

**SOS POLITICAL SCIENCE AND PUBLIC  
ADMINISTRATION**  
**MBA HRD 406 (B)**

**SUBJECT NAME: FUNDAMENTALS OF  
RETAIL MANAGEMENT(OPT.PAPER)**

**UNIT-III**

**TOPIC NAME- RETAIL LOCATION**



## **Definition of *retail store***

A place of business usually owned and operated by a retailer but sometimes owned and operated by a manufacturer or by someone other than a retailer in which merchandise is sold primarily to ultimate consumers.

When it comes to business, retailers have one overall goal: to sell merchandise. That's why they focus on sales floor space, adequate parking for customers, and an overall image that draws in customers. Of secondary interest to many retail operations are office space and storage requirements, since most inventory is on the sales floor.

Retail space comes in a variety of shapes and sizes and may be located in free-standing buildings, enclosed malls, strip shopping centers, downtown shopping districts, or mixed-use facilities. You will also find retail space in airports and other transportation facilities, hotel lobbies, sports stadiums, and temporary or special-event venues.



## **Importance of a good retail store location**

A good retail location as a competitive advantage which cannot be copied by the competition. One location can occupy one retail store, and time also plays a crucial role along with the location.

For example, the retail store of Gucci opens up in a particular neighborhood then, and for a couple of months, that is the store which is going to be the only purchase point of all the Gucci products for a neighborhood.

If Nike shows up in the same neighborhood after a couple of months, it won't be possible for Nike to occupy the same location as of Gucci. Nike store has to be located either very close, which entirely depends on the availability of the location, or it has to be placed very far from the Gucci store thereby targeting a different neighborhood and different customers.



## Importance of a good retail store location-2

Customer proximity is another concern for most of the retail businesses. Several stores can be opened away from the city with a cheaper budget, but it won't be possible for the retailers to bring customers to that particular neighborhood.

Hence the retailers have to think the way customer would think and open a store which would be convenient for the customers. Since geographically, peoples are spread out at every possible location, retailers cannot open a store in every neighborhood and instead they have to think of a Central location which would be accessible by most of the neighborhood within a particular diameter of the circle.

The retail store should be close to the place of customers. The word to use here has no quantification, and it cannot be quantified at the store should be located within 1 mile or ten miles of the customer, and it is a dependent on the locality in the country and the probability of the retailer.

Having a convenient retail store helps the organization to make supply chain and distribution arrangements easy for a particular outlet. This reduces the cost of the organization as brothers when it comes to meeting the immediate demands of the customer.

### Importance of a good retail store location-3

Because the transportation cost is reduced, it reduces the overall cost of supply chain management and operations that by everything the retail store and the retail corporation to go close to the six sigma process.

Having many retail stores nearby also enables the retail corporation to store and bed storage houses at one convenient place from which most of the retail outlets can be created within no time. This reduces the wait time and also reduces the 'No Stock' incidences in stores.

A well placed retail store can also help to influence the buying habits of the customers. Customers will always prefer their brand, but most of the times, customers also referred to avoid a hassle to get to their store and compromise on other brands as well.

For example, a die-hard fan of Pepsi lives in a particular neighborhood, and the availability of Pepsi is ten blocks away from his place.

Since the person is a die-hard fan of Pepsi, he will make sure to stock up his home with Axis Pepsi, but there will be times when we will have to walk those blocks or take a suitable means of transportation to the place and by Pepsi for himself.

**Types of Retail Store location:-**The primary three types of retail locations that can be considered depending on the nature of the business.

### **1) Solitary sites**

These are single small outlets of shops which are separated from different writers, and they are positioned near other retailers on the roads on the way to shopping centers. Many of the food and non-food retailers use this type of solitary sites.

The primary advantage of having a solitary site is that it is away from the competition and provides the services to the customers, which help the customer to zero down on the product offered by that particular retailer.

However, the shortcomings of having a solitary site are the pedestrian traffic will always be so as compared to a shopping center or a convenience store and the visibility will also business along with the huge amount of investment since the site will be solitary.



## **2) Unplanned shopping areas**

These are the locations of retail stores which have evolved over a long period of time and have multiple outlets in nearby proximities. These are further divided into:

**Central business district such as the downtown areas in major cities**

**Secondary business districts on main or high Street**

**District neighborhood**

**Location switch on the street or on the motorway which is also known as strip locations.**

The advantages of having unplanned shopping areas are that there is very high pedestrian traffic during working hours and also because of my residential areas. This ensures a constant pull of customers.



### **3) Planned shopping areas**

The retail locations which are well planned according to the architecture and provide multiple outlets that are under the same roof are called as planned shopping areas. They have huge land spaces and the collection of major retail brands. Malls, Speciality, and Lifestyle centers are classified under planned shopping areas.

High visibility to customers and harmful of customers is a major advantage of planned shopping areas. But the disadvantages are that why security is required, and the cost of occupancy is also high.



## **Tips to have a good retail location:**

Choosing the right education is crucial in terms of business, as stated above. As such, there are different rules which govern choosing of location for retail store depending on the nature of the business and the target audience.

However, the following are a few of the steps which can be applied by almost all the retailers in order to find the right retail location.

1. Market analysis:
2. Demographics of the market:
3. Market potential evaluation:
4. Identification of alternatives:
5. Allocation of marketing budget:



## **1) Market analysis:**

The company has to analyze the market in terms of their product and industry along with the nature of competition and the presence of competition. The company also has to consider how old are there in the market and how many some other businesses are there in the current location.

They have to check and analyze the market to know how far is the competition been successful in satisfying the customers. The company also has to analyze how convenient is the location in terms of supply chain management and warehousing in order to make the products available on a daily basis.

## **2) Demographics of the market:**

The demographics of locality is essential to be considered in order to choose the retail location. The age group of the customer, profession, Lifestyle, profession, religion income groups, etc.



### **3) Market potential evaluation:**

The paying capacity of the population plays an important role in the evaluation of the potential of the market, along with the impact of the competition and the product estimation and demand. The retailer should also have the knowledge of regulations and laws of the country in which the store is being operated.

Other things such as communal festivals which have an impact on the demand should also be considered by the business such as Christmas.

### **4) Identification of alternatives:**

Most of the times it so happens that the retailers in hurry of starting the business finalize a location which costs them a fortune within fact a similar location with similar business potential would've been available somewhere very close which was neglected or overlooked.

In such cases, the retailer should not carry on finalizing the retail location and should also go out for alternatives and evaluate that location with similar parameters as stated above.

## **5)Allocation of marketing budget:**

A retail store should have a marketing budget depending on the cost of the location, which is in the third to build the brick and mortar place. The store which is occupying a prime location and has a good inflow of customers has indeed cost a fortune for the retailer.

In such cases, the marketing budget will be very less since the store is visible to most of the customers and passers-by. On the contrary, a store which is located away from the main street should use more marketing campaigns and spend on marketing collaterals in order to attract more customers to the store.

With the advent of social media marketing, the store has become even cheaper. People can advertise about their Store on Google with a very small budget and can ensure every I reach to potential customers not only across the neighborhood but also across other neighborhoods as well.

