

STOCK MANAGEMENT BY RETAIL STORES: SOME OBSERVATIONS

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Abstract

From last 3 to 4 decades many Corporate groups and companies like Future Retail Ltd, Reliance Fresh, Shoppers Stop Ltd. (SSL), Aditya Birla Retail Ltd., Westsides, Spencers Fab India, Bharti retail limited, Tristar Retail Ltd., V2 Retail Ltd., V mart, Cantabil Retail India Ltd., Liberty Shoes Ltd. and Bata etc. entered in Indian market as small baby, now they are Market leaders.

These groups and companies have set up Show Rooms / Retail Stores across India from Kashmir to Kanyakumari, not only in Tier I cities even in Tier II and Tier III to organise and Promote the retail business.



Generally these stores provide five types of product.

- 1) Grocery Products: sugar, rice, pulses, flour etc.
- 2) Food products: noodles, pickles, biscuits, cold drinks etc
- 3) Fast moving consumer goods (FMCG): tooth paste and brush, soap, perfume and deo Etc.
- 4) Apparel: all types of male and female wear like shirt, t-shirt, jeans etc
- 5) Footwear: all types of male and female foot wear like Shoes, slippers etc.

Actually Retail Stores is equally important from common man to ministers; they all are consumer and customer of such retail stores.

So today we cannot imagine Indian markets without these Retail stores, Indian markets seem empty and silent without Retail Stores.

It won't be wrong to say that Retail Stores are serving dedicatedly for their customers.

And became part of our and our family member's life.

No doubt Retail trade business plays the whole game surrounding inventory management.

In this paper we will try to know some immense interesting and exciting activities of Retail Stores and reason attached behind that and try to focus how retail stores managed and control the stock, and reduce the shoplifting from employees and customers.

Key Words: Decades, Market leaders, Show Room and Retail Stores, Apparel, Villages and district.

INTRODUCTION

We have already discussed that from last 30-40 years ago Retail Stores like Big Bazar, Vishal Mega Mart and Reliance Fresh etc. Entered in Indian market as small baby, now they are market leaders and No doubt today Retail Trade is biggest growing industry, many business man are trying to enter in Retail Trade.

We cannot believe, How early Retail Stores push and down small shops and their keepers? How Retail Stores became market holders in very short period?

Many times in our mind thought arises like how smoothly Retail Stores provide grocery, fast moving consumer goods (FMCT), Apparel and footwear etc. to customers under one roof at reasonable price? How easily they are giving quantity and price discount like buy 2 get 1 free, 50% flat price discount etc ? How smoothly they are attracting all types of customers, high profile customers, middle class and lower class customers? How smoothly they are handling and managing the stock and other things? How easily they plan and make the strategy and followed the standard Operating procedure?



Nutrition store

But one side, Many Survey and Research pointed out that Management of inventory more and more significant for Retail trade stores Because Retail trade business plays the whole game surrounding inventory management.

But question arises that how inventories manage by Retail Stores and which techniques often adopt for this purpose.

Why retail stores use CCTV Cameras in store area? Why retail stores use Security Sensor and Security Tags on products? Why retail stores use bar codes on each and every product? How Retail stores control the shrinkage and shoplifting of stock?

Are all of these parts of management of stock?



Actually managing the level of inventories is like maintaining the level of water in a bath tub with an open drain. The water is flowing out continuously. If water is let in too slowly, the tub is soon empty. If water is let too fast, the tub over flows. Like the water in the tub, the particular item in the inventory keeps changing, but the level may remain the same (DR .RP. Rustagi, Seventh Edition, Financial Management 2011, chapter 16 inventory management, Page no 322).

DISCUSSION

Observation 1: why security guard of retail store take luggage in his/her custody from customers before entering the store and return that luggage to customers at the time of exit?

Finding: if any customer enters inside the Retail Store with luggage like any bag etc, Chance of Shoplifting may arise, whether security guards at the time of exit of customer, cross Check all the purchased goods with Invoice.

Therefore security guard of retail store takes the luggage in his/her custody of customers before entering the store to prevent Shoplifting.

Fault line

No doubt when security guards take the luggage in his/her custody of customers before entering the store they provide token or any receipt for acknowledgement of luggage to the customers , and return that luggage on the basis of such token or any receipt for acknowledgement to customer at the time of exit.

But Security guards never disclose the description of items inside the luggage on receipt For acknowledgement of luggage, which results if any clever customer wants, he/she can make fake theft claim to security guards, for any valuable item in the luggage which was not in luggage to get unjudicial monetary benefits.

Sincerely Opinion

In respect to avoid these types of problem with security guards, the Retailer may have CCTV Camera on the location where the customer's bag is kept, or may have the locker system in

which the customer will put his/her bag and will keep the key. Whether in case of lost of the key the customer has to pay fine and will have to prove his/her identification with proper id.

Observation 2: Why Retail Store use CCTV Cameras in almost entire store?

Finding: once again I want to tell you that Shoplifting is a Major issue for Retail stores throughout the years. And shoplifting done by mainly two persons, they are customers and employees of an organization.

Actually main purpose of used the CCTV Cameras by retail stores to prevent the shoplifting and robbery of all types of product either they are more valuable or less valuable.

In the current corporate culture, Retail Trades are using CCTV Cameras in almost entire Part of Retail store, to prevent shoplifting.

CCTV Cameras Coverage in the store is major and most of significant part of Stock Management.

Fault line

No doubt Retail Store use CCTV Cameras in almost entire store. But we can look area wise big Retail stores have 2 or more floors, usually maintain billing system on the ground floor only.

Most of the stores ignore CCTV Cameras coverage on the stairs because they do not keep any kind of stock on the stairs. Which may result chance of shoplifting arises, but here question arises how it is possible?

It can be understand by one example.

Suppose one of the customers goes on second floor with basket to collect the products, he/she collect and drop many products on the basket , 2 or 3 products have little size but high value and have not security tag like face wash , bleach cream etc.

After that customer get down by stairs to the ground floor, during the getting down time by the stairs he/she pick that little size particular products from basket and put into his/her pocket because there was no any CCTV Cameras coverage On the stairs.

Finally he/she reach on the ground floor, prepare the invoice of all those products which are still on the basket, make the payment.

At the time of exit of customer, security guards Cross Check all the purchased goods on the basket with Invoice and customer exit the store easily with theft items.

Sincerely Opinion

In respect to avoid these types of mischief's, the Retailer may install a new system of complete CCTV Cameras. In which stairs and most suspected ways should be covered under surveillance.

Observation 3: why store maintain separate section for different types of items available in store for consumers?

Example

- * Grocery items in which further category of sugar, rice, pulses, flour etc.
- * Food and Beverages items in which further category like biscuits, cold drinks, noodles Etc.
- * Cloths items in which further category like men wear, women wear, kids wear etc.

Finding: following are the main motive of retail stores to maintain separate section for Different items

- * Customers can easily attract and get desire items, which gives customer satisfaction.
- * It is helpful to handling and managing the stock in smoothly way.
- *Store head can easily identify status of stock level (minimum, average and maximum stock Level) at first sight.

Observation 4: Why Retail store provide quantitative discount on items like 1 packet Tomato Sauce free with Two Packet Tomato Sauce, 2 litre cold drink free with 4 litre cold drink etc or price discount like 50% flat discount on suits , jeans etc. Is it a part of stock management?

Finding: Yes definitely it is a major part of stock management as per my observation I Observed items on which often provide the discount to customer they are following

1) Food items: Retail stores provide the discount mainly on priority basis on food items, now question arises in our mind why?

Actually stores do not provide quantitative or price discount to all food items.

They provide discount only on those food items which are near about expiry, to sale out near expiry product as soon as possible any how before their expiry. They follows the saying “something is better than nothing”

2) Clothes: Retail stores provide the discount, second priority basis on cloth items, now question arise in our mind why?

Actually stores do not provide quantitative or price discount to all Cloth items.

They provide discount only on those cloth items which are not in demand due to old fashion and due to climate and weather.

Observation 5: Why Retail store always keep near expiry product in front of all products of that category?

For example there are 80 packet of 100 gram Tomato Sauce in which 25 packet have expiry 30 days, 40 packet have expiry 60 days and 15 packet have expiry 90 days.

Similarly there are 50 bottles of 500 gram Tropicana Juice. In which 20 bottles have expiry 30 days, 15 bottles have expiry 60 days and 15 bottles have expiry 90 days.

Retail Store always maintain keeping sequence like, nearly expiring products mostly in front, and then second most of near expiry product, then latest.

Finding: when retail stores do such activities, then automatically customers purchase first of all those products which are near about expiry.

Actually main reason behind such activities, to sale out all stock before their expiry.

So once again it is a noble example of stock management by Retail Stores.

For sharing the information purpose, food products like noodles, sauce, biscuits etc have very less period in comparison of other products.

Fault line

If any expire product exists in Retail store mainly food items and medicines, and any customer purchases by mistake or willingly and anything happens with the health of consumer he/she may sue the Retailer legally.

Sincerely Opinion

The Retailer may remove the expired products physically but sometimes it is very difficult to remove the expired products from whole shop physically, but it is the better way to prevent from difficulties and for the sake of customers as well as it is difficult but not impossible.

Or the Retailer may have the special programme system (if possible) with barcode which indicates 2 days prior from expiring the product that the product is expired or about to expire and the concern employee may take that product aside and ask for same new product to helper or costumer.

Observation 6: Why barcodes affix on products?

Finding: The Bar code uses a sequence of vertical bars and spaces to represent numbers and other symbols. That is affixed to retail store items, to identify a particular product number and their price.

Actually barcodes mainly use by retail stores at two point first is at the time of pricing for the purpose of preparing the invoices. Second at the time of stock take for the purpose of calculation of stock and Inventory control.

There are lots of benefits of using barcodes like it can eliminate possibility of human errors, it takes much less time to enter the data, it is cost effective and more reliable than human hands.

There are two types of Barcodes

One-Dimensional (1D) Barcode

Two-Dimensional (1D) Barcode

One-Dimensional (1D) Barcode

Mainly current retail stores are using two types of One-Dimensional (1D) Barcode that are UPC and EAN Barcode.

UPC CODE: Such kind of code used by the Retail Industry for the purpose of label and Scan consumer goods at points of sale. All around the world mainly In the United States, but also in the United Kingdom, Australia, New Zealand and other countries.

The UPC-A variation encodes 12 numerical digits while UPC-E is a smaller variation, which encodes only 6 numerical digits.



EAN CODE: Such kind of code used by the Retail Industry for the purpose of label and scan consumer goods at points of sale, all around the world.

It is very similar to UPC code but difference is it consist 13 numerical digits UPC Code consist 12 numerical digits.



Observation 7: Why Retail store mainly cloth stores use security towers and Security tags on products?

Finding: Shoplifting is a Major issue for Retail stores since last many decades. Every retail store owner Want to protect themselves from shoplifting by employee of the store and the customers.

Actually main purpose for using security towers and Security tags by retail stores to prevent the shoplifting and robbery of valuable merchandise and other items.

In the current corporate culture , Retail Trades are using different types of security tags like ink tags, eyeglass tags, pencil security tags, barcode labels, checkpoint alarming butterflies and cigarette labels etc

How security towers and Security tags do the work?

Security tags prevent shoplifters from stealing valuable merchandise by resonating at a frequency that alerts the security towers when an item is being stolen. The security system then lights up and makes a loud noise to alert the staff that someone is attempting to steal an item and the appropriate authorities can be called like securities guards and police.

Observation 8: Why stock takes or stock audit mostly done in nights when Retail store close down for customers?

Finding: we all of know that stock takes or stock audit means, physical verification of stock quantity with stock quantity in ledger , find out shrinkage and finally convert stock quantity in ledger as per physical stock quantity .

But question arise why stock take in night when retail stores close down for customers?

Following are the reasons in the supporting of stock take should be done in nights when Retail stores close down for customers

*Stock take can be done very smoothly and accurately because Stock inflow and outflow automatically stops in the nights when retail stores close down for customers.

* Stock take can be done without disturbing the sales.

CONCLUSION

No Doubt the Retail Stores are covering the management of stock from order of procurement untill the physical exit of product and they have already reduced the shoplifting. They have a proper and good control over it, like Reliance Fresh, Vishal Mega Mart, Big Bazaar, Cantabil, etc. but still there are some weaknesses, threats and faultlines which we have already discussed above and gave our opinion on that. If Retail stores follow the all precaution then they may have manage all very efficiently, whether we can't say that they can totally control all faults but somehow it will be mostly covered.

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