buyers**.**

10. Consumer exploitation:

Consumers are exploited in the following ways:
1. Supply of sub-standard materials
2. Goods that fall short of the actual weight claimed
3. High prices charged for goods and services
4. False advertisements
5. Artificial scarcity to earn abnormal profit
6. Hoarding and black marketing of goods
7. Cheating through contests, puzzles, etc.
8. in genuine mail order sale
9. Denying free repair or replacement during guarantee period
10. Adulteration of goods.

11. Problems of assembling products:
Products of the modern days are a combination of many products assembled to perform a special function. For example, television, clocks, computers, household appliances, etc. Several such components are not visible to the eye and therefore cannot be inspected by the consumers. Even if they can be inspected, consumers may lack the technical knowledge to assess them.

12. Augmenting rights and powers of buyers:
In a free democratic society, sellers have certain rights subject to the condition that the buyers are provided with safe and healthy products. In the same manner the buyers have certain rights. They have the right to expect the product to be safe and worth the price they pay. But these traditional rights of the buyers are not enough to maintain a power balance between the buyer and seller, where the consumers could not get complete and genuine information about the products they buy. The genesis of the consumer movement lies in expanding consumer rights.

2. Explain the over ethical issues in business.
1. Accounting
"Cooking the books" and otherwise conducting unethical accounting practices is a serious problem, especially in publicly traded companies. One of the most infamous examples is the 2001 scandal that enveloped American energy company Enron, which for years inaccurately reported its financial statements and its auditor, accounting firm Arthur Andersen, signed off on the statements despite them being incorrect. When the truth emerged, both companies went out of business, Enron's shareholders lost $25 billion, and although the former "Big Five" accounting firm had a small portion of its employees working with Enron, the firm's closure resulted in 85,000 jobs lost.

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit

Although the Federal Government responded to the Enron case and other corporate scandals by creating the Sarbanes-Oxley Act in 2002, which mandates new financial reporting requirements meant to protect consumers, the "Occupy Wall Street" movement of 2011 and other issues indicate that the public still distrusts corporate financial **accountability.**

2. Social Media

The widespread nature of social media has made it a factor in employee conduct online and after hours. Is it ethical for companies to fire or otherwise punish employees for what they post about? Are social media posts counted as "free speech"? The line is complicated, but it is drawn when an employee's online activities are considered disloyal to the employer, meaning that a Face book post would go beyond complaining about work and instead do something to reduce business.

3. Harassment and Discrimination

Racial discrimination, sexual harassment, wage inequality – these are all costly ethical issues that employers and employees encounter on a daily basis across the country. According to a news release from the Equal Employment Opportunity Commission (EEOC), the EEOCC secured $505 million for victims of discrimination in private sector and government workplaces in 2019. The EEOC states that there are several types of discrimination, including age, disability, equal pay, genetic information, harassment, national origin, race, religion, retaliation, pregnancy, sex and sexual harassment.

4. Health and Safety

The International Labour Organization (ILO) states that 7,397 people die every day from occupational accidents or work-related diseases. This results in more than 2.7 million deaths per year. According to the Occupational Safety & Health Administration, the top 10 most frequently cited violations of 2018 were:
Fall Protection, e.g. unprotected sides and edges and leading edges Hazard Communication, e.g. classifying harmful chemicals Scaffolding, e.g. required resistance and maximum weight numbers Respiratory Protection, e.g. emergency procedures and respiratory/filter equipment standards Lockout/Tag out, e.g. controlling hazardous energy such as oil and gas Powered Industrial Trucks, e.g. safety requirements for fire trucks Ladders, e.g. standards for how much weight a ladder can sustain Electrical.

5. Technology/Privacy:

With developments in technological security capability, employers can now monitor their employees' activity on their computers and other company-provided electronic devices. Electronic surveillance is supposed to ensure efficiency and productivity, but when does it cross the line and become spying? Companies can legally monitor your company email and internet browser history; in fact, 66% of companies monitor internet connections, according to 2019 data from the American Management Association. 45% of employers track content, keystrokes and time spent on the keyboard, and 43% store and review computer files as well as monitor email. Overall, companies aren't keeping this a secret: 84% told employees that they are reviewing computer activity. Employees should review the privacy policy to see how they are being monitored and consider if it can indicate a record of their job performance.

Source: 1. Retail Marketing – Dr.L.Natarajan.3rd& 5th Unit.
2. Retail Management - Gibson G Vedamani –4th Unit