

Module – 7

Retail Audit and Ethics in Retailing

It helps to ascertain the sales personnel's efficiency at the point of sale or to find out the average time taken on a normal day or during the weekend.

Retail Process Audit: Such retail process audit helps to examine a store's efficiencies in terms of operating process or reduce the cycle time. For instance with the help of retail process audit, the retailer can work out ways to improve customer service delivery and to improve performance.

Retail Store Audit: While visiting the store, the retail auditor will collect observable information such as the shelf prices, display space, the presence of special display and in store promotion activities. The retailers can use retail store audit results to project and arrive at nationwide and regional estimate of total sales, inventories etc.

Nielson Retail Index:

It Covers 4 major groups (grocery product, drug, merchandise and alcoholic Beverages) It usually includes the following variable:

- sales on the basis of retail rupees, Distribution in terms of % of all stores
- Selling prices, retailer support in terms of shelf spacing, special displays, in store advertising.

Consumer Purchase Panel Audit:

It helps to understand how much product is moving through the distribution channel. Two methods for collecting this data:

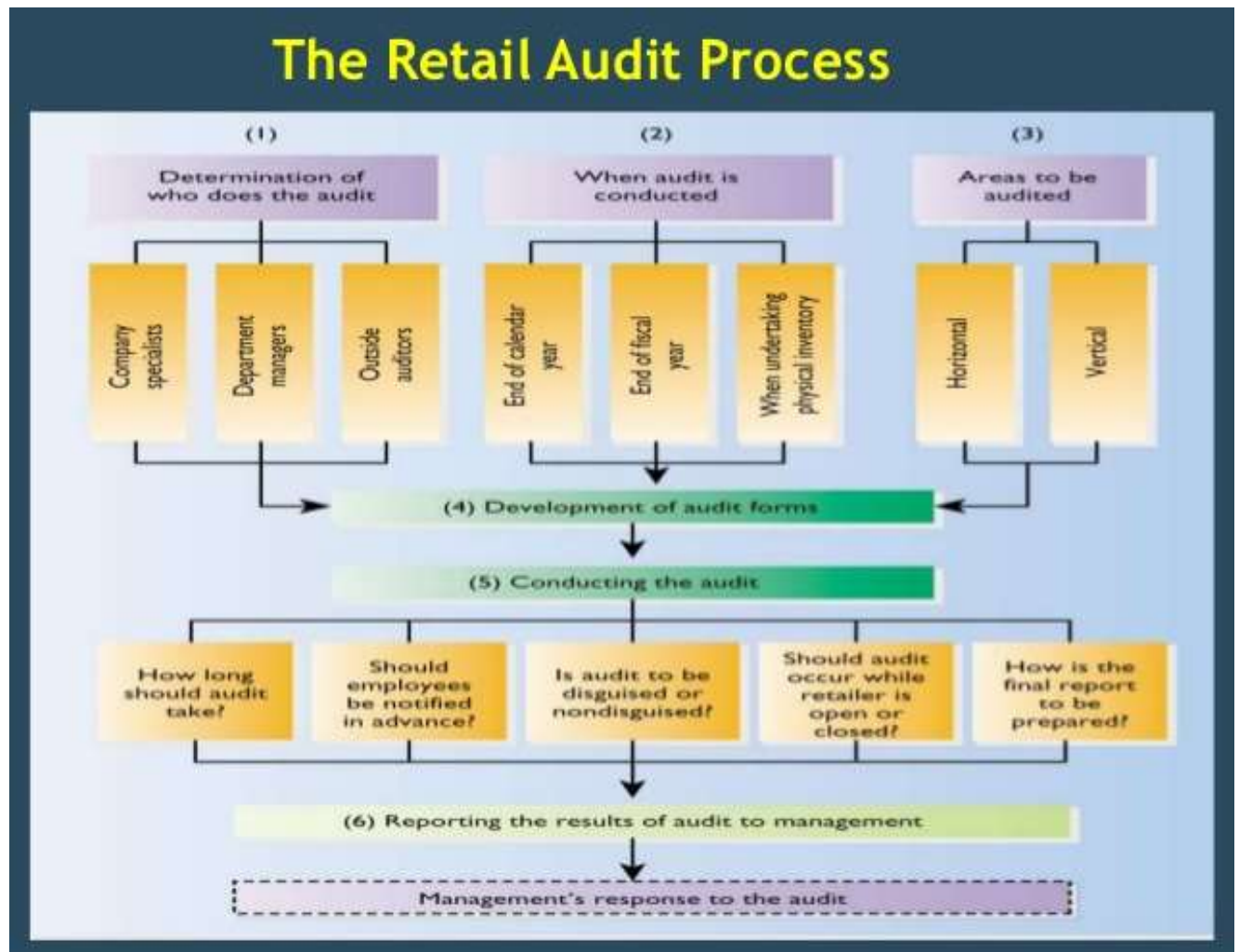
1. Home audit approach: panel member agrees to permit an auditor to check the household stock of certain product categories at regular intervals
 2. Mail Dairy Method: the panel member records details of every purchase made in certain categories and return the completed dairy by mail at regular intervals.
-

Examples of a few Research studies in India:

1. The A.C Nielsen Shopper Trends
2. Consumer outlook 2004- study conducted by KSA Technopak has revealed that personal credit off take has increased from about 50000 crore in 2000 to about Rs. 1, 60,000 in 2003.
3. KSA Technopak Intimate Apparel Retail study- to explore the intimate apparel retail scenario in India
4. The BT – Indica Research Index of Consumer Sentiments (BT-IRICS) used by marketers to measure consumer confidence.

Indian Retail Prognosis- ICICI Bank Research study compilation: ICICI based on retail banking experience gives data on the Indian consumer behaviour towards retail banking.

Retail audit process:



Ethics in Retailing:

Ethics is a set of rules for human moral behavior.

For retailers they can have explicit code of ethics or implicit code of ethics.

- Explicit code of ethics: Written policy that specifies what is ethical and unethical behavior.
- Implicit: Unwritten but well understood set of rules/standards of moral responsibilities.

Ethical situations in retailing

- Should a retailer sell merchandise that was made using child labour?
- Should a retail buyer accept an expensive gift from vendor?
- Should a retailer treat some customers better than others?
- Should a retailer give preferences to minorities when making promotion decision?

Ethical and legal issues:

1. Consumer Fraud: The defrauding of a consumer of various products and services which do not perform as advertised, or overcharging or levying hidden charges through deceptive business practices. Agencies for Protection of Consumer Fraud - Indian Association Of Consumers (IAC) Consumer Forum (CF) Consumer Education Society (CES), Karnataka Consumer Services Society (KCSS)

2. Supplier Labour Practices: Legally prohibited action by an employer or TRADE union such as refusal to bargain in good faith. Case of unfair labour practices Apple's supplier labour practices in china scrutinized after Foxconn, Pegaton reviews

3. Retail Theft: It is also called as Shop Lifting Shoplifting (also known as boosting, five finger discount, or shrinkage within the retail industry) is theft of goods from a retail establishment. It is one of the most common crimes. There are people and groups who make their living from shoplifting, who tend to be more skilled. Generally, criminal theft involves taking possession of property illegally.

4. Slotting Allowances: A fee paid by a manufacturer to a retailer to provide shelf space or a slot for a new product. Is a fee charged to produce companies or manufacturers by supermarket distributors (retailers) in order to have their product placed on their shelves? The fee varies greatly depending on the product, manufacturer, and market conditions

5. Use of Customer Information: The consumer information contained here is intended, in part, to alert the reader to pertinent issues regarding this site. The information contained herein is not intended as a substitute for professional consultation.

Social responsibility:

Social responsibility is an ethical framework which suggests that an entity, be it an organization or individual, has an obligation to act for the benefit of society at large. Social responsibility is a duty every individual has to perform so as to maintain a balance between the economy and the ecosystems.

A trade-off may exist between economic development, in the material sense, and the welfare of the society and environment. Social responsibility means sustaining the equilibrium between the two. It pertains not only to business organizations but also to everyone who's any action impacts the environment. This responsibility can be passive, by avoiding engaging in socially harmful acts, or active, by performing activities that directly advance social goals.

Consumerism:

Definition- the "social movement seeking to augment the rights and power of buyers in relation to sellers," (Kotler, 1972)

- It is manifest in new laws, regulations, and marketing practices, as well as in new public attitudes toward government and business.

Consumerism is a social and economic order that is based on the systematic creation and fostering of a desire to purchase goods or services in ever greater amounts.

Consumerism in India:

- India is a developing economy.

- Not all Indian consumers are well educated.
- Consumers are often exploited, misled by deceptive advertisements, packaging poor after sales service, adulteration, price collusion and so on.
- Liberalization and competition
- Survival of the fittest

Changes in the attitude of Indian consumers

- The attitude of Indian consumers has undergone a major transformation over the last few years.
 - He wants to lead a life full of luxury and comfort.
 - He wants to live in present and does not believe in savings for the future.
 - He is open to the idea of consumption and a better lifestyle.
 - An increase in their income level due to high rate of industrialization, growth of services sector and better employment opportunities
-