

## UNIT 1

### Fundamentals of Retail Management

**Retail Trade Structure, Retail Locations, System of Trade and Transactions and Cultural and Ethical Practices in Ancient Indian retailing system.**

**Basic concept of Retailing, Types of Retailers, Multi-Channel reality organised reality Organised Retailing in India, Retail Market Strategy, Retail Format and target market, Growth Strategies, Pricing Strategy. Consumer Marketing strategy, Consumer decision making Process, Organisational consumers Behaviour, Post purchase behaviour.**

### Fundamentals of Retail Management

Retail management refers to the process of promoting greater sales and customer satisfaction by gaining a better understanding of consumers and efficiently managing retail operations.

Retailing involves selling goods and services directly to the final consumer for personal, non-business use.

#### 1. Retail Trade Structure

Retail trade structure refers to the organization and classification of retail businesses.

##### A. On the Basis of Ownership

#### 1. Independent Retailers

- Single-store businesses
- Owned and managed by one person
- Example: Local kirana stores

#### 2. Chain Stores

- Multiple outlets under common ownership
- Standardized products and policies
- Example: Reliance Retail

#### 3. Franchise System

- Operated by franchisee under brand name of franchisor
- Example: Domino's Pizza

#### 4. **Cooperative Stores**

- Owned and managed by a group of consumers
- Example: Consumer cooperative societies

### **B. On the Basis of Merchandise Offered**

#### 1. **Department Stores**

- Wide variety of products under one roof
- Example: Shoppers Stop

#### 2. **Supermarkets**

- Self-service stores mainly for food and groceries
- Example: Big Bazaar

#### 3. **Specialty Stores**

- Focus on specific product category
- Example: Tanishq

#### 4. **Convenience Stores**

- Small stores located near residential areas

### **2. Retail Locations**

Location plays a crucial role in retail success.

#### **Types of Retail Locations:**

##### 1. **Central Business District (CBD)**

- Located in main city center
- High footfall, high rent

##### 2. **Shopping Centers / Malls**

- Multiple stores in one complex
- Example: Select Citywalk

##### 3. **Neighborhood Locations**

- Located near residential areas
- Convenient for daily needs

##### 4. **Rural Retailing**

- Focused on village markets
- Weekly markets called *Haats*

##### 5. **E-Retailing (Online Stores)**

- Selling through websites and apps
- Example: Amazon, Flipkart

### **3. System of Trade and Transactions**

Trade and transactions refer to the method of exchange between buyer and seller.

#### **A. Traditional System**

- **Barter System**
  - Exchange of goods without money
- **Cash Transactions**
  - Direct payment in cash

#### **B. Modern System**

- Credit/Debit Cards
- UPI and Digital Payments
- EMI (Installment System)
- Buy Now Pay Later (BNPL)

Digital payment example: Paytm

### **4. Cultural and Ethical Practices in Ancient Indian Retailing System**

Ancient India had a well-organized trade system.

#### **A. Ancient Retail Practices**

1. **Haats and Mandis**
  - Weekly village markets
2. **Guild System (Shreni System)**
  - Traders and craftsmen formed associations
3. **Fair Price and Honest Weights**
  - Use of standard measurement systems
4. **Temple Markets and Trade Fairs**
  - Trade during religious gatherings

Example: Kumbh Mela served as a major trade fair historically.

#### **B. Ethical Practices**

- Truthful dealings

- Fair pricing
- Customer trust and long-term relationships
- Moral responsibility in trade

Ancient Indian texts like Arthashastra discussed taxation, trade regulation, and ethical business practices.

## **Retail Management – Core Concepts with Examples**

### **1. Basic Concept of Retailing**

**Retailing** is the business activity of selling goods and services directly to the final consumer for personal use.

#### **Key Features:**

- Direct interaction with customers
- Small quantity sales
- Final stage in distribution channel
- Focus on customer satisfaction

#### **Example:**

When a customer buys groceries from Reliance Retail or orders a product from Amazon, it is retailing.

### **2. Types of Retailers**

#### **A. Based on Ownership**

1. **Independent Retailers** – Small kirana stores
2. **Chain Stores** – DMart
3. **Franchise Stores** – McDonald's
4. **Cooperative Stores** – Consumer cooperative societies

## **B. Based on Merchandise**

1. **Department Stores** – Shoppers Stop
2. **Supermarkets** – Big Bazaar
3. **Specialty Stores** – Tanishq
4. **Convenience Stores** – Local daily need shops
5. **E-Retailers** – Flipkart

## **3. Multi-Channel Retailing Reality**

**Multi-channel retailing** means selling products through multiple platforms.

### **Channels Include:**

- Physical store
- Website
- Mobile app
- Social media

### **Example:**

Reliance Retail operates physical stores and also sells online through JioMart.

### **Benefit:**

- Wider customer reach
- Higher convenience
- Increased sales opportunities

## **4. Organised Retailing in India**

**Organised retailing** refers to licensed retailers registered for sales tax, income tax, etc.

### **Features:**

- Proper billing system
- Branded products
- Standardized operations
- Large-scale investment

### **Examples:**

- DMart
- Reliance Retail
- Tata Trent

### **Unorganised Retail:**

- Local kirana shops
- Street vendors

India has a large unorganised sector, but organised retail is rapidly growing.

## **5. Retail Market Strategy**

Retail market strategy refers to the plan adopted by retailers to attract and retain customers.

### **◆ Key Elements:**

1. **Target Market Selection**
2. **Store Positioning**
3. **Product Assortment**
4. **Customer Service**
5. **Promotion Strategy**

### **◆ Example:**

DMart follows a low-cost strategy targeting price-sensitive middle-class consumers.

## **6. Retail Format and Target Market**

**Retail format** refers to the store type and business model used to serve a specific target market.

<b>Retail Format</b>	<b>Target Market</b>	<b>Example</b>
Supermarket	Middle-class families	DMart
Luxury Boutique	High-income customers	Gucci
Discount Store	Price-sensitive buyers	Big Bazaar
Online Marketplace	Tech-savvy customers	Amazon

## 7. Growth Strategies in Retail

Retailers grow their business through various strategies:

### 1. Market Penetration

- Increase sales in existing market
- Example: Discount offers by DMart

### 2. Market Development

- Enter new geographic markets

### 3. Product Development

- Launch new product categories

### 4. Diversification

- Enter new business areas
- Example: Reliance Retail expanding into electronics, fashion, grocery, etc.

## 8. Pricing Strategy in Retail

Pricing strategy refers to how retailers set prices to attract customers and earn profit.

#### ◆ Types of Pricing Strategies:

1. **Everyday Low Pricing (EDLP)**
  - Consistent low prices
  - Example: DMart
2. **High-Low Pricing**
  - High regular price with frequent discounts
  - Example: Shoppers Stop
3. **Psychological Pricing**
  - ₹999 instead of ₹1000
4. **Premium Pricing**
  - High price for luxury products
  - Example: Gucci

## Consumer Behaviour & Marketing Strategy

### 1. Consumer Marketing Strategy

**Consumer marketing strategy** refers to a company's plan to understand consumer needs and design products, pricing, promotion, and distribution accordingly.

According to Philip Kotler & Gary Armstrong in Principles of Marketing:

Marketing strategy is the logic by which the company hopes to create customer value and achieve profitable customer relationships.

#### Components of Consumer Marketing Strategy:

1. **Market Segmentation** – Dividing market into groups
2. **Targeting** – Selecting specific segment
3. **Positioning** – Creating brand image
4. **Marketing Mix (4Ps)** – Product, Price, Place, Promotion

### **Example:**

Apple Inc. targets premium customers and uses premium pricing and high-quality positioning.

## **2. Consumer Decision-Making Process**

Consumer decision-making process refers to the steps consumers go through before, during, and after purchase.

According to Leon G. Schiffman & Joseph Wisenblit in Consumer Behavior:

### **Five Stages:**

#### **1. Problem Recognition**

Consumer realizes a need.

Example: Phone stops working.

#### **2. Information Search**

Search online, ask friends, visit stores.

Example: Checking reviews on Amazon.

#### **3. Evaluation of Alternatives**

Comparing brands (Samsung vs Apple).

#### **4. Purchase Decision**

Final buying decision.

#### **5. Post-Purchase Behaviour**

Satisfaction or dissatisfaction.

## **3. Organisational Consumer Behaviour (Business Buying Behaviour)**

Organisational consumer behaviour refers to buying behaviour of companies, institutions, and government bodies.

According to Philip Kotler in Marketing Management:

Business buying behaviour refers to organizations that buy goods and services for use in production or for resale.

## **Characteristics:**

- Large quantity purchases
- Professional buying
- Formal procedures
- Rational decision-making

## **Buying Situations:**

1. **Straight Rebuy** – Routine purchase
2. **Modified Rebuy** – Some changes
3. **New Task Buying** – First-time purchase

## **Example:**

Tata Motors purchasing raw materials from suppliers.

## **4. Post-Purchase Behaviour**

Post-purchase behaviour refers to consumer's reaction after buying a product.

According to David L. Loudon & Albert J. Della Bitta in Consumer Behavior:

### **Outcomes:**

#### **1. Satisfaction**

When performance meets expectations.

#### **2. Dissatisfaction**

When performance is below expectations.

#### **3. Cognitive Dissonance**

Buyer's doubt after purchase.

#### **4. Repeat Purchase / Brand Loyalty**

## **Example:**

If a customer buys an iPhone from Apple Inc. and feels satisfied, they may repurchase and recommend to others.

## UNIT-2

### Merchandise Management

Merchandise Management refers to the planning, acquisition, handling, and control of merchandise to maximize sales and profitability while satisfying customer needs.

#### 1. Merchandising Philosophy

Merchandising philosophy is the retailer's overall approach toward planning, buying, and selling merchandise.

It defines:

- What to buy
- How much to buy
- When to buy
- At what price to sell

#### Types of Merchandising Philosophy

##### (a) Mass Market Merchandising

- Large variety and high volume
- Example: Walmart
- Focus on low price and high turnover

##### (b) Specialty Merchandising

- Narrow product line but deep assortment
- Example: Nike stores
- Focus on expertise and quality

##### (c) Exclusive / Boutique Merchandising

- Premium and luxury products
- Example: Rolex

## **2. Merchandising Plans**

Merchandising plan is a systematic strategy prepared in advance to ensure the right merchandise is available at the right time, place, quantity, and price.

### **Steps in Merchandising Planning**

1. Market analysis
2. Customer demand forecasting
3. Assortment planning
4. Buying plan
5. Pricing strategy
6. Promotion planning

### **Key Components**

- Product line decisions
- Assortment width & depth
- Timing of purchase
- Supplier selection
- Seasonal planning

Example:

A fashion retailer like Zara plans seasonal collections (Summer/Winter) based on trend forecasting.

## **3. Merchandise Budget**

A merchandise budget is a financial plan that estimates expected sales, purchases, stock levels, expenses, and profits for a specific period.

### **Purpose**

- Control inventory levels
- Avoid overstocking and understocking
- Maintain profitability
- Plan purchases systematically

### **Key Elements of Merchandise Budget**

1. Planned Sales

2. Planned Purchases
3. Planned Beginning Inventory
4. Planned Ending Inventory
5. Planned Markdowns
6. Gross Margin

### **Basic Budget Formula**

Planned Purchases =  
Planned Sales + Planned Ending Inventory – Planned Beginning Inventory

### **4. Financial Inventory Control**

Financial inventory control focuses on managing stock investment in monetary terms rather than physical quantity.

It ensures:

- Optimum inventory level
- Minimum holding cost
- Maximum return on investment

### **Major Financial Control Methods**

#### **(a) Open-to-Buy (OTB)**

- Controls merchandise purchases
- Prevents over-buying
- Calculates how much inventory can still be purchased

OTB Formula:

OTB = Planned Sales + Planned Ending Inventory – (Beginning Inventory + On-Order Merchandise)

#### **(b) Stock Turnover Ratio**

Stock Turnover =  
Net Sales / Average Inventory

Higher turnover = Efficient inventory management

### **(c) Gross Margin Return on Investment (GMROI)**

GMROI =

Gross Margin / Average Inventory Cost

Measures profitability of inventory investment.

### **(d) ABC Analysis**

- A Items → High value, low quantity
- B Items → Moderate value
- C Items → Low value, high quantity

## **Visual Merchandising & Retail Store Design**

### **1. Basics of Visual Merchandising**

Visual Merchandising (VM) refers to the art and science of presenting products in a way that attracts customers and increases sales.

#### **Objectives**

- Attract attention
- Create store image
- Increase footfall
- Improve customer experience
- Boost sales

#### **Elements of Visual Merchandising**

- Lighting
- Colour
- Display fixtures
- Signage
- Store layout
- Window displays

Example: Apple Inc. stores use minimalistic VM to highlight product elegance.

## **2. Retail Store Site and Design**

### **Store Site Selection**

Choosing the right location is critical for retail success.

### **Factors Affecting Site Selection**

- Target market
- Accessibility
- Visibility
- Competition
- Parking availability
- Cost of rent

Example: Starbucks selects high-footfall areas like malls and business districts.

### **Store Design**

Store design includes physical planning of the building and interiors to enhance shopping experience.

### **Objectives**

- Easy navigation
- Comfortable shopping
- Efficient space utilization
- Brand positioning

## **3. Store Layout**

Store layout refers to the arrangement of aisles, fixtures, and merchandise within the store.

### **Types of Store Layout**

### **(a) Grid Layout**

- Parallel aisles
- Used by supermarkets

Example: Big Bazaar

### **(b) Free-Flow Layout**

- No fixed pattern
- Used by fashion stores

Example: Zara

### **(c) Loop (Racetrack) Layout**

- Directs customers in a circular path

Example: IKEA

## **4. Image Mix**

Image mix refers to the combination of elements that create the store's overall image in customers' minds.

### **Components of Image Mix**

- Merchandise quality
- Pricing
- Store atmosphere
- Customer service
- Location
- Promotion

Example: Rolex boutiques project premium image through décor and pricing.

## **5. Store Exterior and Interior**

### **Store Exterior**

- Storefront
- Entrance
- Signboard
- Window display
- Parking

Exterior attracts customers inside.

### **Store Interior**

- Flooring
- Lighting
- Music
- Fixtures
- Wall displays
- Temperature

Interior creates comfort and influences buying behavior.

Example: Nike stores use strong lighting and brand colors for energetic appeal.

## **6. Colour Blocking**

Colour blocking is a visual merchandising technique where products of similar colours are grouped together.

### **Benefits**

- Creates visual impact
- Easy product identification
- Enhances aesthetic appeal
- Improves sales

Common in fashion retailers like H&M.

## **7. Signage**

Signage refers to visual graphics used to communicate information to customers.

### **Types of Signage**

- Directional signage

- Promotional signage
- Informational signage
- Brand signage
- Digital signage

### **Functions**

- Guide customers
- Promote offers
- Improve navigation
- Strengthen brand identity

## **8. Understanding Material Planograms**

A planogram is a visual diagram showing placement of products on shelves.

### **Purpose**

- Maximize space utilization
- Improve product visibility
- Increase sales
- Maintain uniformity

### **Benefits**

- Efficient inventory control
- Better customer flow
- Standardized display

## **9. Window Display**

Window display is the presentation of merchandise in the store's front window to attract passersby.

### **Types**

- Open window display
- Closed window display
- Thematic display
- Promotional display
- Seasonal display

## **Objectives**

- Create first impression
- Highlight new arrivals
- Communicate brand theme
- Increase impulse entry

Famous for creative window displays: Macy's during Christmas.

## **UNIT 3**

### **E-Retailing**

Introduction: The concepts of E-Commerce, E-Business and E-Marketing, Evolution of E-Commerce, E-Commerce Vs Traditional Commerce, Network infrastructure for E-Commerce, Internet, Extranet.

E-Commerce applications: Consumer Applications, Organisation Applications, Procurement - Online Marketing and Advertisement, Online Interactive Retailing

### **E-Retailing**

E-Retailing (Electronic Retailing) refers to selling goods and services to consumers through the internet or other electronic channels.

## **1. Concepts of E-Commerce, E-Business and E-Marketing**

### **(A) E-Commerce (Electronic Commerce)**

E-Commerce refers to buying and selling goods and services through electronic networks, mainly the Internet.

It includes:

- Online shopping
- Electronic payments
- Online auctions
- Internet banking

Example: Amazon

### **(B) E-Business (Electronic Business)**

E-Business is broader than e-commerce.  
It includes all business activities conducted electronically.

It covers:

- Supply chain management
- Customer relationship management (CRM)
- Online marketing
- Internal communication systems

All e-commerce is e-business, but not all e-business is e-commerce.

Example: IBM uses digital systems for operations.

### **(C) E-Marketing (Electronic Marketing)**

E-Marketing refers to marketing activities conducted through digital platforms.

It includes:

- Social media marketing
- Email marketing
- Search engine marketing
- Online advertising

Example: Flipkart uses digital ads and app notifications.

## 2. Evolution of E-Commerce

### Phase 1: Early Internet (1990–2000)

- Introduction of World Wide Web
- Basic online stores
- Limited payment options

Example: eBay (founded 1995)

### Phase 2: Growth Phase (2000–2010)

- Secure online payments
- Expansion of broadband
- Growth of B2C and B2B

### Phase 3: Mobile & Social Commerce (2010–Present)

- Smartphones and apps
- Digital wallets
- Social media integration
- AI & personalization

Example: Instagram shopping feature.

## 3. E-Commerce vs Traditional Commerce

Basis	E-Commerce	Traditional Commerce
Mode	Online	Physical stores
Reach	Global	Limited geographic area
Operating Hours	24/7	Fixed hours

<b>Basis</b>	<b>E-Commerce</b>	<b>Traditional Commerce</b>
Cost	Lower overhead	Higher rent & staff cost
Customer Interaction	Virtual	Face-to-face
Payment	Digital	Cash/Physical

### **Advantages of E-Commerce**

- Wider market reach
- Lower operational cost
- Convenience
- Faster transactions

### **Limitations**

- Security risks
- No physical inspection
- Delivery delays

## **4. Network Infrastructure for E-Commerce**

Network infrastructure refers to the technology and systems that support online business operations.

### **Components**

1. Hardware (servers, computers)
2. Software (web browsers, operating systems)
3. Communication networks
4. Payment gateways
5. Security systems (SSL, encryption)

Example: PayPal enables secure transactions.

## **5. Internet**

The Internet is a global network of interconnected computers.

## Features

- World Wide Web (WWW)
- Email communication
- E-commerce platforms
- Online banking

It is the backbone of e-retailing.

## 6. Extranet

An Extranet is a private network that uses internet technology to securely share information with authorized external users (suppliers, partners, distributors).

### Purpose

- Supplier coordination
- Order tracking
- Supply chain management
- Secure communication

Example: Retail companies share inventory data with suppliers via extranets.

## E-Commerce Applications

E-Commerce applications refer to the practical use of electronic commerce technologies in various sectors such as consumers, organizations, and business processes. These applications improve efficiency, reduce cost, and enhance customer experience.

### 1. Consumer Applications

Consumer applications focus on **Business-to-Consumer (B2C)** interactions where businesses directly sell products or services to end users.

## Major Consumer Applications:

- **Online Shopping:** Purchase of products through websites and mobile apps  
*Example:* Amazon, Flipkart
- **Online Banking & Payments:** Internet banking, UPI, credit/debit cards
- **Online Ticket Booking:** Railways, airlines, buses, movies
- **Online Education:** E-learning platforms, online certifications
- **Digital Entertainment:** OTT platforms, online gaming

## Benefits:

- Convenience and time saving
- 24×7 availability
- Wider product choices

## 2. Organisation Applications

Organizational applications support **internal and external business operations** using E-Commerce technologies.

### Key Organisational Applications:

- **Enterprise Resource Planning (ERP):** Integrates departments like HR, finance, inventory
- **Customer Relationship Management (CRM):** Manages customer data and services
- **Supply Chain Management (SCM):** Coordinates suppliers, manufacturers, distributors
- **Human Resource Management (HRM):** Online recruitment and payroll systems
- **Electronic Data Interchange (EDI):** Automated exchange of business documents

## Benefits:

- Improved operational efficiency
- Reduced paperwork
- Better decision-making

### **3. Procurement**

Procurement refers to the **electronic purchasing of goods and services** required for business operations.

#### **E-Procurement Applications:**

- Online vendor selection
- Electronic tendering (E-Tendering)
- Online purchase orders and invoicing
- Reverse auctions

#### **Advantages:**

- Lower procurement cost
- Transparency in purchasing
- Faster procurement cycle

**Example:** Government e-procurement portals, GeM (Government e-Marketplace)

### **4. Online Marketing and Advertisement**

Online marketing involves promoting products and services through **digital platforms**.

#### **Common Online Marketing Methods:**

- Search Engine Marketing (SEM)
- Social Media Advertising (Facebook, Instagram, LinkedIn)
- Email Marketing
- Banner and display ads
- Influencer marketing

#### **Benefits:**

- Targeted advertising
- Real-time performance tracking
- Cost-effective campaigns

### **5. Online Interactive Retailing**

Online interactive retailing focuses on **two-way communication** between customers and retailers.

**Key Features:**

- Live chat and chatbots
- Product customization tools
- Virtual try-ons
- Customer reviews and ratings
- Personalized recommendations

**Benefits:**

- Enhanced customer engagement
- Higher conversion rates
- Improved customer satisfaction

**Examples:**

- Chat support on Amazon
- Virtual fitting rooms on fashion websites

E-Commerce applications: Consumer Applications, Organisation Applications, Procurement - Online Marketing and Advertisement, Online Interactive Retailing

**E-Commerce Applications**

E-Commerce applications refer to the practical use of electronic commerce technologies in various sectors such as consumers, organizations, and business processes. These applications improve efficiency, reduce cost, and enhance customer experience.

## 1. Consumer Applications

Consumer applications focus on **Business-to-Consumer (B2C)** interactions where businesses directly sell products or services to end users.

### Major Consumer Applications:

- **Online Shopping:** Purchase of products through websites and mobile apps  
*Example:* Amazon, Flipkart
- **Online Banking & Payments:** Internet banking, UPI, credit/debit cards
- **Online Ticket Booking:** Railways, airlines, buses, movies
- **Online Education:** E-learning platforms, online certifications
- **Digital Entertainment:** OTT platforms, online gaming

### Benefits:

- Convenience and time saving
- 24×7 availability
- Wider product choices

## 2. Organisation Applications

Organizational applications support **internal and external business operations** using E-Commerce technologies.

### Key Organisational Applications:

- **Enterprise Resource Planning (ERP):** Integrates departments like HR, finance, inventory
- **Customer Relationship Management (CRM):** Manages customer data and services
- **Supply Chain Management (SCM):** Coordinates suppliers, manufacturers, distributors
- **Human Resource Management (HRM):** Online recruitment and payroll systems
- **Electronic Data Interchange (EDI):** Automated exchange of business documents

### Benefits:

- Improved operational efficiency

- Reduced paperwork
- Better decision-making

### **3. Procurement**

Procurement refers to the **electronic purchasing of goods and services** required for business operations.

#### **E-Procurement Applications:**

- Online vendor selection
- Electronic tendering (E-Tendering)
- Online purchase orders and invoicing
- Reverse auctions

#### **Advantages:**

- Lower procurement cost
- Transparency in purchasing
- Faster procurement cycle

**Example:** Government e-procurement portals, GeM (Government e-Marketplace)

### **4. Online Marketing and Advertisement**

Online marketing involves promoting products and services through **digital platforms**.

#### **Common Online Marketing Methods:**

- Search Engine Marketing (SEM)
- Social Media Advertising (Facebook, Instagram, LinkedIn)
- Email Marketing
- Banner and display ads
- Influencer marketing

#### **Benefits:**

- Targeted advertising
- Real-time performance tracking

- Cost-effective campaigns

## 5. Online Interactive Retailing

Online interactive retailing focuses on **two-way communication** between customers and retailers.

### Key Features:

- Live chat and chatbots
- Product customization tools
- Virtual try-ons
- Customer reviews and ratings
- Personalized recommendations

### Benefits:

- Enhanced customer engagement
- Higher conversion rates
- Improved customer satisfaction

### Examples:

- Chat support on Amazon
- Virtual fitting rooms on fashion websites

E-Commerce applications have revolutionized consumer behaviour, organizational operations, procurement systems, and marketing strategies. Online interactive retailing further enhances customer experience by making digital shopping more engaging and personalized.

E-Commerce - Business Models: B2B, B2C, C2C, B2 Government, Government to Government. -E-Marketing: Information based marketing, E-Marketing Mix Cost, Connectivity, Convenience, Customer, interface, Speed of delivery. Web retailing, Process of website development.

### Business Model (E-Commerce)

A **Business Model** describes **how an organization creates value, delivers products/services, and earns revenue** using its resources, processes, and technology.

In **E-Commerce**, a business model explains how business is conducted **online**.

## **Key Components of a Business Model**

### **1. Value Proposition**

- What value or benefit is offered to customers?
- Example: Low prices, convenience, fast delivery

### **2. Target Customers**

- The group of users the business serves
- Example: Individuals, businesses, government

### **3. Revenue Model**

- How the company earns money
- Examples:
  - Sales revenue
  - Subscription fees
  - Advertisement
  - Commission

### **4. Infrastructure & Resources**

- Technology, website, payment systems, logistics

### **5. Cost Structure**

- Website maintenance, marketing, delivery, staff

### **6. Competitive Advantage**

- Unique features that differentiate the business
- Example: Brand value, better service, innovation

## **Types of E-Commerce Business Models**

### **1. Business to Business (B2B)**

- Transactions occur **between two businesses**.
- Focuses on bulk orders, long-term relationships, and negotiated pricing.
- Examples:
  - Alibaba
  - IndiaMART
  - Wholesale portals

**Features:**

- ✓ Large order size
- ✓ Automated supply chain
- ✓ Lower marketing cost per customer

**2. Business to Consumer (B2C)**

- Business sells products/services **directly to end consumers.**
- Most common e-commerce model.
- Examples:
  - Amazon
  - Flipkart
  - Myntra

**Features:**

- ✓ Online catalogs
- ✓ Digital payment systems
- ✓ Personalized offers

**3. Consumer to Consumer (C2C)**

- Consumers sell products/services **to other consumers** through an online platform.
- Platform acts as an intermediary.
- Examples:
  - OLX
  - eBay
  - Quikr

**Features:**

Low entry barrier  
Used or handmade products  
Platform earns commission

**4. Business to Government (B2G)**

- Businesses provide goods/services **to government bodies.**

- Includes tenders, procurement, and contracts.
- Examples:
  - Government e-Marketplace (GeM)
  - Online tender portals

**Features:**

High compliance

Transparent bidding

Large-scale projects

## 5. Government to Government (G2G)

- Online transactions and data sharing **between government departments.**
- Improves efficiency and transparency.
- Examples:
  - GST Network
  - Inter-departmental portals

**Features:**

Secure systems

Faster decision-making

Reduced paperwork

## Importance of Business Model

- Helps in **planning and strategy**
- Defines **profitability**
- Improves **customer satisfaction**
- Supports **scalability and growth**

## E-Marketing

### Information-Based Marketing

- Marketing driven by **data, analytics, and customer information.**
- Uses customer behavior, preferences, and feedback.
- Tools include:
  - CRM systems
  - Cookies & tracking tools
  - Email analytics

**Benefits:**

Targeted marketing  
Personalized communication  
Better ROI

**E-Marketing Mix (6C's)****1. Cost**

- Lower operational and promotional cost than traditional marketing.
- Includes digital ads, email marketing, and SEO.

**2. Connectivity**

- Ability to connect with customers **anytime, anywhere**.
- Uses internet, mobile devices, and social media.

**3. Convenience**

- 24×7 availability.
- Easy browsing, ordering, and payment options.

**4. Customer**

- Customer-centric approach.
- Personalization, feedback, reviews, and customer support.

**5. Interface**

- Website/app design and user experience.
- Must be:
  - Simple
  - Attractive
  - Easy to navigate

**6. Speed of Delivery**

- Fast order processing and delivery.
- Includes digital delivery (software, e-books) and logistics efficiency.

## **Web Retailing**

- Selling goods and services **online through websites or apps.**
- Includes:
  - Product display
  - Shopping cart
  - Online payment
  - Order tracking

### **Advantages:**

Global reach

Reduced physical store cost

Easy price comparison

## **Process of Website Development**

### **1. Requirement Analysis**

- Identify business goals and target audience.

### **2. Planning**

- Site map, technology stack, and content plan.

### **3. Design**

- Layout, UI/UX design, and branding.

### **4. Development**

- Coding (front-end and back-end).
- Database and payment gateway integration.

### **5. Testing**

- Functional testing, security testing, and performance testing.

### **6. Deployment**

- Website is launched on a live server.

### **7. Maintenance**

- Regular updates, bug fixes, and security checks.

## **E-Retailing**

**E-Retailing** refers to the sale of goods and services to consumers through the **Internet or electronic networks**.

### **Features of E-Retailing**

- Online product catalog
- Shopping cart system
- Online payment
- Home delivery
- Order tracking

### **Advantages**

- 24×7 shopping
- Global reach
- Lower operational cost
- Easy price comparison

### **Examples**

- Amazon
- Flipkart
- Myntra

## **Reverse Marketing**

**Reverse Marketing** is a concept where **customers initiate the buying process**, and sellers compete to fulfill customer needs.

### **Characteristics**

- Buyer-driven process
- Sellers respond to customer demand

- Competitive pricing

### **Examples**

- Online tender systems
- Government procurement portals
- Freelancing platforms

### **Benefits**

- Cost efficiency
- Better quality offers
- Higher buyer control

### **Electronic Payment Systems**

#### **Introduction to Payment Systems**

An **Electronic Payment System (EPS)** enables **cashless transactions** through electronic modes using the Internet and digital devices.

#### **Benefits**

- Fast transactions
- Secure payments
- Convenience
- Reduced paperwork

### **Online Payment Systems**

#### **Classification**

Online payment systems are broadly divided into:

1. **Prepaid E-Payment Systems**
2. **Post-Paid E-Payment Systems**

#### **Prepaid E-Payment Systems**

Payment is made **before** purchasing goods/services.

## Examples

- E-Wallets (Paytm, PhonePe)
- Smart cards
- Digital cash

## Advantages

- Budget control
- Quick transactions
- Lower risk of overspending

## Post-Paid E-Payment Systems

Payment is made **after** using the product or service.

## Examples

- Credit cards
- Buy Now Pay Later (BNPL)

## Advantages

- Credit facility
- Improved purchasing power
- Payment flexibility

## E-Cash / Digital Cash

**E-Cash** is a **digital equivalent of physical cash** used for online transactions.

## Features

- Stored electronically
- Used for small-value payments
- Can be anonymous

## Advantages

- Fast processing
- Low transaction cost

## **E-Cheques**

**E-Cheques** are the electronic version of paper cheques.

### **Process**

1. Issued electronically
2. Digitally signed
3. Verified by bank
4. Amount transferred

### **Advantages**

- Secure
- Reduced processing time
- Legal validity

## **Credit Cards**

A **credit card** allows users to **purchase now and pay later**.

### **Features**

- Credit limit
- Interest on delayed payment
- Widely accepted online

### **Advantages**

- Convenience
- Reward points
- Emergency funds

## **Smart Cards**

**Smart cards** contain an **embedded microchip** to store and process data.

### **Types**

- Contact cards
- Contactless cards

### Uses

- Banking
- Transportation
- Identification

### Debit Cards

A **debit card** allows direct payment from the **bank account**.

### Features

- Real-time fund deduction
- PIN-based security

### Advantages

- No debt
- High security
- Easy access

### Difference: Credit Card vs Debit Card

<b>Credit Card</b>	<b>Debit Card</b>
Post-paid	Prepaid
Credit facility	Own money
Interest charged	No interest

### **Major Textbook References :**

- 1. Retailing Management – Levy & Weitz**
- 2. Retail Management: A Strategic Approach – Berman & Evans**
- 3. Retailing Management – Swapna Pradhan**
- 4. Retail Management: Functional Principles and Practices – Gibson G. Vedamani**
- 5. Principles of Marketing – Philip Kotler & Gary Armstrong**
- 6. Marketing Management – Philip Kotler**
- 7. Consumer Behavior – Schiffman & Wisenblit**
- 8. Consumer Behavior – Loudon & Della Bitta**
- 9. Electronic Commerce: A Managerial and Social Networks Perspective – Efraim Turban et al.**