Vocational Higher Secondary Education (VHSE)

Second Year

MARKETING AND FINANCIAL SERVICES

Reference Book

Government of Kerala
Department of Education

State Council of Educational Research and Training (SCERT), KERALA
2016

List of Contributors

Participants

Suresh Kumar .G
Vocational Teacher in MS
NSS VHSS Perunna
Changanasssery, Kottayam

P.K. Muraleedharan
Vocational Teacher in MS
REC GVHSS Chathamangalam,
Kozhikode

Martin K.P.
Vocational Teacher in MS
GVHSS Puthenchira, Thrissur

Antony Sunil Leon
Vocational Teacher in MS
GVHSS Koodal, Pathanamthitta

C Krishna Kumar
Vocational Teacher in MS
GVHSS Kottankulangara, Kollam.

Dr.Ambili. G S
Vocational Instructor in MS
TKDM GVHSS Uliyakovil, Kollam

Expert

Dr.J.Rajan
Professor and Dean, Faculty of Management Studies
University of Kerala, Thiruvananthapuram

Academic Co-ordinator

Smt. Anjana V.R.Chandran
Research Officer, SCERT

State Council of Educational Research and Training (SCERT)
Poojappura, Thiruvananthapuram 695012, Kerala
Website : www.scertkerala.gov.in, *e-mail* : scertkerala@gmail.com
Phone : 0471 - 2341883, Fax : 0471 - 2341869
Typesetting and Layout : SCERT

FOREWORD

Dear Learners,

This book is intended to serve as a ready reference for learners of vocational higher secondary schools. It offers suggested guidelines for the transaction of the concepts highlighted in the course content. It is expected that the learners achieve significant learning outcomes at the end of the course as envisaged in the curriculum if it is followed properly.

In the context of the Right- based approach, quality education has to be ensured for all learners. The learner community of Vocational Higher Secondary Education in Kerala should be empowered by providing them with the best education that strengthens their competences to become innovative entrepreneurs who contribute to the knowledge society. The change of course names, modular approach adopted for the organisation of course content, work-based pedagogy and the outcome focused assessment approach paved the way for achieving the vision of Vocational Higher Secondary Education in Kerala. The revised curriculum helps to equip the learners with multiple skills matching technological advancements and to produce skilled workforce for meeting the demands of the emerging industries and service sectors with national and global orientation. The revised curriculum attempts to enhance knowledge, skills and attitudes by giving higher priority and space for the learners to make discussions in small groups, and activities requiring hands-on experience.

The SCERT appreciates the hard work and sincere co-operation of the contributors of this book that includes subject experts, industrialists and the teachers of Vocational Higher Secondary Schools. The development of this reference book has been a joint venture of the State Council of Educational Research and Training (SCERT) and the Directorate of Vocational Higher Secondary Education.

The SCERT welcomes constructive criticism and creative suggestions for the improvement of the book.

With regards,

Dr. P. A. Fathima

Director
SCERT Kerala

CONTENTS

PART A

ABOUT THE COURSE

Vocational education is designed to fulfill the man power requirement for national development. It helps to develop vocational aptitude, work culture, values and attitudes of the learner so as to enrich the productivity of the nation. The vision of Vocational Higher Secondary Education in Kerala is to equip the youth with multiple skills matching technological advancements and to produce skilled work force for meeting the demands of the emerging industries and service sectors with national and global orientation. We are in the forefront of spreading the message of vocational education based on Gandhiji's focus on education, i.e. self-sufficiency paves the way for self-employment. The multifarious task vocational education according to the new curriculum includes theoretical studies, lab practical work, Industrial Training (OJT), Production-Service cum Training Centre (PSTC) and apprenticeship training. It gives importance to knowledge, skill, and attitude of the learner. All these aspects highlight and enrich the vocational education in Kerala.

The Vocational Course,' Marketing and Financial Services' aims to develop in student's knowledge, skills and attitudes to be productive employees in the concerned area. In this course, the students will gain a perspective in multi skills to perform the multi tasks of Marketing and Financial service within an overall business system.The course mainly covers basic marketing and selling skills, information technology skill related to marketing and E-commerce during first year curriculum in two modules. Retail marketing and financial service marketing are included under second year modules. The curriculum takes into account the importance of marketing functions, marketing mix, customer relations, communication and selling process. The basic IT skills related to marketing can be studied with the help of MSoffice, Open office, and web designing. Considering job opportunities and career prospects in the field of "Retail" the relevant areas of organized and unorganized retailing are incorporated in the module for Retail Marketing. The environment in which financial services are marketed is becoming more competitive, making the task of marketing financial services increasingly challenging and specialized. The marketing aspects of various financial products are also included under the new curriculum. It is intended that this curriculum provide learners with opportunities to develop generic employability skills, values and attitudes and foundational knowledge of work in the service sector namely in retail marketing and investment sectors. The course also provides learner with the foundation for higher level skill education.

MAJOR SKILLS (WITH SUB SKILLS)

MAJOR SKILLS	SUB SKILLS
Marketing and Selling Skills	*Customer Need Analysis skills* *Marketing Communication skill* *Prospecting skills* *Product presentation skills* *Skill in handling customer Objections*
IT skills in marketing and selling	*Skill in designing web pages* *Skill in creating data base* *Skill in maintaining computer hardware* *Skill in online trading.* *Skill in office automation*
Retail Marketing skills	*Skill in designing store layout* *Skill in merchandising* *Skill in maintaing customer Relations* *Skill in Billing*
Skills in Financial services Marketing	*Skill in investment Planning* *Customer interaction skill* *Skill in share trading*

SYLLABUS
MODULE III--RETAIL MARKETING

Unit 1 Fundamentals of Retailing (80)

Basics of Retailing - Meaning and Importance - Classification of Retailers - Retailing formats - Types of retail formats- Functions of Retailers - Duties and Responsibilities of Retailers - Retail Marketing Mix-- Trends in Retailing - Various segments in Indian Retailing-- Driving forces in Indian retailing.

Unit 2 Retail Store management (70)

Different locations of Retail store- Factors affecting choice of store location

- concept of store layout - different types of store layout - Design-- visual merchandise displays -- Store Associate- functions--duties and responsibilities.

Unit 3.Retail Selling Skills (70)

Methods of selling in retail - Basic retailing skills-Retail communication--Retail selling process-- Sales promotion activities in store - Organize the receipt and storage of goods in retail environment -Billing Procedure in retail store--Customer Relation--Concept of CRM and its importance - Identify the means of customer support--Handling Customer Grievances.

Unit 4 Health Safety and Hygiene practices in Retail (60)

Describe the need for maintaining hygiene in retail store - Health care activities and health care rights-Personal grooming -- - Potential hazards and accidents at work place - Precautions to be taken for safety

Unit 5. Non Store Retailing (60)

Concept of e-retailing - advantages and disadvantages of e-retailing -- Factors that contribute to success of e-retailing -- Concept, advantages and disadvantages of Telemarketing - Call centre Operations-designing of e - retail web site using html- online purchase practices (familiaring various online shopping sites)-methods of payments -Television home shopping-vending machine retailing.-Measures to prevent fraudulent transactions in e-retailing

MODULE 4
MARKETING OF FINANCIAL SERVICES

Unit 1. Financial System & Financial Markets. (60)

Introduction to Financial System - Components Of financial system--Financial Markets -Classification-Money market-- Capital Markets--Role of SEBI and RBI ---BSE, NSE, SENSEX, NIFTY, --International Markets-Domestic Markets-Market-Financial Services-Features-Types.

Unit 2. Marketing of Banking and Insurance Products. (60)

Marketing of Banking Instruments---Mortgage loan, vehicle loan, personal loan, consumer loan, Credit card, CASA , Insurance- Life Insurance- types of policies-Endowment, Whole life, Term life, Money back -ULIP- General Insurance-health, Motor Vehicle, Marine

Unit 3 Emerging Opportunities in Financial Service Sector. (90)

Share trading Business -Products -- operations-day trading and delivery-ETF-- -Commodities Trading---Forex Trading---Portfolio Management Services---Wealth Management through Mutual Funds---Types of Mutual Funds-Equity, Debt, Balanced, Tax Saving , Fund of funds, Comparison of Returns of Different funds-One time investment -SIP-NAV--Marketing NBFC instruments - Fixed Deposits-Bonds -Postal Department Agency-Recurring Deposits-Fixed deposits-Postal Life Insurance--Chitty Canvassing Business-collection agents.

Unit 4 Financial Planning & Portfolio Management. (60)

Financial Planning -Concepts- Purpose- Portfolio Management-concepts-- Financial Planning for Insurance- Retirement- Income Tax- Process of Financial planning -Establishing relationship with the client- Gathering client data-Determining goals and expectations-Analyzing clients objectives-Needs and financial situations-Developing appropriate strategies and presenting financial plans-Implementation of Financial Plan-Monitoring financial plans.

Unit 5 Professional Selling in Financial Service Sector (70)

Professional Selling-importance-Personality development-Time management-stress management- Relationship Management -- Activities for lead generation---follow up--team work-critical thinking-negotiation tactics-presentation skills-group discussion--professional etiquettes-e mail etiquettes --Netiquettes-- business meeting etiquettes-- Servicing the customer- -Ethics in selling\

MODULE 3-RETAIL MARKETING

Overview

Retailing is not only an integral part of an economic structure but also shaping our way of life. The increasing size of the retailers, intensifying rate of competition in the market and changes in the technology has led retailers to search for new ways to grow their business. India has witnessed a retail revolution in the last two decades. It accounts for over 10% of the country's GDP and around 8 % of the employment. India is the world's fifth largest global destination in retail space.

The retail industry is divided into organized and unorganized sectors. Due to rising per capita income and fast emerging middle class has made India a favorable place for organized retailing. The major organized retail formats includes Department Store, Multiple stores, Hyper-markets, Super markets, Specialty stores and Malls. Unorganized retailing includes low cost retailing such as family shops, general stores, convenience stores, etc,. There is a large scope for entry level jobs in organized retailing such as Purchase Associates, Sales Associates, Inventory Associates, Supply chain Associate, Packing Assistant, Billing clerk etc. There are plenty of jobs in unorganized sector especially in the area of self employment, such as general store merchant, franchisee business ,commission agents etc. Opportunities also exist in the field of non-store retailing such as e-tailer and tele-marketer etc.

This module provides a basic knowledge about the various retail formats, selection of suitable location for a retail outlet, designing of suitable lay out for a retail store, retail selling skills, safety and hygiene practices in retail store and other non store retails forms. It improves the skill in designing store layout, merchandising, maintaining customer relations, billing and retail marketing communication.

UNIT 1
FUNDAMENTLS OF RETAILING

INTRODUCTION

A retailer is the one who purchases and stocks the producers' goods for sale to customers at a profit. Retailing is the last link that connects the individual consumer with the producer. It can provide wide range of goods and services to the consumers. In India , it is considered as one of the prominent employability sector.

This unit focuses on introduction to retail business, retail formats, retail product mix and driving forces in Indian retailing. Those who are interested in a career in this field must know the fundamentals of retailing.

LEARNING OUTCOMES

The learner :

- *Identifies the basics of retailing*
- *Recognizes the importance of retailing*
- *Classifies different types of retailers*
- *List the different types of "Retail format"*
- *Identifies the functions of retailers*
- *Identifies the duties and responsibilities of retailers*
- *Understands the relevance of marketing mix in retailing*
- *Understands the recent trends in retailing*
- *Discuss the driving forces in Indian retailing*

UNIT IN DETAIL

Basics of Retailing

Retail refers as business activity to sell the goods in small quantities to customers. Retailing includes all the activities involved in selling goods or services to the final consumers for personal or non-business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing.

Meaning and Importance of Retailing

The word 'Retail' is derived from a French word with the prefix re and the verb 'taillier' meaning "to cut again". Evidently, retail trade is one that cuts off smaller portions from large lumps of goods. It is a process through which goods are transported to final consumers. In other words, retailing consists of the activities involved in selling directly to the ultimate consumer for personal or non-business use. It embraces direct-to-customer sales activities of the producer, whether through his own stores by house-to-house canvassing or by mail-order business.

Manufacturers engage in retailing when they make direct-to-consumer sale of their products through their own stores (as Bata shoe company), by door-to-door canvass or mail order or even by telephone. Even a wholesaler engages in retailing when he sells directly to an ultimate consumer, although his main business may still be wholesaling.

Retailing involves:

- Understanding the needs of consumers
- Developing good assortment of merchandise
- Displaying the merchandise in an effective manner so that consumers find it easy and attractive to buy.

A retailer in any business establishment directs its marketing efforts towards the end users for the purpose of selling goods and services. But retailing business is now not the same as in the past. Till a few years ago, people bought all their requirements from small shops called KIRANA stores or general stores, owned by individuals and managed through sales assistants. But now a day the concept of large departmental stores and malls has been introduced which also provide us with the same products. The increasing income levels, new products, standard of living, competition in market and increasing consumption patterns have accelerated the demand creation of these stores. The advancement of information technology and communication electronic retailing became a reality to create platform for sales through internet and television channels.

The retailer is an intermediary in the marketing channel because he is both marketer and customer, who sells to the ultimate consumer. He is a specialist who maintains contact with the consumer and the producer; and is an important connecting link in a complex mechanism of marketing. Though producers may sell directly to consumers, such method of distributing goods to ultimate users is inconvenient, expensive and time consuming as compared to the job performed by a specialist in the line. Therefore, frequently the manufacturers depend on the retailers to sell their products to the ultimate consumers. The retailer, who is able to provide appropriate amenities without an excessive advance in prices of goods, is rewarded by larger or more loyal patronage.

Retailing has great impact on economic development of a nation. Retailing has become an intrinsic part of our daily lives. Consumer spending on retail goods drives much of the global economy, and the retail employs a large number of people. There are a large number of people and companies involved in the production, distribution, and retail of goods. Globally, retailing is the largest revenue generator and employment provider next only to agriculture. It provides opportunities to the poorest and unskilled along with the educated and skilled. As a major source of employment retailing offers a wide range of career opportunities.

Successful retailers also recognize that people want to see the improvements in the general level of consumption and social cohesion over time. Retailers have to enhance their perceived value to the community by acting as a focal point and through effective public relations and promotional campaign including sponsorships. This encourages social responsibility behaviour by the corporate where public welfare programs get funded by a certain percentage of purchase prices of company's products.

Retailers as an intermediary, the relationship of retailer with the consumer is basically service oriented with the use of personal selling techniques. Wholesaling is an intermediate stage in the distribution process during which goods and services are sold to business customers including retailers. Normally wholesalers sell large quantities. They take the title to goods and give credit to retailers. Retailing is different from wholesaling and other channels of distribution on following grounds.

Sl No	Basis of Comparison	Retailing	Other Distribution Channels
1	Business Location	Highly important	Important
2	Sales turnover	Low	High
3	Number of transactions	High	Low
4	Interaction with consumers	Direct	No direct action
5	Per unit price	High	Low
6	Profitability	High	Low
7	Variety of merchandise	High	Low

Organised and Unorganised Retail

In the early eighties retailing in India was synonymous with peddlers, vegetable vendors, small grocery stores or sole clothing and consumer durable stores in a nearby town. These retailers operated in a highly unstructured and fragmented market.

The retail sector traditionally dominated by small family run general stores with poor infrastructure, lack of modern technology, inadequate funding and absence of skilled manpower is known as unorganised retailing. These retail units are not registered by any legal provision and which do not maintain regular accounts. It includes fruit vendor, vegetable vendor, cobbler, melas, periodic markets, kiranas etc.

Figure 1.1 Unorganised retailing

Organised retailing refers to running business in an organised and scientific manner. Here all the items are segregated and brought under one roof. It also provides large number of brands available and different types of products at one place. Organised retail deals with multiple formats, which are typically a multi-owner chain stores or distribution centres run by professional management. Organised retailing has brought in a remarkable advantage for the consumers and has a huge potential for growth that leads to a higher GDP contribution to the country and generate employment. Today the retailing has become an experience featured by comfort, style, and speed. It offers more convenience to customer and choice along with experience.

Figure 1.2 Organized retailing

Differences between Organised and unorganised retail can be listed as follows

Sl. No	Basis of comparison	Organised retail	Unorganised retail
1	Variety of items	Large Very few	
2	Size of outlet	Large Small	
3	Number of employees	Many Limited	
4	Capital requirement	Very high	Low
5	Terms of employment	Regular	provisional
6	Organisation	corporate	single
7	Network	Vast and operates with branches	Limited to a particular locality

ASSESSMENT ACTIVITY

1. List out the importance of retailing under the given heads

Stake holders	Importance of retailing
Producer	1 2 3.
Consumer	1 2 3
Society	1 2 3.

2. complete the following table

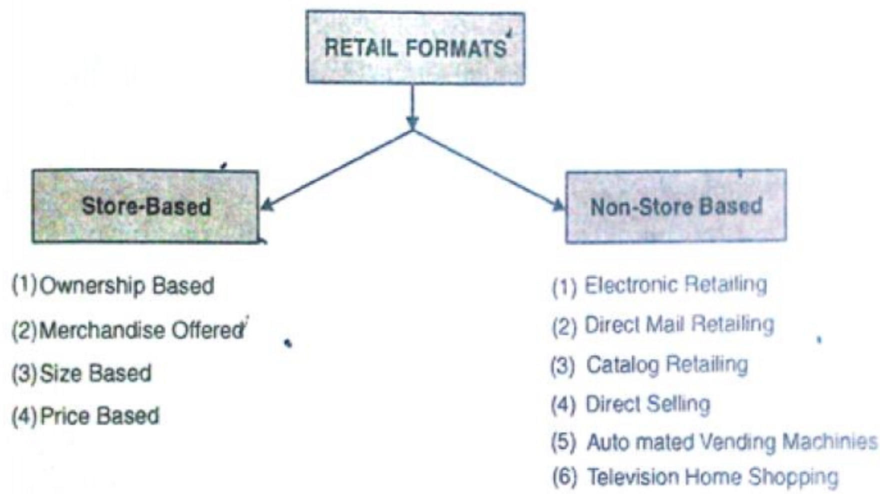
Sl No	Basis of comparison	Organised Retail	Unorganised Retail
1	Variety of items	Large	
2	Size of outlet		Small
3	Number of employees		Limited
4	Capital requirement	Very high	
5	Terms of employment		provisional
6	Organisation	corporate	
7	Network	Vast and operates with branches	

> 3. *Visit any 5 different markets near to your locality and classify them as organized and un organized.*

Classification of Retailers

Retail organisation means the format or structure of a retail business designed to cater the needs of the end customers. It has become very dynamic and no retail firm have brought different innovative approaches and their types of formats .

Store formats , their positioning and differtiation creates a distinct image of the store among its customers. Retail formats can be classified into the following heads



STORE BASED RETAIL FORMATS

Classification according to ownership

1. **Independent retailer** -one who owns only one retail store. The owner of the outlet is responsible for the investment, establishment, sales and profitability of the store.
2. **Chain store** -- one who owns and operates a number of retail outlets. It operates under branch system. Eg. Reliance store, More, Big Bazar.
3. **Franchise**-It is established or operated under an authorisation to sell distribute a company's good or services in a particular area. Eg: Mc Donald , Pizza Hut etc

Classification according to merchandise

1. **Super markets**--Generally this type of retailer concentrates in supplying a range of food and beverage products. However many have now diversified and supply products from the home, fashion and electrical products markets too. Supermarkets have significant buying power and therefore often retail goods at low prices.

2. **Hyper markets** - provides variety and huge volume of exclusive merchandise at low margins. The operating cost is comparatively less than other retail formats.

3. **Convenience store** - Usually located in residential areas. This type of retailer offers a limited range of products at premium prices due to the added value of convenience.

4. **Department Store** - This type of retailer is often the most complex offering a wide range of products and can appear as a collection of smaller retail stores managed by one company. The department store retailers offer products at various pricing levels. This type of retailer adds high levels of customer service by adding convenience enabling a large variety of products to be purchased from one retailer.

5. **Specialty store** - Specializing in specific industries or products, this type of retailer is able to offer the customer expert knowledge and a high level of service. They also add value by offering accessories and additional related products at the same outlet.

6. **Catalogue store**-These are the retailers usually specialize in hard goods (house ware, Jewellery, consumer electronics etc) A customer visits the showroom and make his choice of the products using the catalogue mentioning the code number of the item.

Classification on the basis of size

1. **Shopping mall** -- It has a range of retail shops at a single outlet. They endow with products, food and entertainment under one roof. It spread over a large area of more than 2 Lakhs square feet.

2. **Super store**- It is a physically large retail establishment usually part of chain. It is generally twice the size of super market and offers traditional and non traditional goods

3. **Shopping centre**-It is a group of retail shops, restaurants, and other businesses with a common interest in soliciting sales. The facility is developed as planned commercial location and typically offers private, off-street parking facilities or areas. A shopping centre generally encompasses no less than 800,000 square feet of shopping space.

Classification on the basis of Price

1. **Category Killers** - It is large specialty store featuring a wide variety of products at a relatively low price.

2. **Discount store**- This type of retailer offers a variety of discounted products. They offer low prices on less fashionable branded products from a range of suppliers by reselling end of line and returned goods at discounted prices.

3. **One price shop** - It is a retail store which sells all their products at one price.

NON STORE RETAIL FORMATS

Non Store retailing is retailing that does not take place in a traditional, physical store like we find in a downtown shopping district or in a shopping mall. In many cases customers make their purchase from within their own homes without physically visiting a retail outlet . It includes,

1. **Electronic retailing** - It is a retail format in which the retailers communicate with the customers and offer products and services for sale over the internet. Most of the retailers are selling their products online Eg. Flipkart, Amazon etc.

2. **Direct mail retailing** -It is a non store format in which the retail offering is communicated to a customer using letters and brochures. It is most successful with rural consumers who lacked ready access to retail stores.

3. **Direct selling**-It is a direct contact between the seller and the potential buyer. Most of the retailers are focussing on this mode of retailing to talk and penetrate the markets particularly in the households.

4. **Automated vending machine**-- This is an automated piece of equipment wherein customers can drop in the money in machine and acquire the products.

5. **Television home shopping** - It is a retail format in which customers watch a TV programme demonstrating merchandise and then place orders by telephone.

Assessment Activities

1. List out the features of the given retail format

Type of retail format	Features
Departmental Store	
Multiple Shop	
Super Market	
Hyper Market	
Shopping mall	

Functions of Retailer

Retailing consist of all the activities directly related to the sale of goods and services to the ultimate consumer for personal use. This creates real value or utility to the customers and it comes from four different perspectives; They are,

- Form utility - a product that is acceptable to the customer
- Time utility - keeping the store open when the consumers prefer to shop
- Place utility - Making available at convenient location
- Ownership utility - when the product is sold

In the process of acting as a link between the wholesaler and the consumer a retailer performs different functions. These are mentioned below.

(1) Buying and Assembling:

A retailer deals in different variety of goods which he purchases from different wholesalers for selling to the consumers. He tries to locate best and economical source of the supply of goods.

(2) Warehousing or Storing:

After assembly of goods from different suppliers, the retailers preserve them in stores and supply these goods to the consumers as and when required by them. The goods are kept as reserve stocks in order to ensure uninterrupted supply to the consumers.

(3) Selling:

The end objective of the retailer is to sell the goods to consumers. He undertakes various methods to sell goods to the ultimate consumers.

(4) Credit Facilities:

He caters to the needs of the customers even by supplying them goods on credit. He bears the risk of bad debts on account of non-payment of amount by the customers.

(5) Risk Bearing:

A retailer has to bear different type of risks in relation to goods. While in stores, goods are exposed to various risks like deterioration in quality, spoilage and perishability etc. The products are confronted to natural risks viz; fire, flood, earthquake and other natural calamities. Other type of risks like change in customer's tastes also adversely affects the sales.

(6) Grading and Packing:

The retailer grades the goods which are left ungraded by the manufacturers and the wholesalers. He packs the goods in small packages and containers for the convenience of the customers.

(7) Collection and Supply of Market Information:

The retailers are in direct touch with the consumers. They gather valuable information with regard to likes dislikes tastes and demands of the consumers and pass on this information to the wholesalers and the producers which are very helpful to them.

(8) Helps In Introducing New Products:

Without the services of retailers, new products cannot be introduced properly in the market. This is so because a retailer has a direct link with the consumer. He can explain nicely about the utility and the characteristics of a new product to the customer.

(9) Window Display and Advertising:

The retailer displays the products in show windows in order to attract the customers. This leads to immense publicity for the product.

Duties and Responsibilities of Retailer

- Greeting customers who enter the shop.
- Be involved in stock control and management.
- Assisting shoppers to find the goods and products they are looking for.
- Being responsible for processing cash and card payments.
- Stocking shelves with merchandise.
- Answering queries from customers.
- Reporting discrepancies and problems to the supervisor.
- Giving advice and guidance on product selection to customers.
- Balancing cash registers with receipts.
- Dealing with customer refunds.
- Keeping the store tidy and clean, this includes hovering and mopping.
- Responsible dealing with customer complaints.
- Working within established guidelines, particularly with brands.
- Attaching price tags to merchandise on the shop floor.
- Responsible for security within the store and being on the lookout for shoplifters and fraudulent credit cards etc.

- Receiving and storing the delivery of large amounts of stock
- Keeping up to date with special promotions and putting up displays.

The above duties and responsibilities should be performed for the successful running of a retail store.

Assessment Activities

1. *List out the important functions of a retailer.*
2. *Visit a nearby retail store and identify five major duties & responsibilities of a retailer.*

Retail Marketing Mix

Retail Marketing is defined as the process by which a retailer tries to identify the target market, workout the mix in terms of nature of merchandise offered, pricing policy, promotion and advertising, location, store design and visual merchandising in order to satisfy the target markets. The Retail Marketing Mix is a marketing tools that a retail organization uses to pursue its marketing objectives. It should be devised properly to build up customer loyalty, efficient distribution, brand information, display unique merchandise, develop strong relationship with all concerned.

Fig.1.3 Retail Marketing Mix

The four important types of retail marketing mix are discussed below:

1. The 'Product' Mix:

Every organization has a product mix that is made up of product lines. The variety of products that a company produces, or that a retailer stocks is known as 'product line'. It is a broad group of products, intended for similar uses and having similar characteristics. The product mix is the set of all the products offered for sale by a company.

It refers to the length (the number of products in the product line), breadth (the number of product lines that a company offers), depth (the different varieties of product in the product line), and consistency (the relationship between products in their final destination) of product lines. Product mix is sometimes called 'product assortment'.

The basic components of product mix are:

(i) Services (ii) Packaging (iii) Brand (iv) Product Item and (v) Product line

The various product mix strategies are:

(i) Launching new products from time to time

(ii) Alteration of Existing Products

(iii) Eliminate an entire line or reduce assortment within it

(iv) Trading Up

(v) Trading Down

(vi) Product life cycle management

The retail product mix is device so as to develop an appropriate promotion strategy for the store depending on the target market to be reached. Once the target market is identified and positioning strategy defined, the retailers employ various tools of product mix to reach out to consumers. These efforts also aim at building store image.

Retailers usually employ a combination of various elements of product mix to achieve promotional and business objectives. The degree and the nature of usage of each of the promotion methods depend on the objectives of the retail firm, product, market profile, and availability of resources.

2. The 'Price' Mix:

Price has always been one of the most important variables in retail buying decision. It is the easiest and quickest element to change. Pricing helps an organization to achieve its objective. This is particularly significant for new market entrants who need to first establish a brand and then enjoy increasing profits as the brand gets market acceptability. For a customer, price is the main reason to visit a particular store.

A pricing strategy must be consistent over a period of time and consider retailer's overall positioning, profits, sales and appropriate rate of return on investment. The price is neither too high nor too low. The difference between price and cost is the profit, which can be very high when the salesperson wants to exploit an urgent situation.

To survive in the retail business, retailers need to seek cash flow, profitability and overall growth in order to consolidate their market position. But pricing cannot be determined in isolation. Costs and operating expenses are equally important while establishing the retail price.

Service pricing pursues the 'doctrine of pricing of goods', therefore, they are either cost-based or market based. Within this, these pricing can be profit oriented, government controlled, consumer oriented or competition oriented. Pricing needs certain considerations before actually determining it. The market position of the product, consumer perception and stage of the product life cycle, competitor's strategy and overall marketing strategy needs to be considered.

3. The 'Place' Mix:

The retailer should keep in mind the fact that his 'product' should be available near the place of consumption so that the consumers can easily buy it. If the brand preferred by the consumer is not easily available at a convenient location, he may buy some other brand in the same product category.

Hence, the retailer has to ensure that the product is available to the target consumers whenever required. There are two major components of place: marketing channels and physical distribution (logistics management). Channel decisions affect considerably the elements of marketing mix and involve a long term commitment of resources.

Intermediaries involved in channel network are independent (at times contractual) organizations hence their needs must be taken into account while evaluating channel alternatives. The success of marketing efforts, to a large extent depends on the sound distribution network.

Physical distribution involves transportation, warehousing, material handling, bulk packaging etc. Some of these activities are carried out by intermediaries. A considerable coordination is required among various channels to seek maximum results of marketing operations.

Following are the components of a retail place mix:

(i) Distribution channels

(ii) Intermediary

(iii) Distance Factor

(iv) Inventory Level

(v) Transportation

(vi) Warehousing and Storage

4. The 'Promotion' Mix:

After deciding upon the budget, retailer should determine the appropriate promotional mix – a combination of advertising, public relations, personal selling and sales promotion. Small retailers having limited funds may use store displays, hoardings, direct mail, flyers and publicity methods to attract customer traffic, while on the other hand, retailers having no bar on finance, may use print or television media for their sales promotion activities.

The retail promotion mix varies from retailer to retailer and nation to nation depending upon technological advancement, nature of competition and availability of finance etc. Retailers design a promotional mix in compliance with store's objectives such as positioning of the organization, attracting customers, increasing sales turnover, clear out seasonal merchandise, announcing special events and educating public about the organization and its offerings.

Retailers generally spend their promotional budget on developing advertisement campaigns and other sales promotion activities. A retailer has a variety of sales promotion methods to promote its goods and services. Therefore, promotion mix used by the retailer should be compatible with the desired store image, budget allocation and flexible enough to modify whenever need arises.

In addition to the 4p's discussed above a retailer should be aware of the other 3 ps namely, process, people, and physical evidence.

1. **Process**: — Every product requires a clearly understood process for designing, implementing and reviewing the product launch and marketing development process. The process includes the arrangement through which a customer actually receives delivery of the goods and services.
2. **People**:—The retail industry is featured by the combination of large number of employees, customers and management of the organisation. The attitude, behaviour, manners and product knowledge of people in the store play a very important role in building long term relations with customers.
3. **Physical Evidence**: — Physical evidence refers to all the tangible visible touch points that the customer will encounter before purchasing the product. The lay out, design and ambience of the retail store should be created in such away that attract the customers . Physical evidences are also playing their role in retailing.

Assessment Activities

1. Name the product Mix Strategies in the given situations

1. *A general store added Baby food in their product mix*
2. *A super market withdrawn Agarbathies of a particular company due to low demand in market.*
3. *A hyper market added high priced branded rice to their product mix along with low priced brand*

2. List out the factors to be considered in selecting a suitable Place Mix

TRENDS IN RETAILING

India has witnessed a retail revolution in last decade. A sustainable growth in the incomes and buying power of the Indian consumer both in urban and in rural areas has given a dramatic transformation to the Indian retail sector. The modernisation in retail formats is likely to happen quicker in the areas of groceries, electronics, cosmetics, apparels, books etc. There are plenty of factors facilitating the availability of quality products at lower prices , improved shopping standards , convenient shopping and display. The increasing importance of retailing is reflected by the high contribution to GDP which indicates that our economy in linked to retailing. In recent years the retailing shows a developing trend on account of the following reasons:

- Retail is going international
- Retailers are becoming value driven
- Retailers are developing their own brands for increasing their brands
- Retails formats are changing very rapidly due to high competition and in drew of big companies
- The re-substantial consolidation and restructuring retailing
- Facilitates customers with more services.

DRIVING FORCES IN INDIAN RETAILING

Retailing in India is categorised into organised and unorganised. Indian retail industry is highly organised due to the advent of technology, rise of luxury retail, rise in income and change in consumer lifestyle. The following are the driving forces in Indian retailing.

1) Emerging nuclear family concept
2) Changing in consumer life style where luxuries become necessities
3) High pay package being paid by private sector and MNCs
4) Expecting convenience shopping under one roof, air conditioned mall and multiplex
5) High purchasing power of Indian class.
6) Effects of liberalisation privatisation and globalisation
7) High and regular flow of FDI in Indian retail sector
8) Building large chain stores of popular Indian Brand
9) Presence of Indian players directly or through consolidation with Indian retail players.
10) Expansion of third generation family businesses like Tata , Birla and Reliance
11) Providing wide range of choices to Indian consumer through MNC brands.
12) Demography dynamics—(60% of the Indian population are below 30 years of age)
13) Double income family
14) Plastic revolution—increase in the use of credit card
15) Urbanisation
16) Easy availability of transpiration
17) Application of technology in retail .

In spite of the above mentioned opportunities, the retail sector in India faces the following challenges which proving to be a hurdle for its growth.

- ✓ Global economic slowdown
- ✓ No recognition as an industry
- ✓ Increased cost of establishment
- ✓ Lack of basic infrastructure
- ✓ Entry of international giants in retail sector
- ✓ Inefficient supply chain management
- ✓ Difficulty in establishing retail standard due to cultural diversity.

Assessment Activities

Prepare a brief note on the recent developments in Indian Retail Sector

TE QUESTIONS

Fill in the blanks

1. A consumer can purchase pin to piano from a ———————————store.
2. A super market is works on the principle of ——————————————
3. When a retailer sells a costly quality product along with a low cost one it is—————————— Mix strategy

   a. Trading up b. Trading down.

   C product positioning d. Product expansion
4. Draw a product line chart of a small retail outlet of MILMA situated near to your locality
5. Retail Association of India announced the conduct of an essay writing competition on "Driving forces in Indian Retailing". You are selected as a participant for the above programme from your school. Prepare a Note for the same.

UNIT 2
RETAIL STORE MANAGEMENT

INTRODUCTION

A Retail store management describes the management of total feel and look of the interior and exterior of a retail store. A well planned retail store layout allows a retailer to maximise the sales, but it depends on retailers understanding of the customers buying habits. Hence retail store management should be implemented in a planned manner.

This unit covers store location, layout, store design, visual merchandise display and functions of store associate.

LEARNING OUTCOMES

The learner:

- *Classifies the different locations of retail store.*
- *Identifies the factors affecting choice of store location*
- *Recognizes the need and importance of store layout.*
- *Designs different types of stores lay out*
- *Recognizes the importance of widow display in retail store*
- *Describes the elements of store planning and design*
- *Identifies the major functions of stores associate.*

Different locations of Retail store

Location is a very important factor in retailing. It is difficult to select an exact location. Selection of right location leads the success of a retail outlet. It may locate in an isolated place and pull the customers towards the store to purchase goods and services or it may locate in a city, where there are large numbers of retail shops and customers come to the store directly by attracting towards it or it may be a part of a shopping centre. With the emergence of new forms of retail formats such as department stores, hypermarkets, franchisee, mall etc., a retailer has to give more importance to location.

Selecting right location helps the retailer to create right image and thus contributes in the success of retail store. While selecting a location, a retailer has to broadly identify geographical area and then he can choose particular site. Usually retailers prefer to own a property to do their business rather than avail of the desired property through rent or lease. This makes the location decision more crucial. The reason for locating a store, vary with the type of business. For example, in case of a readymade shop, the customer prefers an area where there is sufficient parking space, good flow of walk-in and drive-by traffic and easy reachability. Choosing a wrong site can lead to negative result and in some cases it my leads to closure of business.

Types of retail location

Retailers have to consider certain factors when selecting a place for doing their business. Following are some common types of retail locations:

1. **Mall space:** A mall consists of wide area shopping space where more number of retailers does their business less than one roof. Mall hosts a variety of retail format and stores such as department stores, chain stores, super market, franchisee and kiosks. The mall can attract high amount of customers. The customers will get variety of product category under one roof. Due to more number of customer traffic, the retail space rent will be higher than other retail stores.

2. **Isolated location**: Isolated location or free standing location is basically a single building. It can be located in a busy place or an isolated place. The success of the store depends upon its own pulling power and promotional activities to attract customers. Depending on the landlord, there is no restriction on how a retailer should operate his business. It is preferable to have adequate space for window display and for parking. The advantages of this location is that the retailer don't have to face more competition, low rent, better visibility and adequate parking space. But here are some disadvantages also such as retailer has to spend more to attract customer, cost cannot be shared like a shopping centre and lack of variety products for customers.

3. **Downtown area**: It is another type of location like malls, usually located in cities. It mainly attracts customers from city or towns. In certain areas, this type of retail store serve different sections of population such as middle income class customers or upper income class customers. Lack of parking space is generally a big issue for downtown retailers. Here the owner of business has more freedom.

4. **Shopping centre**: shopping centre locations are like small mall having some guidelines or rules for their tenants directing their conducting of business. The rules are probably lenient than malls.

5. **Home-based**: Home based business are those retail business which are located as a part of retailer's home or near to the home. It is an inexpensive option, but growth may be restricted. Sometimes, it may difficult to separate the personal life and retail business and can create problems.

6. **Office building**: The office building or a business park is one of the retail location for a retailer. Professional business can be done in these type of locations.

Factors affecting choice of store location

There are certain factors that should be considered by the retailer while selecting a location for doing a business. Before signing a lease, retailer should understand the rules, policies and procedure related to the retail business. Following are some of the factors that affect choice of store location:

- Type of retail form
- Availability of capital
- Kind of products being sold by the retailer
- Nature of customers
- Basic infrastructure facilities
- Safety and security consideration
- Accessibility and traffic flow
- Cost factor
- Personal factors
- Parking space availability
- Competitors location
- Visibility
- Market trends and potential for future expansion
- Return on investment.

The important factors affecting choice of stores location are explained below:

Kind of product sold

While selecting a store location, retailers have to consider the type of goods going to sell. In the case of convenience goods, the amount of customers is very important. The shop should be easily visible to the customers, there should be enough space and needs enough area for window display. The customers will prefer to purchase convenience goods from easily accessible stores. In the case of shopping goods, the retailer has to consider the quality of the traffic. There should be space for display of products, the customers can easily move towards the product and parking space must also be considered. The speciality goods retailer may locate in the type of neighborhood where the adjacent stores and other establishments are compatible with their mode of operation.

Accessibility

Ease of traffic flow and accessibility are important for some business. Certain factors must consider in case of such business. Easy walk-in or drive-by traffic, parking facility, distance from residential areas and other business areas, street side, visibility and neighbours. Hence the retailers must study the flow of traffic, parking lots etc., while selecting a location.

Cost factor

Cost is an important factor in location decision. It consist of rent, lease, insurance, security, utilities, lawn care, building maintenance, property tax, remodeling, painting, repair and all other related costs of having a place to conduct business operations. If a retailer is going to own a property, then cost consists of purchasing land, construction of compound wall, building, parking area, interior and exterior decoration and all other related expense.

Personal factor

While selecting a location, the retailer should also consider his personal factors also. The retailer has to consider the distance from home to shop while selecting a location. If the retailer selects a location far away from home, he has to travel a long distance and this will create health problem and other problems.

Parking space

In a high density populated area, finding space for parking is very important. Before finalising a location it should be ensure that there are adequate parking facilities available, especially if the store expects substantial vehicular traffic. Parking capacity (the number of vehicles that can be parked) and Parking configuration (the direction of the parking lot is laid out) are the two factors that must be considered while evaluating a parking area for a retail site. Based on the quantity of traffic, the parking space must be extended.

Competitor's location

While selecting a location for a retail business, the retailer must check the presence of other retail outlets nearby. The franchisee chains, department stores, factory outlet and other major retail centers should be noted. The quantity of traffic towards the competitors store must also be considered. If the other competitors provide high quality products with reasonable price and have high amount of traffic, then a better location should be considered.. An exact location may be next to parallel or complementary businesses that will help to attract more customers.

Visibility

The retail store must be located in such a place which is visible to the customers. The retail store can be seen from the main flow of traffic. Less advertising is needed for a highly visible store. A retail store located far away from the town in a free standing building will need more marketing than a shopping store located in a mall.

In addition to the factors discussed above, a retailer should also consider the factors like necessity of special lighting, availability of rest room for staff and customers, adequacy of fire and police protections area, facility of sanitation service, and sufficient density of population in the area.

Suggested Activity:

1. *Identify factors affecting choice of store location.*
2. *Classify different location of retail store.*
3. *Prepare diagrams on effective store location.*

Concept of store layout

Every retail store has a layout that decides the arrangements of the goods offered by that store and utilize allocated floor space. A good layout of the store not only attract customers but also they would prefer to buy products from that store itself whenever need arises. A well planned retail store layout depends on the customer traffic pattern, product displays and permanent structures allows the retailers to sell more products for each square foot of the allocated selling space within the store. The retailer has to understand the behavior of the customer and have to set up more customer friendly layout. Usually, the store layout design will depend on the type of products sold, the building location and how much the business can afford.

Generally straight floor plan is a good layout for any type of retail store. Diagonal floor plan is suitable for self-service type stores. Angular floor plan is best suited for specialty stores. The geometric floor plan is suitable for apparel shops. The mixed floor plan creates most functional store design. A perfect layout guides the customers throughout the store, easily finds various items and is an effective marketing tool.

Objectives of store layout

1. Optimum utilization of available store space.
2. Less movement and product handling.
3. Distance travelled by the customers with minimum physical effort.
4. Easy of store maintenance.
5. Maximum product visibility.
6. Maximum flexibility.
7. Maximum safety for employees as well as customers coming to the store.

Different types of store layout

A layout of the store displays overall image of the store. It is the physical location of the various departments that facilitates shopping in a retail store. Several layout commonly used by the retailers are free-form, grid and race track. The grid design is best suited for grocery stores and drugstores. Here the customers are expected to explore the entire store at a glance. Department stores and Margin free shops are mostly used race track design. Free-form design is mainly used in small specialty stores and large hypermarket and malls. Various types of store layouts are explained below:

1. Grid layout

It is a type of store layout in which counters and fixtures are fixed as long rows through out the store. This type of layout is very simple. The grid design is best suited for restaurants, grocery stores and drugstores. Here the shelves and racks are arranged to form vertical and horizontal way throughout the store and lead to check out lanes located at the front side of the retail store where customers are enter and exit. The advantages and disadvantages of these types of layout are as follows:

Advantages

- Low cost
- Efficient and convenient
- Easy maintenance and cleaning
- Customer movement can be tracked easily
- Self-service is possible

- Goods are visible at a glance
- Less wasted space
- All aisles are of same width
- Customer familiarity

Disadvantages

- Limited decoration is possible
- Usually seen and create monotonous environment
- Simulation of rushed shopping behaviour
- Customers do not exposed to all merchandise
- Impulse selling may not be possible.
- Customers have to travel more for finding product categories.

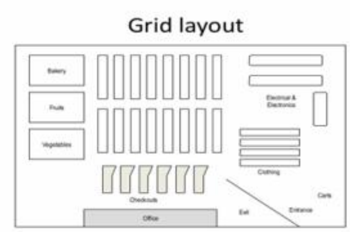


Figure 2.1

2. Diagonal layout

Diagonal layouts are similar to grid layout. The goods in the retail store is separated in to aisles which lead to checkout area. Diagonal floor plan is suitable for self-service type stores. It offers excellent visibility for cashiers and customers. This type of layout helps maximize the space available in a smaller store. A picture of diagonal layout is depicted in fig. 2.2.

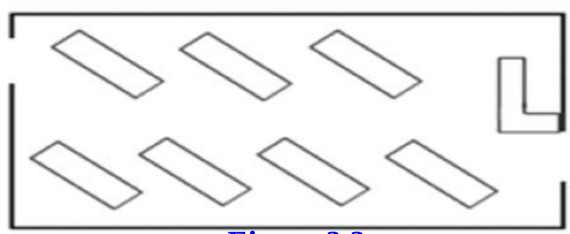


Figure 2.2

2 Mouse Trap Layout

When customer enters in to the store, there is only one direction to go. The customer has to walk around the layout to select the products and has to stop until they reach checkout point. This type of lay out is mainly used in furniture stores.

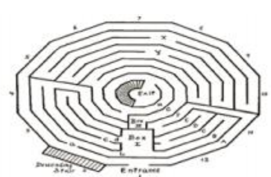


Figure 2.3

3 Mixed floor plan

Mixed floor plan layout includes all types of layout designed throughout the store. This type of layout is mainly seen in large stores like department stores. Depending upon the type of merchandise, the design of layout will set accordingly. Customers can find products quickly and easily, by using different types of layout depending upon the type of merchandise they displayed in each department.

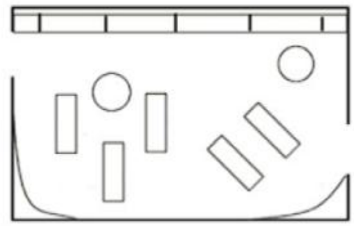


Figure 2.4

5. Free flow layout

In free-flow layout store, the layout is designed as free-flowing pattern on the sales floor. The layout is not structured. This type of layout can be seen in speciality stores and malls. More spacious, type of lay out is more ideal and flexible to display the merchandise. Here the shelves and racks are arranged in such a way that the customers can move around and find products easily and also the staff can easily access the customers and assist them. Customers may spend more time in the shop and purchase unplanned products. Mainly this type of layout focuses on interior design to differentiate merchandise items and departments. This is generally used in speciality stores.

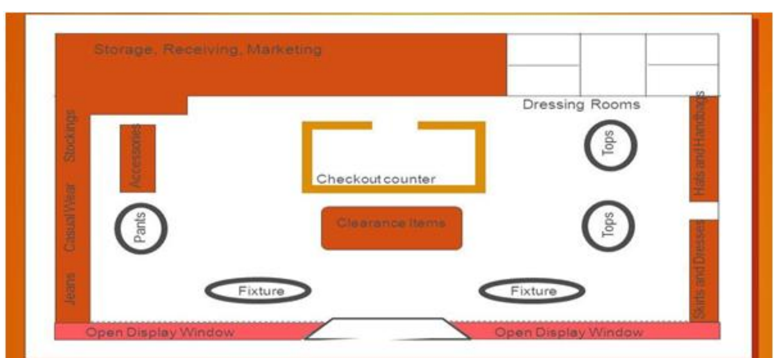


Figure 2.5

6. Loop layout

Loop layout is a type of layout designed at the beginning of the entrance. The customer has to begin their searching of products from the entrance onwards. It is also known as Racetrack layout. The layout is designed in the shape of a circle, square or triangle; after selecting products the customer returns to the entrance of the store. Latest arrivals can be placed in the main aisles. It is generally used in discount stores. This layout guides the customer traffic around various departments. Cash sections are typically located in each department border of Race track. The advantage of loop layout is that the customer is able to see the merchandise available in multiple departments and facilitate impulse purchase.

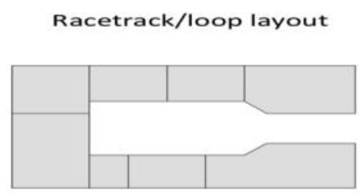


Figure 2.6

7. Spine layout

This type of layout is designed exactly like spine. A single path runs from the main entrance to the back side of the retail store. In both side of the spine, the store department uses grid pattern or free flow pattern towards the back side wall based on the goods they sold, where the customers can move towards and easily find products accordingly. Within these departments, either a free flow or grid layout can be used.

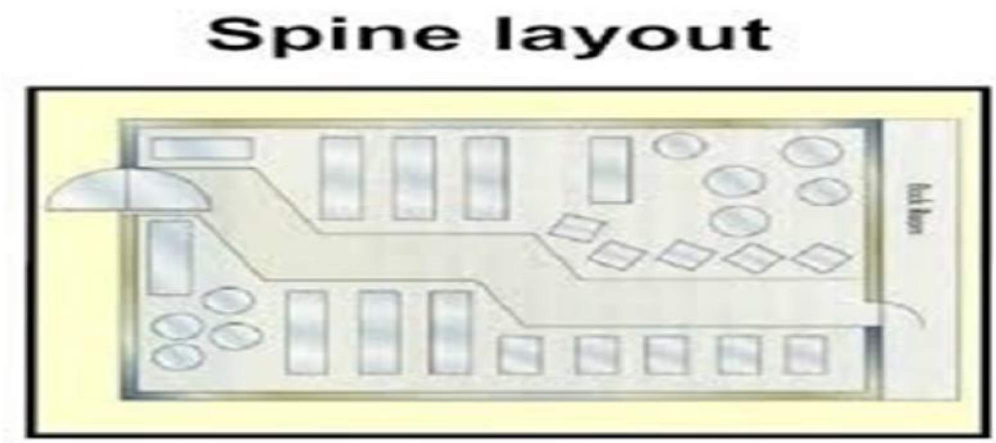


Figure 2.7

Store Design

A retail store layout design is very important because it is the best way of displaying and presenting the goods before the customers. A store design is the function of location, architecture, layout and store theme with the objective of pursuing customers to the store for purchasing goods and services. This is the best method of attracting customers towards the store and if they attracted they will become regular customer of the retail shop. It is a type of advertisement also. The goods can be displayed on the shelves, hanging from something, or can be placed on tables. Goods should be kept in various places accordingly. Some products such as perishable goods should keep on places which are air-conditioned. Some products should be displayed in the front place of the retail store. Products such as sachets can be hanged out. Once the customer enters in to the store, the design and layout helps the buyers to guide through various sections of the store.

Objectives of a store design

The objectives of store design are as follows:

1. Implement retailer's strategy
2. Influence customer buying behaviour
3. Enhance flexibility
4. Maintain legal requirement
5. Control design and maintenance cost
6. Maximum sales revenue

Types of store design

A good store design helps customers to find and purchase the merchandise easily. The store design has two dimensions: (1) internal design and (2) external design. Access, visibility and good ambience are important elements for external design. For internal design, several layout commonly used by the retailers are (1) free-form (2) grid and (3)) race track. The **grid design** is best suited for grocery stores and drugstores. Here the customers are expected to explore the entire store at a glance. Department stores and Margin free shops are mostly used **race track design**. **Free-form design** is mainly used in small speciality stores and large hypermarket and malls.

Inorder to provide product information and location, signage and graphics are used. Digital signage is commonly used in large retail stores which attract the customers. Well planned designed retail store allow the retailers to utilize maximum place and will get maximum sales. Every inch of space must be efficiently planned for maximum display advantage. A retailer must carefully understand the management of store space and store design.

Store design tips

1. The display and signage board should be visible to all. No need to add too much information.
2. Design must be emphasis on desired features with the help of contrast, size or repetition.
3. Proper lighting should be provided in the store. It should enable the customers to see the products easily. Spot light can be placed inorder to get attention for specific items.
4. The store must provide positive ambience to the customers. Then only the customers will come back again to purchase products.
5. Preferably use light colour paint on walls which should provide a pleasant feelings to all.
6. Make sure that products are displayed according to the latest trends. For example, cloths fitted on the dummies must be changed from time to time to avoid monotony.
7. Don't kept unnecessary furniture and fixtures that create an obstacle to the customers.
8. Make sure that necessary labels pasted on the shelves and racks for the customers to easily locate products they want to buy.
9. The store should be kept neat and clean.
10. Sound and smell creates a total sensory marketing.
11. Make sure that products do not fall off the shelves. Products should arrange properly.
12. The store may be designed considering certain factors such as progression, alteration and continuity.
13. Do not stock anything at the store entrance that block the way of customers.

Visual merchandise displays

Visual merchandising refers to the integration and co-ordination of all physical elements in the retail store which projects a pleasant feeling to the customers. Visual merchandising reinforces image, product and services of retailer. Visual presentation has more advantage over print and broadcasting advertisement. For example, women usually look towards apparel stores while passing through and by seeing the window display; they came to know about the latest trends and fashions. Visual merchandise produces mental images that pursue customers to closely examine the goods and make purchase from the retail store.


Figure 2.8

According to local requirements and needs of customers, some modifications can be done in chain stores. Window display is an important element in visual merchandise. Other than that interior and exterior design and layout, product display, fixtures, music, light effects etc., comes under visual merchandising. These elements are important to enhance the ability of retail store and help to increase sales. Effective visual merchandise helps in make the store environment attractive and responsive to customer needs.

Now a day, latest technologies are implementing in visual merchandise inorder to attract all types of customers. Magic mirror and Radio Frequency Identification Devices (RFID) are used to enhance the impact of visual merchandise. The new generation custo mers prefer artistic display of merchandise and theatrical ambience for the decoration of retail stores. With the help of artistic use of visual merchandise, the retailers can increase their sales volume.

Figure 2.9

Assessment Activities

1. *Prepare a chart showing different type of stores layout*
2. *List out the tips for stores design.*
3. *Visit a nearby textile showroom observe the store design and present it in the forms of a chart.*

Major functions of Store Associate

There are many key positions required for operating a retail store for its smooth functioning. These positions are as follows:

Stocking and Inventory Associates

Stocking and inventory associates are responsible for the flow of goods from the point of delivery to the sales floor. They are responsible for receiving the goods, unpacking, processing, organizing and storing the goods. They need not do any heavy lifting jobs. The store associates have to ensure that the goods are easily accessible, visually appealing and constantly available. The companies merchandise and display standards will be in their hands.

Main functions of stock and inventory associate for the profitability of the retail organisations includes receiving, handling and helping to manage inventory of goods and supply the goods in a organized and timely manner.

Receiving

Stock and inventory associate check the merchandise and supply deliveries; verify that quantities received matches with bills of lading, purchase orders and other related documents. After received the incoming shipment, the stock and inventory associate will maintain an ongoing and proactive communication with key partners about the details of new arrivals of products, order shortages and overages and delivery delays.

Inventory management

Stock and inventory associate has to maintain accurate tracking and documentation of the merchandise. They are responsible for maintain adequate stock in the store and inform the key partners about the shortage of merchandise. They are responsible for conducting daily accounting and documentation also check external transfers, damaged goods, and manufacturer returns.

Merchandise handling

Stock and inventory associates are responsible for handling merchandise in and out of the store. They are responsible for take goods from the storage, move the items to stock shelves, fill displays and use tracking and communication tools to advice appropriate staff about new inventory level and product placement. They may also manage stock room, ensure accurate packaging and labeling, proper placement, neat arrangement and ensure cleanliness.

Required Skills

The stock and inventory associate have to use wide range of equipments and machines while working in a retail stores. It includes computer, calculator, pricing guns, cardboard bailers, cranes, power jacks, trash compactors, hoists and forklifts. Proper training is needed for handling these equipments or appropriate certification would be helpful if needed. For handling computer, the stock and inventory associate need a basic knowledge of programs such as Microsoft excel, Access and outlook. Basic knowledge in mathematics also required.

Physical requirements

The stock and inventory associate have to do handling of merchandise, managing inventory, display of products etc., need physical fitness. Their physical functions will include lifting of cardboard cases having more than 5 kilogram, ladder climbing, bending, twisting, pushing, pulling, reaching, handling customer queries, moving large quantities of merchandise, performing repetitive motion, standing and walking up to 8 hours. Hence the stock and inventory associate must have physical fitness for performing their job properly.

Duties and responsibilities of Retail Store Associate

The retail store associate has to develop a good relationship with the customers and staff . He should work in a dynamic team, maintain a clean store environment, follow the policies and procedure of retail store in order to maintain safe and ethical environment and has to understand local market operations. Following are some of the duties and responsibilities of a retail store associate:

1. Work to build a long term relationship with customers.
2. Understand the needs and wants of the customer and make appropriate suggestions to make them satisfy.
3. Greeting the customers when they arrive in to the retail store and learning the motivation for their visit.
4. Develop proper understanding of products, sales techniques and promotional products.
5. Complete all assigned tasks given by retail sales manager.
6. Keep accurate record of inventory in the store and place order inorder to keep inventory level.
7. Do the office management smoothly.

8. Receive the goods and record it timely.
9. Display the goods properly and ensure that they comply with the quality standard.
10. Check regularly that the products are arranged in neatly and orderly.
11. Provide proper guidance to store personnel
12. Inspect and check the date of expiry of the products and remove those products which meet expiry date and inform to the appropriate staff.
13. Proper store management, ensure correct labelling.
14. Proper placements of goods, neat arrangement, protect the goods from insects and other damages.
15. Maintain bin cards and maintain cleanliness in the store.

Functions of Retail Store Associate

Following are some major functions of retail store associate:

1. Record inventory
2. Order for delivery of goods
3. Receipt of goods
4. Issue of goods
5. Arrange goods on the basis of quality and quantity
6. Proper display of goods
7. Design store layout
8. Documentation of goods
9. Maintain adequate records
10. Obey legal regulations
11. Inspect safety measures
12. Co-ordination with sales and purchase departments
13. Communicate with customer
14. Maintain cleanliness in the store.

Assessment Activities

1.List the duties and responsibilities of a stores associate
2. List any 5 functions of a retail store associate

TE QUESTIONS

1. -----------------------is the design in which stores interior is set up
2. In -----------------------shopping, the retail shops are located near to customer.
3. Lack of publicity is generally a big isues for ---------------------------retaiers
4. Poor location of retail store results in

   1.poor marketing response 2.low quality products

   3. No need of advertisement 4.Increased sales
5. Raju your neighbor plans to commence a retile store in textiles near to your town. Advise Mr. Raju regarding the factors to be considered in selection of stores location.
6. During a practical session in Marketing Lab, teacher asked you to arrange the products under Grid Lay out system. Draw a chart for the same
7. Differentiate between Mouse trap layout and spine layout
8. --------------------------help the customer to locate the products easily
9. TRIVENI STORES Alapuzha decided to convene a competition among the students on store design and planning. As a participant in the programme, list out the preparations needed for store design.
10. The growth and success of a retail store depends on role of store associate. Comment.

UNIT 3
RETAIL SELLING SKILLS

INTRODUCTION

Every organization realize somewhere on the ability of the salesperson to effectively sell their product or service. In today's market, where there is huge range of similar products, prospective customers are often confused by the many choices available to them. Customers need assistance before making a purchase decision. They require more information about the product, a product demonstration even information on guarantees etc. Selling skills require the effective input from employees to ensure that they do everything possible to make a sale. The employee should be aware of the importance of providing the customer with the information they require, handling objections and closing the sale.

The Retail Selling Skills focuses on the main aspects of selling skills, including:

- Personal Selling techniques
- Customer relations
- Handling Payment
- Patience
- Communication skills
- Reliability
- Politeness
- Always well groomed and dressed
- Constant brand image and message portrayed
- Good knowledge of all products and services

In this unit retail selling skills, method of selling, and selling process are included.

LEARNING OUTCOMES

The learner:

- *Identifies the methods of selling in retail*
- *Applies the basic selling skills.*
- *Recognizes the necessity of pre sale preparations in retailing*
- *Identifies importance of receiving and greeting the customers*

- *Ascertain the needs of customer and arousing interest*
- *Identifies the methods of product presentation*
- *Identifies the different methods of handling objections*
- *Understands how to close the sales.*
- *Describes the company loyalty schemes*
- *Identifies the quantity and quality of the stores received*
- *Confirms storage requirements and ensure appropriate handling procedure*
- *Describes the basic understanding and competencies for billing personnel*
- *Handles the various modes of payment*
- *Identifies the importance of maintaining good customer relations*
- *Applies the various means of customer support.*
- *Handles customer grievances.*

Methods of selling in Retail

A sale is the act of selling the product or service in return of money. It is the beginning of an engagement between the customer and the seller or the extension of that engagement.. Following are the options available with which a sale can be take place:

- Direct Sales
- Pro forma sales
- Agency based which includes sales agents, sales outsourcing, transaction sales, consultative sales, complex sales, consignments, telemarketing, retails
- Travelling salesman
- Request for proposal
- Business to business
- Electronic
- Indirect

The selling methods can be broadly classified into

1. One off selling

2. Relationship selling
3. System selling

1. ONE OFF SELLING

In this selling situation, the seller is selling his product to someone who will probably never see again. Beyond the courtesy of strangers, he do not particularly care about them and they do not care about him.

2. RELATIONSHIP SELLING

Relationship selling happens in any situation where relationships are important. Many successful retail salespeople focus strongly on relationships. An important part of the selling where we want to repeat the sale is the relationship between the sales person and the customer. This type of selling ends up in such a manner that the buyer will feel that they have got a fair deal and he do not want the seller to go out of the business. Trust is an essential factor in this kind of selling.

3. SYSTEM SELLING

The selling process sometimes becomes simple and often complex because the seller is selling to a system not a person

a. Selling to the system—The company system

When a seller sells something to a company he is not just selling it to the buyer but is selling to the whole company which is made up of independent units, any of which have different goals and objectives which make conflicting demands on the seller. When selling to a company the first task is to figure out the systems.

b. Selling to the system—A solution system

When we sell, we do not sell a product. We simply solve a problem of the customers. What is to be delivered is a complex system.

RETAIL SELLING SKILLS

Personal selling is the process of convincing the customer about the product through personal communication. The sales person is flexible enough to provide the information according to the need and behaviors of the individual customer. Retail selling take place when a potential customer approaches a retail store. Here the role of the sales person is to satisfy the need of the customer with the available merchandise in the retail store. Sales can be affected through friendly respectful and patient approach. of the retailer. Building trust brings back repeat customers , even if they have to go out of their way to get a service or product. A retail sale is a unique niche of sales that requires a certain skills set from the sales person if they are going to be successful in this area. Following are the common selling skills needed in retail

- Personal Selling techniques
- Customer relations
- Handling Payment
- Patience
- Communication skills
- Reliability
- Politeness
- Always well groomed and dressed
- Constant brand image and message portrayed
- Good knowledge of all products and services

Assessment Activities

List out common selling skills needed in retail industry

RETAIL SELLING PROCESS

Retail sales man adopts various approaches to sell their merchandise. Irrespective of the selling approach adopted by them, there would be some basic steps that a retail person follows which together constitute the retail selling process. But the time a sales person devotes to each of these processes may vary depending on the merchandise type, the customer and the situation. Therefore the process of retail selling involves all activities that a salesperson undertakes to execute a sale transaction from start to finish.

- Pre Sale Preparation
- Opening the sale
- Progressing the sale
- Sales presentation
- Objection handling
- Closing the sale
- Follow up

1. PRE-SALE PREPARATION

Following are the preparations to be made before a sale

Preparation by the sales person

- Personal Hygiene
- Appearance
- Dressing

Preparing the Workplace

- Knowledge of shop - area, floors, products
- Knowledge of floor - area, departments, sections
- Knowledge of section - Product/Brand History, Sizes, Material
- Knowledge of inventory system - How/When to order,
- Stock Arrangement and Displays - Color Co-ordination, Stacking Procedures,
- Cleanliness

Market Awareness

- Trends and Fashions
- New stores opening in the market
- Special features of competing stores

Knowledge of Customers

- Types of customers - indicators of their lifestyles
- Buying motivations for various customers

Pre Sale Preparations Check-list

- Counter/section cleanliness
- Display of merchandise as per planogram e.g. Color blocking, Ascending order of size stacking, Descending order of size hanging, Co-ordinated displays, Price-point wise displays, Families of merchandise together, Highlighting slow/fast movers
- Organizing replenishment from receiving bay & back-store areas
- Ensure circulation plan for the section
- Check displays & focal points

- Ensure price & security tags on each item
- Cleanliness of cash counters
- Knowledge of schemes running across the store
- Yesterday's achievement, last week same day's achievement, today's target of the department serviced by him/her
- Lighting is in workable condition
- Ensure customer convenience facilities (Trial rooms, water coolers, toilets) are clean & accessible)
- Refresh product knowledge of existing range and acquire the same for new range

2. OPENING THE SALE

This is the beginning of the actual sales process.The purpose the statge is to make the customer feel welcomed and comfortable in the store. It involves:

❖ Approaching and greeting the customer

  ▪ Why to Greet – *making your presence felt, making the customer feel important*

  ▪ When to Greet – *after the customer is comfortable in the store, when looking around for help*

  ▪ Whether to approach or not – *leave the customer alone if he/she does not need assistance*

  ▪ How to greet – *Politely, not in a hurried manner, choose the correct language*

❖ Listening and understanding the customer needs to make sales pitch ready.

3. PROGRESSING THE SALE

It is a part of the selling process immediately following the opening of sale.

There are two major aspect of this process :

– Discovering Customer's needs – *In least possible obtrusive manner, how the customer is behaving, customer's attire and clothes, his choice of color and style, questioning the customer and picking the clues*

– Need Analysis – *Detect the underlying reason of buying like for comfort, physical pleasure, self esteem or gifting and then sell on these points.*

4. SALE PRESENTATION

The process of sales presentation covers two areas i.e. knowledge about the store, the various sections and merchandise kept in them, the customer types, inventory, the display of merchandise and most importantly product knowledge (covered under sales preparation) and customers needs, likes, and dislikes, expectation and most importantly his buying motives (covered under 'progressing the sale'), in order to give the customer the information that he needs and also help him make the buying decision.

The various steps are as follows :

- Linking the product feature and the customer needs and wants.
- Reading the customers' mind.
- Translating facts into benefits, which motivates a customer to buy – talk about the benefits and not technicalities.
- Developing an appropriate entry point for product presentation – which range to show first.
- Convey value through product handling.

5. OBJECTION HANDLING

It is crucial for the sales associate to realize the importance of objections. These are after all the stepping stone towards closing a sale. By raising an objection, the customer is giving you a chance to convince him about the product or to remove any reservations he might have about acquiring the product.

The following concepts are related with the objection handling:

(a) **Reasons for objections** : If the customer is not convinced as to the quality, price or service regarding the product, he may raise some objections.

(b) **Responding to Objections** – The following points are needed to be kept in mind while responding to objections :

  - Listen carefully to objection.
  - Remain calm

- Never interrupt
- Restate the objection phrased as a question
- Empathizes with the customer
- Seek the customer's agreement from your response.

(c) **Handling objections**: Before starting to solve a problem it is important to figure out whether it is a genuine problem or just an excuse. It is important for the sales person to treat even an excuse objection like a real objection so that the underlying real reason for the objection can emerge. There can be different forms of customer objections and the sales person must have a plethora of ways of overcoming them depending on the specific sales situation. The methods discussed are :

- Direct denial
- The 'Yes, But" method.
- The superior point method.
- The digging technique.
- Boomerang method.

6. CLOSING THE SALE

It is important to reiterate the point that the aim of opening any sale is to close it. All the efforts being made during the sale, right from pre-sale preparation upto the actual sale process would go waste if the sales person fails to close it properly.

Common sales closing techniques are:

❖ **The direct close**: *when the customer is asked directly about his buying decision. Like,*

- "Shall I pack this up, sir?"
- "Would you like to buy this kurta?"
- "Shall I make the bill?"

❖ **The assumption close**: when the customers body language indicates that he has already made the purchase decision. *Example, "how do you wish to pay for this?"*

- **<u>The limited choice close</u>**: giving the customer a limited positive choice to make the buying decision easier, more so when the customer is not able to make up his mind. Like, *"which will it be, sir, the suit or the leather jacket?"*
- **<u>The suggestion close</u>**: when the buyer requires a gentle push towards the final purchase decision. For instance, *"may I suggest that you go for the black trouser since it can be worn with just about every color"*.
- **<u>The summary close</u>**: here the sales person summarizes the benefits of the product and ends with a question. *For example, "this business suit is ideal office wear for winter because of it's thick material and the color, and the wrinkle free texture makes look good throughout the day. Shall I pack this up for you, madam?"*
- **<u>The isolation stage</u>**: when the customer has a wide range of product to choose from, then after assessing the customer needs, the sales person shortlists it to 2-3 most suitable item and then by elimination brings it down to one final choice.

7. FOLLOW UP

Follow up is an important part for assuring customer satisfaction, retaining customers and prospecting for new customers. This means by sending a thank you note, calling the customer to make sure a product was received in satisfactory condition or checking to make sure a service is meeting the customer's expectation.

Assessment Activities

1. *Prepare a chart showing the chronological order in retail selling prcess.*
2. *Write a conversation between a salesman selling washing machine /television with a prospective customer*
3. *Write important tips for handling objections on the part of customer*

SALES PROMOTION ACTIVTIES IN RETAIL STORE

Retail promotion can be defined as any communication between the retailer and his target consumers that informs , persuades, and reminds the later about anything related to the store . The importance of promotion in retailing can be understood with the following aspects.

1) Promotion makes a positive influence on the customer's perception, attitude and behavior which will lead to an increase in store loyalty, store visit and product purchase.
2) Promotion objectives must be specific, actionable, realistic and result oriented.
3) Promotion enables to identify the specific market, the merchandise, goals and the period for which the promotional activities will be carried out
4) Promotion provides information and knowledge about the product to the consumers
5) Promotion ensures favorable attitude of consumers towards the retailer and his products.

Retail promotion at the store includes Point of purchase, contests, sweepstake, coupons, frequent shopper bonus system, prices, samples, demonstrations, referral gifts , premiums, special events, etc.

Short term incentives to encourage purchase of the product or service can also be given in following forms :

a) **Store atmosphere**— store environment can be translated into the stores physical features, ie, layout, display, colour, lighting, pleasing music, visual merchandising etc together can have a positive influence in drawing customers into the store
b) **Retailers' web site**— most of the leading retailers have been creating their own web sites to communicate with their customers
c) **E- mail** — today with electronic media being used for communication, e mail is set to be very popular promotional tool of the retailer
d) **Loyalty cards** — A loyalty card program is an incentive plan that allows a retail business to gather data about its customers. Customers are offered product discounts, coupons, points toward merchandise or some other reward in exchange for their voluntary participation in the program. A secondary goal of a loyalty card program is to build repeat business by offering participating customers something that isn't available to non-participating customers.

CUSTOMER RELATIONS

Any business benefits from good customer relations, whether a large corporation or a mom and pop shop. Customer relations, or customer service, refers to the way a business communicates and interacts with the public to gain and retain customers. It is necessary for a business to cultivate good customer relations to attract and keep a loyal base of customers. Some companies hire consultants to advise them how to develop seller customer relations.

Customer relations is key to understanding consumer motivation. Without assessing customer relations, it's difficult for a company to know how visible it is in terms of its client base. It's also hard to figure out how to grow the company without understanding the relationships it has with current customers.

Maintaining a loyal base involves building relationships with customers by acknowledging them. It is difficult to attract customers, and a key aspect of customer relations is retaining a loyal base of customers who keep coming back to the company.

CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management (CRM) is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth

Customer relationship management (CRM) is an approach to managing a company's interaction with current and future customers. The CRM approach tries to analyze data about customers' history with a company, in order to better improve business relationships with customers, specifically focusing on retaining customers, in order to drive sales growth. One important aspect of the CRM approach is the systems of CRM that compile information from a range of different channels, including a company's website, telephone, email, live chat, marketing materials, social media, and more. Through the CRM approach and the systems used to facilitate CRM, businesses learn more about their target audiences and how to best cater to their needs. However, the adoption of the CRM approach may also occasionally lead to favoritism within an audience of consumers, leading to dissatisfaction among customers and defeating the purpose of CRM.

It is a process or methodology used to learn more about customers needs and behavious in order to develop stronger relationship with them. It is widely used for managing company's interactions with customers and clients

IMPORTANCE OF CRM

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.
2. CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to determine which customer can be profitable and which not.
3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.
4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'. The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal. All this can very easily and efficiently be done by an integrated CRM system.
5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.
6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.
7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.
8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

CUSTOMER SUPPORT

Customer support includes providing an excellent customer service. Some of the practical points that need to know for dealing with customers includes the following

- ✓ Smile when greeting a customer in person
- ✓ Use age appropriate greeting
- ✓ Inspect merchandise before bagging it to make sure its not defective or the wrong size
- ✓ Be proactive and ask how you may be of service
- ✓ All customers deserve attention regardless of their age or appearance. Stay visible and available when a customer comes to the retail store. Don't turn away, walk away, start to make a phone call as a customer approaches
- ✓ Never answer that I don't know until and unless you cannot help at all.
- ✓ If a customer wants something that is not on the display , go to the stock toom and try to find it . If the item isn't in the stock room, offer to call another store or order it
- ✓ Learn to read body language to see if a customer sue some help.
- ✓ If the customer's credit card is declined by asking if there is another method of payment the customer would like to use
- ✓ Make sure customers receive everything they have paid for before they leave your store.

HANDLING CUSTOMER GRIEVANCE

To respond to a customer who has several complaints, keep the following rules firmly in mind:

1. Listen with understanding and sympathy—this will reduce the anger and demonstrates your concern. It is very important to show a sincere interest and willingness to help. The customers first impression of you is important in gaining cooperation
2. Never or ever blame or make excuses. Instead, take full responsibility and initiative to do whatever you can to solve the problems quickly as possible
3. Record what the customer tells you?

4. Find out what the customer wants—a refund, credit, discount or replacement. Find out what their problem is so you can work towards it and not towards a solution they do not want
5. Propose a solution and gain the customer support—when the customer tells you what he wants the solution is obvious. State your solution is a positive manner.
6. Ask what they would consider a fair alternative—never let the consumer lose face. If you cannot meet their request, say so, but never say they are wrong and never get into argument with customer. It is important to consider the feeling of customer and to be courteous.
7. Follow up within few days

HANDLING COMPLAINTS

There are several key stages when handling a complaint:

1. Thank the customer for complaining - You should consider yourself lucky that the customer is prepared to give up their time and money to let you know that they have a problem, instead of just walking away - a complaint is a gift.
2. Say that you are sorry that the problem has happened - This is NOT an admission of guilt on your part, it's just good manners.
3. Put yourself in the place of the customer - This will instantly give you an advantage, as you not only will have more empathy with the customer, but also you know your business better than them and so can hopefully see the solution quicker.
4. Start with the view that the customer has a valid point, not that they are trying to rip you off - It is true that there are some professional complainers out there, but they are in the minority, and, if you are a local store, you probably know them anyway. Accepting that the customer may well have a point, even internally, may well trigger off ideas for an acceptable resolution.
5. Get all the facts first - Letting the customer give you all of the information helps you fully understand the situation and, if they are emotional, will give them time to calm down.
6. Correct the mistake - Don't leap straight to the "free gift" route. While it's very tempting to give the customer a gift, or vouchers, too often it is done instead of solving the problem. This can lead to more complaints about the same thing in the future because the problem hasn't been fixed.

7. Make sure that your definition of the right fix is the same as the customers.
8. Learn from every complaint - Do something! Fix the process; train staff in the issue; eliminate the fault. Wherever possible let the complaining customer know that he has helped you resolve a problem - they'll feel great and come back again and again (and will probably tell their friends!).
9. Minimize reasons for complaints - Do you have a continuous improvement culture? Do you check customer (and employee) satisfaction regularly? Do you check the quality of the goods sold in your organization?
10. Always respond - Make sure that everyone who complains on the telephone, by letter, or by email gets a rapid and appropriate response.
11. Listen to your staff - They nearly always care about your company and doing a good job. They are also much closer to the customers than you are. Ask their views regularly and make changes when they are sensible. Make sure their complaints are handled too.
12. Lead by example - It is note that your staff don't listen to what you say, it's that they do listen, so make sure that you are always setting the right example, and giving complaints your personal priority. Reward good complaints handling.

Assessment Activities

1. *Identify the various customer relation management techniques adopted by new generation bank situated near to your locaity.*
2. *List out the rules to be kept in mind while handling customer grievances*
3. *List out the tips for handling customer complaints.*

Organize the receipt and storage of goods in retail environment

Prepare to receive goods

- Identify quantity and nature of goods to be received.
- Confirm appropriate storage space availability.
- Check and confirm that all equipment required for receipt and movement of goods is available and in good working order.

- Complete required paper work , checking for accuracy and completeness.
- Ensure that the area for receiving goods is clean, tidy and free from obstruction and perils.
- Report any shortfall in space or malfunction with equipment to supervisor

Receive Goods

- Check that all goods as detailed in the delivery note have been received.
- Record refusals accurately following organisational standard operating procedures.
- Accurately update stock control systems to reflect receipt of goods.

Store goods

- Confirm storage requirements and conditions for the incoming goods.
- Ensure appropriate handling procedures for perishable and non-perishable goods is in place.
- Follow all relevant legislation and organization policies and procedures.
- Complete all administrative procedures to ensure appropriate rotation of goods

Requirement for maintaining security and safety during delivery and storage of goods.

- Policies for receiving and storing a range of products including perishable goods.
- Administrative procedures required for receiving and storing goods.
- Refusal procedures in relation to type of goods being delivered.
- Supervisors for reporting product shortages or over supply.
- Supervisors for reporting malfunctioning or hazardous handing equipment
- The need to thoroughly prepare for receipt and storage of goods.
- The scope of information required on quantity and type of goods.
- The storage requirements for a range of products types including perishable goods.
- The lifecycle of perishable products in storage (if applicable).
- Reporting requirements for shortage of storage space.

- Consequences of inaccurate recording and reporting of goods in receipt and storage.
- What equipment is required for the delivery and movement of goods into storage.
- The operations and function of the handling equipment.
- Fault finding procedures and reporting requirements.
- Work health and safety requirements in the delivery and storage areas.
- Security systems in place for loss prevention.

Assessment Activities

Complete the following table by listing the various points in connection with receiving and storing of good in a retail store.

Receiving of good	***Storing of goods***
1...	1..
2...	2..
3..	3..

BILLING PROCEDURE

The maximum number of customer interaction that one faces in a retail store is the cash counter. Hence it becomes very important to keep the cash counter very efficient and manned at all times. An effective and neat cash counter is a sign of a very professionally managed store.

It is the responsibility of the cash counter in-charge or the head cashier to see to it that each and every cash counter is managed properly. At start of the trading it's important that the cashier assigned to a specific cash counter needs to look into the following points:

- The cash counter is neat and tidy.
- To ensure the cash till/POS machine is working.
- To check all telephone lines and EDC (Electronic Data Capture) or card swipe machines are working.
- To ensure stationery is available.
- To ensure returns are sent back.

Cashiers should ensure that Q-managers are in place in front of the cash counter to avoid crowding of customers in front of the cash desk.

This highly loaded POS is capable of integrating with all types of POS accessories. Users reduce the waiting time of their customers at billing counters. They also prevent shrinkage loss at the front end of the store by eliminating chances for malpractices & mistakes. The key features of retail billing is given below:

- Provisions to capture additional information in invoice helps better tracking in cases of home delivery.
- Easy to use Product search interface helps in quick and efficient product search based on different parameters like product code, name, product alias and barcode
- Supports EAN, UPC, GTIN, QR and custom designed bar code scan.
- Hold bill is great feature to hold a particular bill and resume it after some time.
- Facility to maintain scanned copies of important documents in the software for parcel entry tracking
- Supports Exchange feature which allows setting of multiple exchange prices for the same product.
- Supports Exchange scheme in billing. Multiple exchange price can be defined for the same product based on condition.
- Supports retail & tax invoice.
- Quotation/Proforma/Sales Order/DN to Sales Bill conversion.
- Fix price of the product depending on purchase price or as per demand. This results in fixing optimum selling price if same product is purchased at different rates.
- Swipe card readers interface to reduce credit/debit card tender time
- Supports all types of payment modes like Cash, Card, Coupon, Gift voucher, mixed payment tender type such as part cash, part credit card, etc.
- Auto recovery and Offline billing possible if connection with server is disturbed.
- Supports bill Management which facilitates recording of all sales, purchase details & cashing up.
- Supports exchange dues.

- Due bill payment feature allows processing of unsettled bills.
- Facility to maintain manufacturer, supplier & your own product code.

Assessment Activities

1. *Describe the Billing procedure in a retail store*
2. *Collect specimen of retail bill and present in the form of an album.*

TE QUESTIONS

1. In retail marketing AIDA stands for——————————————
2. During your OJT Programme in a leading hypermarket near to your locality, the retailer asked youto list out the opportunities of point of sale display. Draft a report for the same
3. Find the odd man out in relation to retail sales promotion

   1. free gifts 2. Celebrity promotion

   3.Main Display 3.Gift to wholesalers
4. Identify the selling methods in each of the following cases
   1. As a part of the study tour, Thomas visited ooty and purchased a blanket from a retail store
   2. Smt.Kalyani purchases all her household items from a local super market.
5. You are appointed as a salesman in a retail store. Identify the preparations to be made in the work place during a selling process
6. Prepare a specimen of pre sale preparation check list
7. During a selling process one of your customer raised an objection regarding the high price of the goods. List out the steps that you may take in handling the objections.
8. ——————————— programm is an incentive plan that allows a retail business to gather data about its customers.
9. CRM stands for——————————————————
10. Identify the rules behind the handling of customer grievances.

UNIT 4
HEALTH SAFETY AND HYGIENE PRACTICES IN RETAIL

INTRODUCTION

Health and safety of people are important aspects for an organization's smooth and effective functioning. Accident free environment and safe performance are the most needed things of a retail store. It can ensure healthy working conditions for workers and smooth atmosphere for customers. This unit deals with different health care activities in retail organization and skills for personal grooming. It also deals with hazards that may occur at the work place and the relevant health and safety requirements

LEARNING OUTCOMES

The learner :

- *Describes the importance of maintaining hygienic conditions in retail store*
- *Describes the health care activities and health care rights in retail organizations*
- *Describes the skills required for personal grooming*
- *List out the grooming tips for retailers.*
- *Describes the potential hazards and accidents at work place*
- *Practices safety measures and tips to control hazards and accidents*

Need for maintaining health, safety and hygiene in retail store

Human safety mainly focuses on the safety of health, hygiene and environment of all the people including the customers, employees and management. Everyone in the workplace have a responsibility to promote hygiene and safety.

Any retail store may have fabulous merchandise to sell, but if the store is dirty and cleanliness and hygiene is not maintained, it will leave a very bad impression in the minds of the customer. It will have long term implications such as adverse publicity. Store cleanliness is an important part of retail. Customers want to shop in a clean, well-lighted store so they have confidence that the merchandise purchased is also clean and of good quality.

Effective health safety provision results in reduced handling to ease the floor materials, better control of tools and materials including inventory and supplies, better hygienic condition leading to improved health, more effective use of space, reduced property damage by improving preventive maintenance , improved morale of the retailers, safe and secure storage system, fire prevention and protection etc.

Health care activities in retailing

1. **Clinics in Retail Stores** : Retail clinics are anticipated to be operated by third party physicians and nurse practitioners with practice management and electronic medical records.
2. **Indoor air quality and pollution**:Indoor air pollution is caused by the build up of vapours particles fungus and bacteria in building air. A mechanical system must bring in fresh out door air, mixed with the air that is air that is already circulating inside the store and distribute the conditioned air to all area including stock rooms.
3. **Ergonomics** : The basic idea of ergonomics (the study of workplace design) is to design the workplace to fit the worker and not change the worker to fit into a poorly designed workplace. Work stations must be adjustable to be able to accommodate the wide variety of heights and strengths of retail workers.
4. **Repetitive motion illness**: Repetitive motion damages the health condition of the workers. Correct ergonomic design is one of the most important ways to avoid this situation.
5. **Lifting carrying and standing**: Lifting is an important part of all retail store work. Mechanical lifting devices should be used to lift loads that are too heavy in order to avoid the health problems.
6. **Fire Prevention**: Fire hazards often exist in retail stores due to many reasons. Fire extinguishers must be available, and workers should be trained to use them.
7. **Floors Slips, Trips and Falls**: Slips, trips and falls are common causes of injuries in all retail stores. All spills need to be cleaned promptly.
8. **Machine guarding**: The moving parts must be guarded to prevent body contact with the machine,
9. **Trash Disposal** :Trash disposal is a hazard that is present in most retail store situations, and it must be dealt with cautiously to ensure that nobody is hurt

10. **Electricity Shocks**: Electric shock injuries are dangerous when retail workers are exposed to live wiring, temporary wiring and damaged electrical equipment, especially when adequate training has not been given. Electrical circuit breakers should be used to give protection.

IMPORTANCE OF HEALTH AND SAFETY

With the advent of organized retailing health and safety in the industrial environment has been at the forefront of the new industrial norms. Good health and safe performance ensures an accident-free industrial environment. **Occupational Health and Safety (OHS)** is an area concerned with protecting the safety, health and welfare of people engaged in work or employment. The aim of these practices is to ensure that the health and safety of the employees as well as the consumers are given a prime importance.

Contrary to popular belief, jobs in retailing present a large number of health hazards. Following are the major health hazards faced in the retailing industry.

1. **Low air quality and pollution** - Most of the retail shops works on closed building where ventilation is very low. Internal air pollution happens due to a variety of reasons. Build up of vapour, pesticides; human waste, wet furnishing etc. If the air quality is not checked on a regular basis the polluted air can be a reason for respiratory ailments.
2. **Ergonomics** – Ergonomics means the study of workplace design. Work place should be designed to suit the workers. It should be suitable for doing light as well as heavy works. Care should also be given to ensure that the worker is able to complete a work sitting and standing with same flexibility in the specified work place.
3. **Repetitive motion illness** – There are a number of jobs in retailing which needs to be repeated on a continuous basis. This results in excessive stress on the muscles, tendons, nerves etc. Proper working tools and proper work station will ensure that the working stress is at a minimal level.
4. **Accidents in lifting and carrying** – Working in a retailing store will require continuous lifting of groceries from the store room and arranging them for display. Sometimes heavy items needed to carry from o e place to another if mechanical devices are not available for the movement of the goods.

5. **Risk related to computer operators and data processors** – Main problem faced by the computer operators is the standard design of the workplace. The distance of the monitor, The height of the seat, proper lighting and space etc are the basic requirement for stress free working.
6. **Fire accidents** – There are number of items in the retail stores which are highly inflammable so the risk of fire break out is relatively high compared to other industry. Exit path should not be blocked and should be clearly marked, Fire extinguishers should be available.
7. **Floor slips and falls** – slips, trips and falls are common causes of injuries in retail store.wet slippery floors should be avoided and spills should be cleaned on proper time.
8. **Mechanical Injury** – There are number of jobs in the retailing industry which require use of machines, cuts, bruises, amputations and crushed bones etc are the risk from machine handling.
9. **Electrical shock** –There are a large number of accidents due to the negligent handling of electrical equipments and sometimes due to the improper wiring and accidental exposure to wet surfaces electrical shocks might occur.
10. **Working in cold places** – over exposure to the cold places like freezers and improper clothing will result in some health hazards.

RESPONSIBILITY FOR HEALTH AND SAFETY

Responsibility as a worker

- Know and follow the health and safety requirements that are relevant to your job.
- If you don’t know how to do something safely, ask for training before you begin work.
- Work safely, and encourage your co-workers to do the same.
- Correct any unsafe conditions immediately (for example, spills or loose electrical cords) or report them to your supervisor.
- Immediately report any injury to a first aid attendant or supervisor.
- Take the initiative. Make suggestions to improve health and safety.

Employers Responsibility

- Provide a safe and healthy workplace.
- Ensure that you and your co-workers are adequately trained, and keep records of your training.
- Provide a comprehensive occupational health and safety program, including a written health and safety policy (you can ask to see a copy) and an incident investigation procedure.
- Support supervisors, safety co-coordinators, and workers in their health and safety activities. A good employer encourages safe work practices at all times.
- Take action immediately when a worker or supervisor reports a potentially hazardous situation.
- Initiate an immediate investigation into incidents.
- Provide adequate first aid facilities and services.
- Provide personal protective equipment (PPE) where required.

Supervisors Responsibility

- Instruct you and your co-workers in safe work procedures.
- Train you for all assigned tasks, and check that your work is being done safely.
- Ensure that only authorized, adequately trained workers operate tools and equipment or use hazardous chemicals.
- Ensure that equipment and materials are properly handled, stored, and maintained.
- Enforce health and safety requirements.
- Correct unsafe acts and conditions.
- Identify workers with problems that could affect safety at the worksite.
- Follow up with interviews and referrals where necessary.
- Formulate health and safety rules, and inspect the workplace for hazards.

Right to health and safety

- The right to know and be trained in safe work practices in all aspects of your job and how to recognize on-the-job hazards

- The right to supervision to make sure you can work with minimal risk
- The right to participate in health and safety matters, either directly or through a joint health and safety committee or worker representative
- The right to employer-provided safety equipment required for your job, although you are responsible for providing your own safety footwear and headgear.
- The right to refuse work, without being fired or disciplined for refusing, if you have reasonable cause to believe that the work process, equipment, or environment poses an undue risk of injury to you or another person.

Refusing Unsafe Work

If you think a task is likely to endanger you or your co-workers, don't be afraid to speak up. Follow these guidelines to refuse work that you believe is unsafe:

- If your immediate supervisor is unavailable or doesn't give you a good answer, go to his or her supervisor.
- If you are still not satisfied, talk to your worker health and safety representative, a member of the joint committee, or a shop steward.

Assessment Activities

Visit a nearby supermarket and present a report on health, hygiene and safety practices.

Personal Grooming

Proper make up, hair styling and social elequate are the key to create a good and lasting impression in the mind of the consumer. Following are the major areas which should be taken care of.

- Basic Skin care
- Basic hair care and styles
- Basic Make up
- Conversational skills
- Social graces (art of walking, sitting, greeting)
- Deportment (posture gesture)
- Table manners

Dressing

Dressing is very important in creating an impression. Salesman should choose the right outfit, accessories.

Perfumes, scents and odours

Don't overuse the perfumes and scents. Heavily scented products should be strictly avoided otherwise it might irritate others than pleasing them. The salesman should also be careful about the odour. With smoking and sweating , the body will pick up bad odour.

Fingernails and hands

Women should be very careful about their nails. Strange looking nail polishes should be avoided. Hands should be kept very clean.

Hairstyling

Hair should be kept neat and clean. Strong odoured jell should be strictly avoided.

Makeup

No makeup and over makeup both are bad. So make up should be kept at a medium level.

Jewellery

Avoid heavy and noisy jewelry. Ear rings and all should be kept small and simple

Assessment Activities

List out the major areas which should be taken care of in relation to personal grooming

HAZARDS AT WORKPLACE

A hazard is any source of potential damage, harm or adverse health effects on something or someone under certain conditions at work. It is something that can cause harm or adverse effects if not controlled.

Categories of Hazards

The hazards can be categorized as follows:

(a) Hygiene related

- Contamination of hands, face and other exposed parts of the body with solids, liquids and gases from waste (exposure to Hepatitis B).

- Stepping on rusty nails, tin or iron (exposure to Tetanus).

(b) Tools and machinery causing injury

- Use of cutting and welding machines.
- Heavy vehicles offloading large amount of material.
- Speed of vehicles.
- Unguarded machinery.

(c) Hazardous substances/dangerous goods exposure

- Flammable, explosive or hazardous substances.
- Gas cylinders.
- Dust or other particles such as glass fines in the air can be inhaled.
- Hazardous chemicals in factories.

(d) Working at heights/falls

- Falls from ladder or buildings.
- Falls from dumping platforms.
- Slip, trip, fall hazards due to liquid leakages around the site.

(e) Manual handling

- Removing sharp materials from waste.
- Assisting in unloading vehicles.
- Manually moving large or awkward loads.

(f) Noise

- High level of constant noise from heavy plant and vehicles moving around the site.
- Wearing earplugs may render a person unable to hear vehicle movements nearby.

(g) Electrical

- Overhead or underground live electricity.
- Poorly maintained or exposed electrical leads and plugs.

(h) Confined Spaces

Confined spaces refer to spaces such as septic tanks, pits, manholes, silos, containers, tunnels, etc. A person may enter the confined space if he/she is appropriately trained and also has specific approval from the supervisor to do so.

(i) Fire

Common causes of fire at workplace include careless smoking, disposal of matches, inadequate distance from the combustible materials, defective electrical equipment, and substandard electrical wires.

(j) Adverse health effects

Hazardous equipment and substances may cause change and to disease or health problem. Adverse health in body function or the structures of cells that can be effects include:

- Bodily injury
- Diseases
- Change in the development of tissues
- Effects on a developing fetus (e.g. tragedy that took place in Bhopal in 1984 due to leakage of methyl isocyanine gas also affected the developing fetus).
- Effects on children, grandchildren, etc. (inheritable genetic effects).
- Change in mental condition resulting from stress, traumatic experiences, exposure to solvents, etc.

Classification of Hazards

Hazards can be classified into the following broad categories, based on their origin:

(a) ***Biological***: Biological hazards are caused by living organisms like bacteria, viruses, insects, plants, birds, animals, humans, etc.

(b) ***Chemical***: Chemical hazards depend on the physical, chemical and toxic properties of the chemical. The severity of the hazard depends on the toxic properties of the chemical.

(c) ***Ergonomic***:Ergonomic hazards are caused due to repetitive movements, improper set up of workstation (e.g. computer workstation, workstation for repair of electrical gadgets, etc.), faulty designed chairs, tools and equipment, wrong postures, etc.

(d) ***Physical***: Physical hazards are caused due to radiation, magnetic fields, pressure extremes (high pressure or vacuum), noise, etc.

(e) ***Psychosocial***: Psychosocial stress are caused due to violence, excessive pressure at workplace for meeting deadlines, conflicts at workplace, etc.

(f) ***Safety*:** Safety hazards at workplace include slipping/tripping hazards, inappropriate machine guarding, and equipment malfunctions or breakdown.

Handling Hazards in Retailing

If you are expected to work with hazards such as cleaning products or other chemicals, your employer must provide training in Workplace Hazardous Materials Information System (WHMIS). The system uses consistent labeling to help your recognize hazardous materials. The labels provide specific information on handling, storing and disposing of hazardous materials. If your job requires you to use pesticides or clean up pesticide spills, you must also be certified to handle pesticides. If you have been successfully trained in how to handle hazardous materials, you should be able to answer the following four questions:

- What are the hazards of the products you are using?
- How do you protect yourself?
- What should you do in case of an emergency or spill?
- Where do you get more information on these products?

Safety Tips

- Read the labels on chemicals.
- Use all protective equipment recommended by the manufacturer and employer.
- When you are done, store chemicals properly.
- Use chemicals only as directed

Biological Hazards Handling

Contact with blood or body fluids may be uncommon in the retail industry, but it can and does occur. Contact with blood and body fluids poses a risk of contracting hepatitis, HIV (the AIDS virus), and other infections. If there is a risk of exposure in your job, your employer must provide you with specific training in how to work safely.

Cleaning

When cleaning bathrooms you may come across blood spills and bodily wastes such as vomit or feces. Follow these guidelines:

- Use disposable waterproof gloves to avoid contact with skin.
- Use disposable towels to clean up all visible materials.
- Discard towels and gloves in a waterproof garbage bag.
- Disinfect the area with a bleach solution.

Preventing Infection

You can be exposed to infected blood and other body fluids if a contaminated sharp object such as a needle punctures your skin. To reduce your risk of exposure, follow these guidelines:

- Don't pick up potentially contaminated sharp objects unless you have been instructed how to do so safely.
- Wear disposable waterproof gloves.
- Use tongs or pliers to pick up needles or other sharp objects.
- Place needles in a disposal container specifically designed for sharps.
- Look before reaching above and behind boxes, furniture, and equipment.
- Don't lift garbage bags by hand from underneath. They may contain sharp, contaminated objects.

If you think you've been exposed

- Get first aid right away.
- Report the incident to your supervisor.

Earthquake

The basic rule is to duck, cover, and hold. Follow these guidelines:

- Get under a table or desk if you can and stay there until the shaking stops.
- Grab a table leg or other solid object and hold on until the shaking stops.
- Stay away from objects that might fall on you.
- Keep well away from glass — it might shatter.
- If you are in a car, stop the vehicle as soon as possible, preferably in an area away from bridges, trees, and power lines. Stay in the vehicle.

Fire

Many things, including heating systems, cooking, discarded cigarettes, electricity, appliances, poor housekeeping, or the improper storage of chemicals, can start fires.

- Quick action can prevent a small fire from becoming uncontrollable.
- Review the evacuation plan for your building.
- Know the location of fire extinguishers and escape routes.
- If you spot an unintended fire, sound the nearest alarm.
- Use a fire extinguisher only if you have been trained to do so.

First Aid

It is important to get first aid promptly if an injury occurs. All businesses should have a first aid kit on-site. The type of kit and the need for a first aid attendant will depend on the number of employees, the type of industry, and the travel time to the nearest hospital. Most small retail stores require only a basic first aid kit, which includes such items as bandages, scissors, and latex gloves.

Once you have received that training, you should know:

- How to get help if you are hurt but do not require an ambulance
- Who to report incidents to
- Whether there is a first aid attendant, first aid room, or first aid kit available

Assessment Activities

Draft a report on common hazards take place in a retail store.

TE QUESTIONS

1. The study of workplace design is called ________________________
2. OHS stands for ________________________________
3. During a festival season you visited a leading shopping mall in Thiruvananthapuram along with your family. It was overcrowded and there was air pollution altogether. There were some complaints on lift system also. As an unsatisfied customer recommend some health care activities required in a retail store.

4. Electrical malfunctions, sparks and smoking are common reason for fire hazards in retail store. Identify the steps to be taken to prevent hazards in retail stores
5. During an OJT session in a leading mall, you are directed to work under a cold environment. List out the precautions available to overcome the above hazards.
6. A retailer is having several basic rights related to health and safety. Comments
7. Radhika Varma, your neighbor got appointment in a leading shopping mall as a stores associate. Advice her regarding grooming required to become a professional store associate.
8. During an OJT Programme in a leading hyper market, one of your friend met with an accident . But the first aid facilities available in the store were not at all sufficient to give primary attention. Advice the store authorities regarding the basic medical support facilities to reduce injuries.
9. Majeed, working as a cashier in a textile shop, is frequently facing cash shortages while handling money. Suggest him some safety tips for handling money.

UNIT 5

NON STORE RETAILING

INTRODUCTION

Non-store retailing is the selling of goods and services outside the confines of a retail facility. It is a generic term describing retailing take place outside of shops and stores. In this era of rapid globalization, the online form of retailing has emerged as a strong tool to sell products, directly to the customers, and is growing much quickly. As anyone with a computer or Smartphone can attest, online retailing is by now pervasive, penetrating every demographic group and retail segment to varying degrees. e-retailing can be attributed to new forms of goods and services with no direct analogue in the physical retail sector. But for the most part, these internet-based sales are simply capturing market share of items that previously were sold either through catalogues over the phone or by traditional retailers in physical stores. In this unit e-retailing , online purchase practices, various forms of e-retailing and measures to prevent fraudulent transactions in e-retailing are dealt with.

Figure 5.1

LEARNING OUTCOMES

The learner :

- *Explains the meaning and importance of e tailing*
- *Explains the advantages and short coming of e retailing*
- *Identifies success factors for e retailing*
- *Explains the concept advantages and shortcoming of tele- marketing*
- *Recognizes the call centre technology*
- *Practices online purchase practice*
- *Understands online payment system*
- *Understands television home shopping and vending machine retailing*
- *Recognizes the possibility of fraudulent transactions in e -retailing*
- *Understands the measures to preventive fraudulent transactions in e- retailing.*

Concept of e-retailing

The twentieth century will be remembered for the rapid changes in the technology that changes the lives of so many people. Electronic commerce has become one of the essential characteristics in the Internet era. The business community has been fundamentally changed by the advent of internet as a means of communication and trading. As a phenomenon, online shopping became popular in the mid-1990s with the popularization of the World Wide Web (WWW). With the fast development of various e-business solutions, companies seek new opportunities to get in touch with the customers and build new relations. E-retailing refers to the selling of goods electronically over the internet. E-tailing can be described as retailing that is conducted over an electronic network, where the seller and consumer are not at the same physical location. E-retailing can also called e-tailing. E-tailing usually refers to the business-to-consumer (B2C) transactions. Online shopping can be done at any time (24*7) and in any places (at home, work place, library, internet browsing centre, park and other public/private places), if the customer has a PC (personal computer) and an internet connection.

E-retailing process

All e-tailor operate in a similar manner. The e-tailer displays the products in an electronic store-front (the web site of the e-tailer). It contains graphic displays of the products, product catalog and descriptions. Well designed and attractive front page attracts good traffic.

Figure 5.2

The customer makes a selection, after detailed searching. This activates another area of online store known as shopping cart. The shopping cart is software on the web that acts like a basket, where the customer can collect the purchase products. The items in the shopping cart can be added, deleted, or even saved for a future visit.

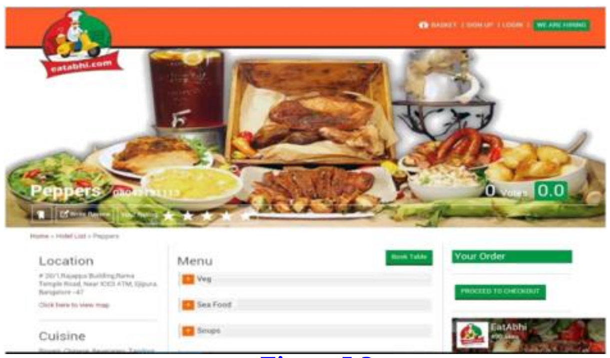


Figure 5.3

The customer needs to checkout at the completion of sale. At this time, the customer enters the personal and financial data through the internet. There are various payment method available such as credit card, internet money transfer, cash on delivery etc; the customer can choose any one of the payment method according to his/her convenience.

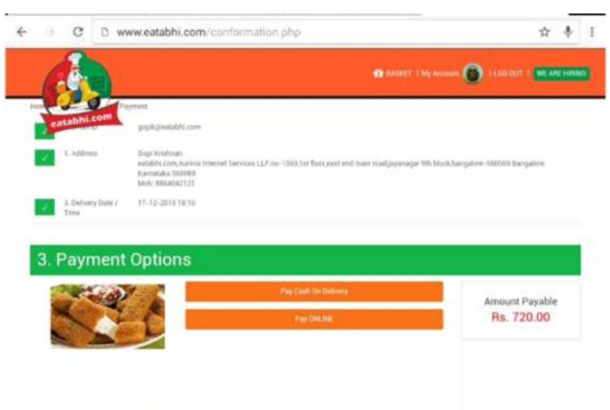


Figure 5.4

After that the customer receives an online conformation notice of the purchase, next is the turn of e-tailer. The e-tailer processes the order and sends it to the order fulfillment centre, where the product is packed and shipped.

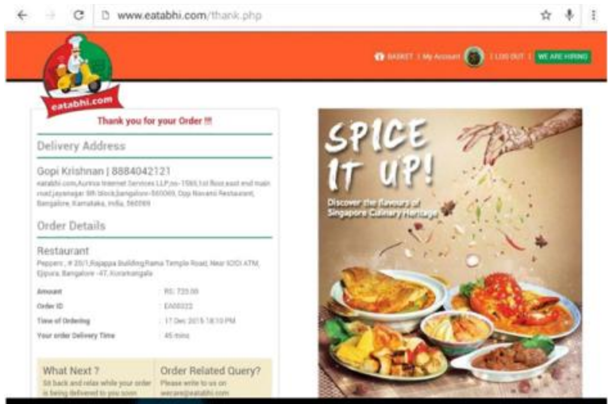


Figure 5.5

The shipping information is informed to the customer, so that the customer can track the order. Normally the customer receives the purchased product after a few days after the purchase process completion.

Definition of e-retailing

E-retailing, defined by Harris and Dennis (2002) as "the sale of goods and services via internet or other electronic channels, for personal or household use by consumers". This definition includes all e-retail activities which continued to grow and has made a significant impact in a number of product markets.

E-tailing classification

The e-tailing can be mainly classified in to three. They are as follows:

1. Pure plays
2. Clicks and Bricks
3. Dropship

1. **Pure plays:** the businesses that operate only through the online channel come under this category. Examples are: Flipkart, Amazon, e-Bay, Alibaba
2. **Clicks and Bricks:** the businesses that use the internet to push its goods and services but also have the traditional physical store available to customers. Example: Barnes and Nobles, wall mart, Big Bazaar, Pothys, Chennai Silks
3. **Dropship model:** the retailers who do not stockpile, but transfer customer shipment details to the manufacturer or a wholesaler, who ships the product directly to the customer. This model saves the warehousing cost. Inventory costs are major component for e-tailers, if not managed properly, affect the gross margin. Example: Indiaplaza, Naaptol.

e-tailer

An e-tailer is a retailer that primarily uses the internet as a medium for customers to shop for the provided goods or services. The word e-tailer is a portmanteau word derived from “electronic” and “retailer”, in a similar way to e-mail.the word has been used since 1995. An online retailer has to have an image of ‘convenience, trust and quality’ much like a brand name, to ensure that loyal consumers continue to transact business with him/her. From an e-tailers perspective, digital technologies and the internet create an opportunity to cross barriers created by time and geography. There are several types of e-tailers doing their business in business-to-consumer markets. They are as follows:

1. Pure e - tailer
2. E-tailer with physical store
3. Click and Mortar
4. Intermediaries

1. **Pure e tailer**: -The e-tailer uses the internet as its primary means of retailing. They purely operate their business with the help of internet. They do not have fixed location stores. They are digital retailers that sell products in digitalized form. Examples are Flipkart and Amazon.com

2. **E retailer with physical store :** -The retailer uses the internet to push its goods and services but also has the traditional physical store front available to customers. This type of retailers integrate internet in to their business either strategically or tactically as a marketing tool or channel to market. In India, majority of retailers doing this type of business to sustain in the competitive environment. Examples are future bazaar.com, CD shirts.com etc.

3. **Click and Mortar**:- The e-tailers design their operating format to include all the consumer demands by trading online supported by a physical distribution infrastructure. This will reduce the barriers to entry in to online trading. Amazon.com, the world’s largest online book store, successfully uses this format in their online business.

4. **Intermediaries**: - Some companies uses internet and web to connect buyers and sellers. Such organisations act as mediators in the online environment between producers, suppliers and customers by using consumer data. Examples are eatabhi.com, foodpanda.com,swiggy.com

Advantages and Disadvantages of e-retailing –

Advantages and Disadvantages of e-retailing for Consumers

Advantages	Disadvantages
1. Convenience	1. Lack of personal and social interaction
2. Better information	2. Can't see or feel the merchandise
3. Competitive pricing	3. Credit card and security worries.
4. Customisation	4. Worry in receiving delivery
5. Shopping anywhere and any time	5. Difficulties with returning goods for refund

Advantages and Disadvantages of e-retailing for Retailers

Advantages	Disadvantages
1. Location is unimportant	1. May lack know-how and Technology
2. Saves wages and premises costs	2. Complex logistics of fulfillment
3. Reach a larger audience	3. E-selling is less powerful than face-to-face selling
4. Accepts orders 24 hours a day	4. Less impulse purchases
5. Higher disposable income profile than average	5. After - sales care difficulties

Factors that contribute to success of e-retailing

The consumer uses internet for different reasons ranging from gathering information to product purchase. E-tailing site can attract the visitors if it is able to cater the requirements of the users in a convenient manner. There are many numbers of factors that can influence the success of the online shopping website and identifying areas of strength and weakness is not always so simple. Following are some reasons for the popularity of e-tailing:

1. User friendly
2. Effective price discrimination
3. Global reach

4. Customer interaction
5. Search option
6. More information
7. Comfortability
8. Customisation
9. Ever Green
10. Less investment
11. Wider choice
12. Wide area of operation
13. Internet penetration
14. Safe payments
15. 30-Days return policy
16. Data base of customers

1. **User friendly**: E-tailing is user friendly. Customers can execute transactions through the same medium. So there is no disconnecting between the desire to purchase and the ability to purchase the products and services.

2. **Effective price discrimination**: E-tail customers can use price discrimination in an effective and efficient manner, while doing online shopping. They can use previous transactions to identify the likelihood of products being purchased at certain price points and use this information for price discrimination.

3. **Global reach**: A variety of e-tail sites can be chosen by the e-tail customers. They have a wider choice. The customer reach is remarkably increased in e-tailing. One of the major objectives of e-tailers should be enhanced customer reach. The web creates a global market place that brings together multiple consumers and retailers.

4. **Customer interaction**: The e-tailers can able to interact with the customers. Such an interaction allows the retailers to reach the individual customers and react appropriately to their responses. Interaction acts as a vital tool for mass communication. This also leads to greater satisfaction and helps to create a sense of community among the online customers. Some e-tailers developed certain technologies such as rating of products, aggregating feedback; the

customers can write their own blogs, upload their pictures and videos and can able to interact with other customers. This create a wonderful shopping experience to the online customers and also help the e-tailers to attract more number of customers towards their online shopping site.

5. **Search option**: It is easy to find the particular types of goods and services required by the customer, with the help of web search capabilities. There are various search engines such as Google, Yahoo, MSN, Internet Explorer etc. In addition to the search engines, people also using popular social media for doing their online shopping. The customer decides what he wants to purchase rather than the retailer offering what he want to sell. This ultimately leads to customer empowerment.

6. **More Information**: one major drawback in retailing is that the customer is not getting adequate information about the products from the retailers. Some customers require lot of information before they make a purchase decision. But the retailer who has to handle all the customers will reluct to say all the information in detail due to lack of time. But in the case of e-tailing, this problem can be overcome by making the information optional. The e-tailing is customer centric. The e-tailer can provide a link for more information in their online shopping website and this can be use by those customers who need more information about the products. The availability of more information about the products can be a major plus point for the e-tailer.

7. **Comfort ability**: The internet offers almost all the required information to the customers. The customers can comfortably sit their houses and easily access product information. Customers normally prefer to save their valuable time so that they can better utilize this technology.

8. **Customization** : E-tailers can change the online display of a product based on the previous transactions in order to increase the visibility of goods that the user is more likely to buy based on the previous encounter at the time of purchase. This allows a contextual design of placement to ensure conversion of a visit to the website in to a sale. Several elements of the customer's experience can be customized.

9. **Ever Green**: As we all know that e-tailing is environment friendly. E-tailing is a paperless operation and it does not require harming the environment by cutting trees and digging soil for constructing a building for business operation. Here the transaction documents such as bills are generated electronically.

10. **Less investment**: E-tailing is operated through web sites and thus saves drastically on the real estate costs. The real estate costs in the metropolitan cities are sky high. The e-tailers no need to invest in the ware houses, showrooms or other commercial properties at prime location store fronts. Most functions are automated and do not need employees such as cashiers, sales persons, security staff and other staff. They need not worry about finding parking space for customers and their staff. Operational cost such as interior decoration, window display, air-conditioning the store etc., are eliminated. They are exempted from maintenance costs also.

11. **Wider choice**: Much wider choice at the fingertips of the consumers. With web search capabilities, it is easier to find the type of goods and services a customer is searching for; catalogs are received passively, at the behest of the retailers. The customers can purchase those products which is not available in the domestic market.

12. **Wide area of operation:** A retail store is limited in its area of operation. It caters to a specific geographic location. However, the website is globally accessible leading to a worldwide reach and an increased potential customer base.

13. **Internet penetration**: The numbers of internet users are increasing. Internet user largely comprises youth who are technology savvy and have disposable incomes, are big on online shopping. The studies say that India has one of the world's youngest Internet populations, with 75 percent of the users being under 35 years.

14. **Safe payments**: Many e-tailers follow safe payment systems, which enable the growth of online industry. Along with other mode of payments, cash on delivery (COD) is also introduced; where the e-tailers allow the customers to make their payment at the time of receiving the goods. This system solved the credit card issue.

15. **30- Days return policy**: Replacement guarantee or 30-day return policy, offered by online retailers gives the customer the leeway to send back a merchandise he is not satisfied with.

16. **Data Base of customers**: In the physical retail shop, for recording the movement of customers, the retailers need to carefully observe them with the help of cameras and computers. But in the e-tailing environment, the server can able to keep the record of the every movement of customers such as their browsing

time, what type of products they selected and deleted in the shopping cart, what they purchased, which mode of payment they made and how many times they visited the same website. This data base of customers is helpful for the e-tailers for preparing strategies for their business development.

Assessment Activities

1. Draft a report in relation to the emerging trends in e-tailing

Concept of Telemarketing

Telemarketing simply means marketing through telecommunications. It is actually a very broad term that applies to a multiplicity of both inbound and outbound telemarketing. The growth of telemarketing is due largely to the increase in the number of call centers. Generally a different set of skills are required for inbound and out bound telemarketing for example, handling responses to an advertising campaign, or calling existing customers to offer additional services.

Telemarketing is a completely interactive medium. It identifies the needs and exact requirements of customers and prospects. The communication is completely one-to one and personalized. The data gathered can be used as a data records. Records of these responses will aid when planning the customer relationship management.

Telemarketing is very effective when integrated. Using telemarketing to follow up the leads produced from an email marketing campaigns will increase the leads by at least ten fold. While using telemarketing, multiple objectives can be fulfilled at the same time. For example, a telemarketing team can ring a contact and check their data is correct in the system (data cleansing) while doing this, they can then go on to making a sales call.

Telemarketing procedure

Telemarketing may be done from a company office, from a call centre, or from home. An effective telemarketing process often involves two or more calls. The procedure includes:

1. The first call (or series of calls) determines the customer's needs.
2. The final call (or Prospective customers) are identified by various means including past purchase history, previous request for information, credit limit, competition entry forms and application forms.
3. Making sales calls.

The details may collect from another company's consumer data base or obtained from a telephone directory or another public list. The qualification process is intended to determine which customers are most likely to purchase the product or service.

Marketing research companies use telemarketing techniques to survey the prospective or past customers of a client's business in order to access market acceptance or satisfaction with a particular product, service, brand or company. Public opinion polls, charitable organizations, alumni associations etc often use telemarketing.

Advantages and Disadvantages of Telemarketing

Advantages

The main benefit of using telemarketing is to promote the business, that allows immediately increase customers level of interest in the company's product or service. Other advantages are as follows:

1. Provide more attractive and personal sales service
2. Create an immediate rapport with customers
3. Explain technical issues more clearly
4. Generate leads and appointments
5. Sell from a distance to increase sales territory
6. Reach more customers than with in-person sales calls
7. Sell to both existing and new customers
8. Achieve results that are measurable

Disadvantages

There can be as many negatives using telemarketing as there are positives. They are as follows;

1. Telemarketing can be resented – particularly when dealing with B2C customers, and when calls are made in the evenings.
2. Customer lists may not always be clean and opted –out
3. Customer lists can be very costly
4. If it carry out poorly, telemarketing has a negative image that could damage the business
5. Telemarketing has the potential to replace a sales team and this could lead to negative feeling among employees.

6. Training staff can be time-consuming and costly
7. An outside service provider can result in losing control over sales processes

Success factors of Telemarketing

1. **Planning**: Company needs to its budget, its objectives for the volume/quality of data they want and their in-house resources, in terms of man power, skills and equipment compared to the cost of sing an outside agency.
2. **Accurate data**: Accurate data is the essential foundation for success. Successful targeting rests on speaking to the right decision makers- getting data that includes this information may cost more but the outcomes are consistently more profitable.
3. **Good script**: An effective telemarketing script is a guide for the discussion that steers the listener in the direction that needs to go. It must be tailored to the target audience, must grab the attention of the listener and must be highly interactive.
4. **Skilled telemarketers**: To achieve the desired outcomes the telemarketer must have a good knowledge of the company and product/service they represent, be able to talk intelligently around the structure of the script without getting side tracked, absorb all the negative responses, and talk persuasively to people at all levels.

Call centre operations

A call centre is a centralized office used for the purpose of transmitting a large volume of requests by telephone. An inbound call centre is operated by company to administer product support or information inquiries from customers. Out bound call centers are operated for telemarketing, political donations, debt collection and market research. The call centre needs computers for each call centre agents, a telephone set/ headset connected to a telecom switch and one or more supervisor stations. The voice and data pathways in to the center are linked through a set of technologies called Computer Telephony Integration (CTI).

Lot of modern technologies are used in call centers. It includes:

- **Premise based call centre technology**: the call centres have been built on PBX equipment that is owned and hosted by the call centre operated. It provide certain functions such as Interactive Voice Response, Automatic Call Distribution and Skills-based routing.

- **Virtual Call Centre Technology**: in a virtual call centre model, the call centres operator does not own, operate or host the equipment that the call centre runs on. They subscribe to a service for a monthly or annual fee with a service provider that hosts the call centre telephony equipment in their own data centre. Virtual Call Centre Technology allows people to work from home, instead of in a traditional, centralized, call centre location.
- **Cloud Computing for Call Centres**: Cloud Computing for Call Centres extends cloud computing to software as a service, or hosted, on-demand call centres by providing application Programming Interfaces (AIPs). The APIs provide programming access to two key group of features in the centre platform:

Computer Telephony Integration (CTI) APIs provide developers with access to basic telephony controls and sophisticated call handling on the call centre platform from a separate application.

Configuration APIs provide programmatic control of administrative functions of the cal centre platform which are typically accessed by a human administrator through a Graphical User Interface (GUI).

TELEVISION HOME SHOPPING

In Television Home shopping, the customer while watching tele-shopping channel can place order through telephone. In this channel they demonstrate and explain various products they sell along with its features and price. They also gives their contact details. After knowing the utilities and benefits, the customer can place the order. The product will reach the customer after certain days. The payment can made through postal money orders. There are three types of Tele-shopping channel, such as:

1. Cable Channels: dedicated to Television Shopping
2. Infomercials are special T.V programme that mix entertainment with product demonstration and placing order through telephone.
3. Direct-Response Advertising: Purchase is being by seeing advertisement on T.V and Radio that describe the details of products and services.

VENDING MACHINE RETAILING

A vending machine is a machine that dispenses items such as snacks, beverages, alchahol, cigarettes, lottery tickets etc., to customers automatically after the customer insert currency or credit in to the machine. The vending machines are placed at convenient high-profile locations like work place, Railway stations, Airports and other crowded places. First vending machine was introduced in London in the early 1880 to dispense post cards. These are hassle free in working, but needs regular maintenance and services.

Advantages

1. Time saving
2. Instant delivery of goods
3. Does not need any store building
4. Can be managed without any attendant.
5. It is very convenient and helpful to customers who are in a hurry.

Assessment Activities

1. *Describe the procedure of telemarketing*
2. *Make report on the television home shopping*
3. *List out the products that can be purchased through vending machine*

MEASURES TO PREVENT FRAUDULENT TRANSACTIONS IN e-RETAILING

It is important that every e-tailer has to maintain trust among each and every customer's. Major fear prevailing among the customers in this area is security issue. So it is the duty of the e-tailer is to take adequate measures to prevent the frauds in transaction. This will help them to create smooth functioning of the e-tail business. There are several tools used by the e-retailers to fight against fraudulent transactions. They are as follows:

- **Card Security Codes (CVV2, CVC2 and CID):** The three-digit codes printed on the back of Visa, MasterCard and Discover cards and the four-digit codes printed on the front of American Express cards were introduced as an additional tool to help e-retailers to verify that the cardholder is in a physical possession of the card at the time of the transaction. It is not stored in the magnetic strip, so it cannot be easily retrieved by criminals unless the card is in hand. The Visa security code is called as CVV2, the MasterCard security code is called as CVC2 and the American Express security code is called as CID.

- **Address Verification Service (AVS):** AVS enables e-tailers that accept Card-Not-Present (CNP) transactions to compare the billing address (the address to which the card issuer sends its monthly statement) provided by a customer with the billing address on the card issuer's file before processing a transaction. A mismatch is a strong indication of fraud.
- **Visa and MasterCard security code**: These are payment authentication systems that validate a cardholder's ownership of an account in real-time during an online payment transaction. When the cardholder initiates a payment at the checkout page of a participating merchant's website, a new screen automatically opens up in the cardholder's browser. The cardholder enters a previously created password that allows the card issuer to verify his or her identity.
- **Fraud scoring**: Fraud scoring is a system of predictive fraud detection models or technologies that payment processors use to identify highest-risk transactions in card that require additional verification.
- **Retailers may use tracking numbers while shipment**: A tracking number and required signature helps the e-tailer to identify that whether package was delivered properly. This may help the e-tailer, if he gets in to a dispute with a legitimate customer who says they never received a package but the e-tailer has sure that the product delivered.

Beyond the individual credit card system, the e-tailer has to pay attention towards the security of their entire website and e-commerce process. The e-tailer may ensure that IP location and credit card address are the same. Visa and Master card maintain the lists of certified PCI (Payment Card Industry) complaint providers. Payment Card Industry Data Security Standard (PCI-DSS) is a set of obligations mandated by card networks helps to protect consumers' personal information. The e-tailers will have the information on their websites about this. Other than this, Visa has an animated business guide to data security and Master card provides online fraud prevention training for merchants. The e-tailers have to install original version of anti-virus security in their computers.

Assessment Activities

Describe the measures to prevent fraudulent transaction in e - commerce

TE QUESTIONS

1. Amazone.com is comes under ———————————————e tailing
2. Now a days the number of online business transactions has increased .Identify the various factors which contribute the success of e retailing

3. List out the various products that can be sold through telemarketing.

4. Write short notes on the following

1. Call centre operation 2.Television home shopping

3. Vending machine retailing 5. CVV stands for ——————

6.Visa Security Code is called ————————

7. Media reports say that the number of farudlund transaction in e retailing is considerably increased. Suggest some suitable measures to prevent these type of transactions

Extended activity:-

1. A Case study based on Indian retail Industry.

2. Mini Project to understand the retail consumer behaviour

LIST OF PRACTICALS

1. Visit a nearby retail store. Observe the basic retail activity and present a report
2. Visit/use video of any shopping mall or super market and make a report on the activities performed in that store
3. A study on consumer behaviour towards organised retail and unorganised retail to find out the consumer behaviour
4. Compare the retail location strategy of the leading two retail stores in the nearby city dealing same product category.
5. Understand the role of a store associate in different retail stores based on a role play
6. Design suitable layout for different retail stores.
7. Stores stock record report preparation using MS excel
8. Stores sales report preparation using MS excel

9. Incentive and commission calculation using IF clause in MS excel for retail selling staff
10. Preparation of employee sales performance report using MS Excel
11. Sales forecasting in retail stores using MS Excel
12. Designing of layout of a retail store
13. Preparation of sales invoice using MS excel
14. Role play on welcoming the customer
15. Role play on handling customer complaints
16. Product presentation by the use of FAB technique
17. Role play on objection handling
18. Industrial visit to collect information on sales promotion activities in retail industry.
19. Collection of loyalty cards/vouchers/schemes implemented by big retail stores
20. Store data base using MS Access
21. Invoicing and billing using MS Access
22. Market study on the topic "Identify the different functions performed by the retailers, stores lay out, type of products dealt by him, method of handling customers in the retail store, hygiene and safety measures etc"
23. Presentation and Discussion on Grooming
24. Discussion and Presentation – Etiquettes- Personality
25. Discussion and Presentation – A Positive Impression
26. Case Analysis and Group Discussion on Positive Character
27. Grooming Exercise 2 Presentation skil using PPT
28. Grooming Exercise 3 – "Tell me about Yourself"
29. Familiarising E Stores and steps involved in on line purchasing
30. E Store - Web page designing
31. Marketing Research on the topic " A study on customer behaviour towards Purchase through Online shopping sites".

MODULE 4
MARKETING OF FINANCIAL SERVICE

OVERVIEW

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial service firms and the entry of new entities in to the market. Indian economy is on the verge of a roll makes it an attractive and ideal destination for foreign investment. The size of middle income group in India is several times bigger than the population of a developed country and they are looking for new alternative opportunities to invest their money. Making all these investors active in the market itself will be a great possibility for increasing the revenue of entrepreneurs. The financial services sector has been an important contributor to the country's Gross Domestic Product (GDP). Energetic and ambitious individuals are motivated to excel in a career in finance sector due to its high prospects and lucrative monetary incentives in these fields.

The financial markets across the globe are getting tightly integrated and complex as well as seamlessly fluid. Hence, it is important that marketing professionals who want to have a booming career in finance sector must be duly equipped with the expertise of various marketing processes and knowledge of numerous areas within the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives institutions , pension funds, mutual funds and other smaller financial entities. Financial service providers today should have a clear idea about all the financial products and its advantages over each other for providing the best service to their clients, in order to gain a competitive edge in the market place and also to differentiate their services over their contenders. An individual seeking a career in finance sector must be highly geared in keeping up with the times and well versed in numerous technological advancements in these areas. Such areas of employment and business are detailed in this module.

UNIT 1.
FINANCIAL SYSTEM AND FINANCIAL MARKETS

Introduction:

The study of finance is as old as civilized human life. The word finance is derived from the Latin term ‘fini’ which means money. Finance is seemed to be the art of raising and spending money. The financial system forms an important part of any economy. It acts as a link between the producers and users of financial services. It includes the ways in which business men, investors, and families handle their money to meet short term and long term goals . It also includes a study of financial markets and institutions. The main objective of this unit is to familiarize financial system and its components

LEARNING OUTCOMES

The learner:

- *Identifies the need for investment..*
- *Recognizes long term and short term avenues.*
- *Understands the concept of financial system.*
- *Identifies the important instruments in financial system.*
- *Identifies financial markets and its functions.*
- *Classifies financial systems.*
- *Recognizes Money market and its instruments.*
- *Describes Capital market.*
- *Identifies the role of SEBI and RBI in financial market.*
- *Describes the role of BSE and NSE.*
- *Recognizes the concept of Sensex and Nifty.*
- *Describes International Market and Domestic Market*
- *Identifies the meaning and importance of Financial services.*

Meaning and definition

Finance is defined as the study of money and the way people use it. Finance is the life blood of any economy and the financial system is the network of arteries and veins carrying blood to various parts of the body. It refers to a set of activities, which facilitates transfer of financial resources from the hands of savers to the borrowers. There is a relation between financial system and the economic development of a nation. It promotes saving habits of people and it's utilization. Through financial system, savings are converted into investments. The system consists of individuals, institutions, markets, practices, instruments and services that facilitate the transfer of financial resources from savers to various sub sectors.

Need for investment

Fiancial system acts as a link between saving and investments. The money earned is partly spend and remaining is saved to meet the future needs . The savings can be created only by doing a delebrate attempt to set aside a part of income , without using it for consumption . This saving can be used for funding future needs and in times of emergencies .

Value of money goes down by time. The same amount of money you have today will have lesser value and lesser purchasing power tomorrow. Hence the money saved must be invested , so that it gives you some additional amount to meet the future needs . When savings are kept in the form of cash or even treated as idle, it cannot produce any return. It must be invested to give returns. One another important element is the rate of return of different investment options are also different. The chance of loss of money is also there. An investor has to make clear calculations before investing, considering the factors of both return and risks. Also, the investment vehicle must provide liquidity and marketability to meet the needs at the times of exigencies

Financial system links savings and investments. It guides and regulates investment decisions of the investors and the participating bodies

Investment in physical and financial assets

Money can be invested in physical and financial assets. A physical asset means any tangible thing of durable value and acts as a means to gain value over time. They include land, house, jewellery etc. Financial assets are claims against real assets either directly or indirectly. It may be in the form of fixed deposit with banks, small savings with post offices, insurance, Provident Fund , pension fund or securities related instruments like shares, bonds, debentures, Mutual Funds etc.

Short term financial investment options available for an investor are savings bank account, fixed deposit and money market instruments. Money market instrument are specialized form of fixed income instruments which provide liquidity. They include treasury bills, commercial paper, and certificate of deposits, repos etc

The various options for long term investments are post office savings scheme, Public Provident Fund , Kissan Vikas Patra, Bonds, Debentures equity, securities, Fully Convertible bonds, mutual funds etc.

Components of Financial System

The components of financial system consists of the bodies products and services involved in the process of transferring resources from the lenders to the borrowers. The components are

1. Financial Markets
2. Financial Institutions
3. Financial Instruments
4. Financial Services

Assessment Activities

1. List out the need for investment
2. Identify the various long term and short term investments options available for a middle class family in Kerala

(I). Financial Markets

Financial markets are the places where financial products are bought and sold. It is an organizational framework within which financial instruments are exchanged. The main functions of financial markets are,

1. Capital formation
2. Provision for liquidity
3. Price discovery for securities
4. Allocation of economic resources to various sectors of economy
5. Reduction of transaction cost

Classification of financial market

Financial market are classified in different ways such as maturity and docile

a) On the basis of maturity /period of the claims, markets are classified in to,

- Money market
- Capital Market

1. **Money market**: It is a financial market for dealing in monetary assets of short term nature. Financial asset with a maturity of one year or less are transacted in money market. All money market instruments have the feature of liquidity and minimum transaction cost. The securities traded in this market include central and state government, local bodies, traders, farmers, industrialist, exporters, importers and public. The money market comprises,

- Call money market – Call money means the amount borrowed and lent by commercial banks for a very short period. This market plays an important role in avoiding the problems of fluctuations in the reserve position of individual banks.
- Treasury bill market – Government may issue these bills to meet their short term requirement. It is a permanent source of funds for the government.
- Commercial Bill market – This market deals in commercial bills issued by the firms engaged in business. The holder of the bill can discount the bills in a commercial bank.
- Certificate of Deposit Market – The market deals with the certificate of deposits issued by commercial banks. The minimum amount should not be less than Rs.1 lakh. Deposit can be made in multiples of Rs,1 lakh but maturity period should not be less than 7 days but not more than 1 year.
- Commercial Paper Market- A listed company which has a net worth of at least Rs.4 crore can issue commercial paper. It may be in the form of unsecured promissory notes in denominations of Rs.5 lakh or multiples thereof. Maturity period lies between 7 days to 365 days.

2. **Capital market**

This market specializes in trading long-term and relatively high risk securities. It is a channel through which the savings of the economy are made available for industrial and commercial enterprises and for public authorities. Capital market thus performs two basic functions i.e., collection of savings from investors and facilitation of the transfer of both tangible and intangible assets. The market for newly issued financial assets is called primary market.. Primary market consists of corporate securities, central and state government securities. The market where buying and selling of existing securities takes place is referred to as secondary market or stock market. Equity securities like equity shares and preference shares are transacted in this market. Debt securities like debentures and bonds are also dealt in this market.

Stock Exchanges are the places where shares and securities are traded. They provide liquidity and minimize risk. It provides ready market for the securities and informs the value to facilitate transaction. An investor with funds to invest, a trader with a business to expand, a banker with his funds to earn profit over a short period, the government with a scheme to finance all take themselves eventually to the stock exchange. Sometimes price movements are manipulated by speculators in stock exchange. Hence in India capital markets are regulated through two main agencies SEBI and RBI.

Securities and Exchange Board of India

SEBI is the apex regulatory body in the Indian securities market. Malpractices of companies, brokers, merchant bankers and investment consultants compelled the government to constitute the SEBI in 1988 to regulate and promote security market. The main functions of the SEBI are,

- Regulate business in the stock exchange and any other securities market
- Register and regulate the work of brokers, sub brokers, transfer agents, bankers, underwriters, portfolio managers or any other bodies associated with the market in any manner.
- Register and regulate mutual funds
- Prohibit fraudulent trade practices relating to the securities market
- Promote investor education
- Register and regulate the working of the depositories, custodians of securities, foreign institutional investors, credit rating agencies etc

Reserve Bank of India

RBI has a regulatory role in capital market. It manages debt through primary dealers, foreign exchange control and liquidity support to market participants. RBI regulates primary dealers in the government securities. The regulation of contracts relating to purchase and sale of securities and of ready forward contracts in debt securities are exercised by the RBI. It operates both as a monetary authority and as a debt manager to the government. It can participate in market through open market operations and through liquidity adjustment policy.

The activities of the entire Indian stock market business is coordinated mainly by two agencies –BSE and NSE.

Bombay Stock Exchange

The Bombay Stock Exchange (BSE) is Asia's oldest stock exchange. Based in Mumbai, India, BSE was established in 1875 as the Native Share & Stock Brokers' Association. Prior to that brokers and traders would gather under banyan trees to conduct transactions. Bombay Stock Exchange was recognized as an exchange under the Securities Contracts (Regulation) Act in 1957. Its benchmark index, the Sensitive Index (Sensex) was launched in 1986. In 1995, the BSE launched its fully automated trading platform called BSE On-Line Trading system (BOLT) which fully replaced the open outcry system.

In 2005, the Exchange changed from being simply an association of brokers to become a corporate entity. The administrative structure of the Exchange is headed by a board of directors, below which is a governing council and management that presides over its day-to-day functioning. BSE functions as the first-level regulator in the securities market, providing monitoring and surveillance mechanisms that are able to detect irregularities and manipulations in stock prices. The Exchange also provides counter-party risk management in all transactions that take place on its trading platform through its clearing and settlement services. Shares of more than 5,000 companies are traded on BSE. In addition to equity and debt, the Exchange allows for trading of mutual fund units and derivatives.

National Stock Exchange

National Stock Exchange of India or in short NSE happens to be India's largest Stock Exchange and World's third largest stock exchange in terms of transactions. It is located in Mumbai and was incorporated in November 1992 as a tax-paying company. It was in April 1993 that NSE was recognized as stock exchange under the Securities Contract Act 1956.

The main objective behind NSE is to establish trading facility nationwide for all types of securities. It also ensures equal access to all investors in the country through the process of an appropriate telecommunication network. NSE was able to achieve its objectives within a very short span of time. NSE has national reach to major market segments like equity or capital markets, futures and options or derivatives market, wholesale debt market, mutual funds, initial public offerings and so on. There is also a concept of day trading which suits well for short term investments. But there are investors who think that this type of trading is quite risky.

Difference between NIFTY And SENSEX

The Nifty and Sensex are known as Indices (plural of Index). These indices are developed by BSE and NSE to give an idea about the general price movements in the stock exchange. Both Nifty and Sensex are comprised of companies from various sectors such as IT, Petrochemical, FMCG, and Banking. They generally select the leading companies (in terms of market share) from each sector and assign them a weight. The calculation of the Index is based on a formula that may involve the current price of each stock, number of transactions historical price, market capitalization, weight and a few other factors.

The major difference between the Nifty (National Fifty) and Sensex (Sensitive Index) is Nifty has 50 stocks and Sensex has 30 stocks .

Ultimately, both are designed to give you a broad picture of the stock market, and hint at the direction of the economy. Generally, on a positive day, both indices will be up, and on a negative day, both will be down.

b) On the basis of domicile financial markets are mainly classified into,

1. **International market –** It is the market where issuances of securities are offered simultaneously to investors of a number of countries and are issued outside the jurisdiction of any single country.
2. **Domestic market –** This market deals with securities issued within a country .

(II).Financial Institutions

Financial Institutions have important role in providing finance for the economic development . These institutions are positioned to channel the funds to investments and leads to economic development . The nature and scope of financial institutions and their investment policy and operations affect the process of capital formation . SEBI and RBI are the regulators of Indian financial markets. These two bodies monitor and controls all other financial institutions such aa banks, Asset Management Company and other companies in financial sector.

(III).Financial Instruments

Financial instruments include all the securities issued by government and private institutions to collect money from the public. These includes all money market instruments and capital market instruments like equity mutual funds bonds , debentures etc.

(IV). Financial Services

Financial Services can be defined as the services provided by financial institutions to investors and borrowers. Its main features are,

- Financial services are intangible and invisible
- They activate market operation and promote better investment climate.
- They are the link between investors and borrower
- It helps the investors to select the instruments as per their risk taking capacity
- Financial service and its provider are inseparable
- It acts as an agent of investor.
- Financial services are difficult to standardise.
- They are perishable in nature

Financial services include a multiplicity of monetary activities namely factoring, merchant banking, lease and hire purchase financing, venture capital, underwriting, bill discounting, investment advisory services, mutual funds, portfolio management services, banking services, insurance services etc.

Assessment Activities

1. *List out the financial services available near to your locality.*
2. *Prepare a note on importance of stock exchanges in Indian Economy.*

TE QUESTIONS

1. ____facilitates transfer of financial resources from the hands of savers to the borrowers.
2. Mr. Hari, one of your family friend is having a balance fund of Rs. 50000 Advice Mr. Hari explaining the necessity of investing the savings in any security.
3. Find the odd man out from the following

   (1) PPF (2) bonds (3) mutual funds (4) Treasury Bills

4. ____Market deals in short term funds.

5. Write short notes on the following

   (a) Call money market (b) commercial paper market.

6. Organised share market is called __________________

7. Indian security market is regulated by SEBI. Comment.

8. Mr. Krishnan and family decided to visit his son in Dubai. He is having a cash of Rs.100000 and wants to convert it to 'dirham'. Suggest the easiest method of conversion.

9. Expand NIFTY and SENSEX.

10. Whenever news agencies report about share market, they use BSE and NSE, as synonym to Indian securities market. Describe its importance.

UNIT 2
MARKETING OF BANKING AND INSURANCE PRODUCTS

Introduction

The liberalization of Indian economy has changed the face of modern banking in India. From the status of a place to safely keep money and to borrow money, the banks are now changed to the level of banking super market, that offer wide variety of banking products. With the spread of new generation banks, which are aggressively selling loan products, the shift of importance was changed from deposits to loans, and the present day thinking is, deposits take away money, where as loans bring in money. The banks find it easier to appoint Direct Sales Associates to sell loan products, since these DSAs have got better and easier access to retail consumers and dealers. This offers people with entrepreneurial attitude to enter this area of selling loans for commission.

Along with that the opening up of Insurance sector has created new business and employment opportunities in the sector.

This chapter deals with various bank and insurance products that are available for marketing activity to Direct Sales Associates, as an excellent avenue for self business to start with.

LEARNING OUTCOMES

The learner :

- *Identifies various banking instruments.*
- *Identifies the important life insurance products and scope of marketing.*
- *Identifies the importance of different General insurance products and the scope of marketing.*
- *Practices different style of interaction with the customers*

Marketing of Banking Instruments.

Banks offer different type of financial services to the customers which includes accepting of deposit and lending of loans. In addition to this they also provide agency services and general utility services. Most of these services do not require an aggressive marketing activity. They can offer them through own counters. But they appoint Direct Selling Associates to sell those loans which carries higher rate of return like mortgage loan, Vehicle loan, credit cards etc. This offers an attractive opportunity to enterprising people. Following are the different type of products offered though DSA channels.

Mortgage loan

Mortgage loan any loan granted against the security of a real estate property. Real Estate is the biggest asset class of most investors, since value of property will be higher comparing to other class of assets. Also in the long run, the value appreciates. Along with it, both the interest and capital paid towards acquiring the asset provides tax benefits to the loan takers. In such circumstances, loan against property are of high demand in India. The mortgage loans are granted against land, house or property. These loans are of very long duration up to 20 years. The processing of mortgage loans is highly time consuming and tedious. The banks demand many papers to prove ownership, location and encumbrance before granting the loans. At the time of issuing the loan, the banks register the liability over the property at the Registration office and only after the full payment of the loan, the no liability certificate is issued. Banks offer the loan on EMI or equated monthly Installment basis and they again charge processing fee for processing the loan application papers.

Vehicle loan

Vehicle loan is given to purchase new or used vehicle to the customers. In such loans, if the income and identity proof paper of the customer is satisfactory, the formalities are very less. The security for such loan is the vehicle itself and the hypothecation will be marked on the RC book. The banks grant loan amount up to 80 % to the road price of the vehicle and the tenure of repayment can be up to 7 years. The hypothecation will be marked on the RC book and when the loan is closed, the hypothecation will be cancelled.

Personal loan

Personal loan is given to the customers solely on the credit worthiness of the customer, based on the repayment capacity of the customer. The income documents and bank statements are secured to assess the repayment capacity of the customer and the amount of loan is fixed on the basis of it. Banks also collect signed cheque leaves from the customer as an additional security, and for the ease of collection. These loans are given for shorter duration, up to maximum 36 months. Option for both prepayment and equated monthly installment is available.

Consumer loan

Consumer loans are easy loans to purchase consumer products, and are sold through the counters of Durable Consumer Goods. These loans are instantly available to consumers since the processing is easier comparing to other loans. These loans instantly given to purchase consumer durable goods. Usually banks collect post dated cheques and papers for the proof of identity from the customers. These loans are given for short term duration, maximum for the tenure of one year.

Credit card

A credit card is a payment card that makes the payment instantly at the time of shopping and collect the amount from the cardholder within a stipulated time. Credit card is the highest interest charged instrument sold by banks. Most banks issue credit card free of cost to people with income, in the beginning year, but start charging the next year onwards. Issuing banks fix a credit limit, initially a smaller amount, later offer increase. These credit cards charge no interest if the amount is paid fully within a particular period. In case it is not paid, it will be charged about 36% per annuam. Along with that, the credit cards charge many other charges also.

CASA

CASA stands for Current Account Savings Accounts. Both are same type of accounts in a bank. Current Account is managed by business entities where as savings accounts are managed by individuals. Usually the savings bank accounts give very less interest only to the outstanding balance, and current account offer no interest at all. Both these accounts are hassle free accounts, in such a way that, any time any amount can be put in and take from such accounts. For banks also, CASA is a matter of interest since the cost of such account is very less.

All these bank products are available for sale through Direct Sales Channels and banks offer commission to the sale depending on the amount of loan. It is a risk free and no investment opportunity for people with entrepreneurial attitude to start a business in finance sector.

Microfinance

Microfinance is a system of providing financial help to rural people though Self Help Group. It's a system of collective responsibility. The member of self help group borrow money from banks and they give that money as loans to the needy among them. They collect it back and repay to the bank. The bank provide loans on less interest to rural people group as part of social responsibility for the upliftment of the weaker sections of the society.

All these bank products are available for sale through Direct Sale Channel and banks offer commission to the sale depending on the amount of the loan. It is a risk free and no investment opportunity for people with entrepreneurial attitude to start a business in finance sector.

Assessment Activities

1. *List out the banking products available in your locality*
2. *Prepare a note on the banking services like debit card, credit card, Net banking and mobile banking*

Insurance

Insurance sector has been one of the important self employment opportunity in India ever since the starting of Life Insurance Corporation of India. It has incubated thousands of Insurance Agents who have penetrated to even the remotest part of India. With the liberalization in insurance sector, a number of Insurance companies started and with it opportunities to work as agents also widened. Along with that, non life insurance, which is known as, general insurance also offers many products, which are expected to provide protection to the properties. They also form a part of opportunities for those who want to work in insurance sector.

Definition of Insurance

Insurance is defined as an economic device, where by the individual can substitute a small definite cost (premium) for a large uncertain financial loss (risk).

Concept of insurance

Insurance is a common method for transferring risks. The people exposed same risk come together and all shared losses suffered by a few. The insurance companies play the major role of implementing the said concept. The insurance companies collect in advance the shares of clients as premiums and create a fund out of which the losses are paid. For example, In a village there are 400 houses. The village is located where natural hazards occurred frequently. At that time there houses destroys completely. If the houses destroyed, each family has to spend at least Rs 80,000/- for the reconstruction. If all villagers comes together and agree to share the losses equally, so that no single family has to bear the entire loss. So whenever any house is destroyed, every family will pay a sum of Rs200/- to the affected family to reconstruct their house. Hence the cost of Rs80,000/- would have been crippling for a single family, the expense of Rs200/- is easily affordable. The risk is transferred from a single family to the whole village and the loss if occurred is shared by them.

Life Insurance

Life insurance is a contract between an insurer and an insurance policy holder, where the insurer promises to pay a defined sum of money in exchange for a premium, upon the death of a policy holder. Life insurance is designed to protect he beneficiaries' standard of living in the event of untimely death of a wage earner. Through this insurance, the policy holder will have financial resources to protect their future income and pay for immediate and future financial obligations. The policy holder typically pays a premium either regularly or as one lump sum. The contract is valid for the payment of the insured amount during (1) the date of maturity or (2) specified dated at periodic intervals or (3) unfortunate death, if it occurs earlier. Life insurance is preferable if financial obligations at the time of death exceed financial assets. This would help the spouse or partner manage financially in the event of death.

Types of policies

There are various types of life insurance policies. Some of them are as follows:

Endowment

Endowment assurance policy is a most popular plan. It comes under permanent life insurance ie., it remains in force until the policy matures, unless the owner fails to pay the premium when due. The premium under endowment policy is paid for a fixed term. If death takes place during the term, the sum assured along with accumulated bonus is paid to the nominee and if the policy holder survives during the term of policy, he get sum assured in addition to the bonuses profits raised. The plan is available with profit and without profit option. The premium of with profit policy is more than the premium of without profit policy.

Whole life

Whole life policy is a policy at lower rates of premium. Premiums of the policy are payable throughout the life time policy holder. The sum assured become payable on the death of the life assured or on attaining the age fixed in the policy schedule. Compared to endowment policy, bonus addition is higher rate.

Term life

Term insurance comes under temporary life insurance policy. Term life insurance policy provides life insurance coverage for a specified term of years for a specified premium. The insurance pays only if death occurs during the term of policy, which is usually from one to 30 years. Term life insurance policy cover risks only during the selected period. If the policy holder survives the term period, the risk cover comes to an end. In term insurance, three factors are to be considered. They are (1) face amount (protection or death benefit) (2) premium to be paid (cost to the insured) and (3) length of coverage (term). The premium for the policy is based on the policy holder's age and health at the starting stage of policy. The premium remains same for the length of the term.

Money back

Money back scheme is a fixed term policy. The premium has to be paid till the end of the term or till the death of the insured person, whichever is earlier. In this policy, a part of sum assured is returned to the insured person once in 5 years or 4 years according to the plan. The risk cover continues for the full sum assured even after the payment of installments. The bonus is also payable for the full term.

An example of money back policy for 20 years is depicted below:

At the end of	
5 years	20%of sum assured
10 years	20%of sum assured
15 years	20%of sum assured
20 years	40%of sum assured + bonus

ULIP-

Unit Linked insurance Plan (ULIP) products are those where the benefits are expressed in terms of number of units and unit price. ULIP can be viewed as a combination of insurance and mutual funds. The number of units that the customer gets depends on the unit price when he pays his premium. The daily unit price is based on the market value of the underlying assets such as (equity, bonds and government securities) and computed from net asset value. ULIP offer a tax-free dividend and the benefit of long term capital gains after maturity. ULIP is available in two term periods, one for 10 years and another for 15 years. It provides various benefits for its investors such as life insurance cover at nominal premium, accident cover and decent rate of returns. No bonus will grand on premature withdrawals. The bonus will not also grant after premature death either, unless it occurs after the payment of the last term. ULIP does not offer any life as well as accident cover to minors.

All these are life insurance products which are expected to cover the life of the insured. In India, only a small percentage of people are covered with insurance policy. The same policy holder may take more policy for tax benefits. Hence , the insurance sector continues to be a promising sector for self employment.

General Insurance or non life insurance.

General insurance includes all types of insurances other than life insurance. The General Insurance corporation of India was formed under the General Insurance Corporation of India Act 1972. Based on this 4 companies were formed for this purpose. Viz,

- New India Insurance Company Ltd
- Oriental Fire and General insurance company Ltd.
- National Insurance Company Ltd.
- United India Fire and General Insurance Company Ltd.

The above companies are the subsidiaries of General Insurance Corporation, but they are independently under the control and guidance of the General Insurance Corporation of India. With liberalization, many more new general insurance companies started in India. All these companies provide opportunities for the enterprising people.

Health Insurance

In health insurance, the insurer pays the medical cost of the insured if the insured becomes sick due to covered causes or due to accidents. Health care costs are getting higher day by day. Now a days the cost of treatments is unpredictable and thus can be well beyond what one can afford. Hence medical insurance is required to protect oneself against such emergencies as well as uncertainties. Proper coverage of health insurance can prevent sudden cash out flow and sometimes help by providing cash for immediate surgeries.

Types of medical expenses:

1. Hospitalization
2. Surgery
3. Medicines
4. Diagnostic

Types of health insurance

1. Indemnity plan
2. Managed care plan

Indemnity plan

This plan offers reimbursement against medical expenses, irrespective of which service provider is used. In this plan, there are three types. They are as follows:

- **Reimbursement of actual charges**: The actual cost of medical expenses is reimbursed.
- **Reimbursement of a percentage of actual charges**: Only a percentage of the actual charges is reimbursed. The rest has to be borne by the consumer.
- **Indemnity**: A specified amount per day for a predetermined number of days is paid regardless of the actual cost of care. The reimbursement will never be more than the actual expenses.

Managed care plans

In this plan, the insurer has a network of selected health care provider (hospitals) and they offer incentives to the policy holder to encourage them to use the provider in the network.

With the introduction of cash less payment system, the difficulties of payment of hospital bills is avoided and the company will pay the expense of treatment directly to the hospital.

Motor Vehicle

In India, motor vehicle insurance is compulsory. It protects the vehicle owners from legal liabilities that might arise during their vehicle operation. There are two types of policies for motor vehicle. They are (1) third party liability insurance (to cover Act liability) and (2) comprehensive insurance policy (to cover both own damage losses and Act liability). Generally annual policy are issued, but there is an exception like long term two wheeler policy which continues till the fitness of the vehicle is valid according to RTA.

Section 1 of Standard form of Private Car policy or Motor Cycle /Scooter policy covers against loss or damage to the insured vehicle by:

1. Fire, explosion (both internal and external), self-ignition or lightening
2. Burglary, house breaking or theft
3. Riot or strike
4. Earthquake

5. Flood, typhoon, storm, cyclone, hurricane, hailstorm
6. Accidental external means
7. Malicious act
8. Terrorist activity
9. Whilst in transit by road, rail, inland waterway, lift, elevator or air.

   Section II covers Liability to Third party: this section provides indemnity to the insured in the event of accident caused by the use of motor vehicle against all sums including claimants costs and expenses, which the insured shall become legally liable to pay in respect of (1) death or bodily injury to any person. Limit of liability is unlimited as per Motor Vehicle act. (2) Third party property damage. Insurance coverage of Rs 1 lakh in case of two wheelers and Rs 7.5 lakh for all other vehicles.

Marine Insurance

It is a contract between insurer and insured where in former agrees to pay compensation to the later on agreed value in case of loss suffered due to insured products of marine losses on inland water ways or any other land risk, which may be incidental to any sea voyage. The need to cover uncertainty of losses during ocean voyage was felt by al shippers and ship owners. The Marine Insurance Act of 1963 defines all the terms used in the marine insurance practice, insurable interest, sea-worthiness of the vessel, policy of the marine insurance, assignment of the policy, premium, loss and abandonment, measure of indemnity and rights of the insurer for subrogation of the recovery rights etc.

Basically marine insurance is divided in to two:-

1. Hull insurance

It relates to the insurance of ocean going vessels such as steam ships- mechanized vessels, container ships, RORO ships, tankers, gas holders, fishing vessels, tralers, barges, tugs and inland water vessels.

2. Cargo insurance

Cargo insurance relates to export and import shipment of goods through rail, road, air or post, goods carried by coastal vessels transporting between various ports, cargo transported by various vessels or country craft over inland waterways.

3. Freight Insurance

It is the insurance of freight. It is paid for covering the risk of shipping charges.

In a business transaction, the buyer will not be willing to release his payment without getting the shipment. But the seller needs money as soon as he has shipped the goods. This has been possible by letter of credit which is created by the buyer with the bank. He authorized the bank to make payment to the seller on receipt of the shipping documents and insurance policy for the consignment. This will protect the buyer since no payment is made to the seller till the cargo sipped in the vessel. If there is any damage happened to the goods on its way, then claim could be lodged to insurance company. In some cases the buyer does not accept documents having learnt of the loss of goods, and then the bank can directly recover from the insurer. Hence the marine insurance acts as a collateral security.

There are so many other areas of insurances available in non life sector like burglary insurance, fire insurance, liability insurance etc. This is expanding day by day. Newer type of products is added to the basket. This will provide opportunities of business to the enterprising people. Hence the future of the sector is promising

Assessment Activities

1. *Name the items that can be covered under general insurance*
2. *List out the qualifications required to become an Insurance agent.*

TE QUESTIONS

1. CASA stands for ....
2. Expand ULIP.
3. Name the authority for the regulation of insurance sector...........................
4. Processing of ....loans is a time consuming and tedious affair.
5. Consumer loan is ....term Loan.
6. You are running the Direct Sales Associate business of bank products. Make a list of documents needed to submit a housing loan.
7. Your friend seeks your advice on taking a credit card. Describe him both the benefits and problems.
8. Prepare note on different types of insurances for people of different age groups and income groups.
9. Prepare a brochure showing different general insurance products and the risks covered by them.
10. Compare the benefits of current account and savings account to a bank with fixed deposits.

UNIT 3

EMERGING OPPORTUNITIES IN FINANCIAL SERVICE SECTOR.

INTRODUCTION

Financial Service sector is the latest and fastest developing area of business in India. Equity and related products have got very little penetration in a country with a billion population and 30 crore middle class. The average Indians still believe in traditional products such as bank deposits and insurance. But with the technological growth, and industrialization, the new generation investors are seeking newer investment avenues with higher returns, the share trading firms acts as a super market for financial products. This chapter deals with important emerging opportunities in the new sectors of finance.

LEARNING OUTCOMES

The learner :

- *Understands the concept of share trading business.*
- *Identifies different products marketed by a share trading firm.*
- *Identifies the concept of various share trading operations.*
- *Understands the concept of day trading and delivery*
- *Describes the products ETF, commodity trading, Forex trading.*
- *Identifies various Portfolio Management Services.*
- *Recognizes the role of mutual fund in wealth management.*
- *Identifies various types of mutual funds*
- *Compare returns of different funds*
- *Understands the concept of One time investment, SIP, NAV*
- *Identifies retail NBFC products*
- *Identifies postal department products and its marketability.*
- *Identifies the opportunities in Chitty marketing.*
- *Recognizes the role of collection agents*

Opportunities in Share Trading Franchisee business/sub broker

A share trading franchisee is a sub broker, which is associated with a brokerage firm or broker dealer, who buys and sells stocks and other securities for both retail and institutional clients, through a stock exchange or over the counter in return for a commission. A share trading franchisee is any person or a firm who is not a Trading Member of a Stock Exchange but who acts on behalf of a Trading Member as an agent or otherwise for assisting investors in dealing in securities through such Trading Members. These franchisees are dealing with a lot of financial products such as, Equity stocks, Equity derivatives,(futures and options), Currency derivatives, ETFs (Gold,Index, and Liquid), Retail corporate debts, Government securities, primary market IPO, Securities Lending and Borrowing, Mutual Fund, Interest Rate Futures, Commodity trading, etc.

Investors can do their investments through this franchisees. They can open demat account and can avail depository services through the franchisees. These franchisees are the retail point of sales of many of the financial products to the investors.

Equity Stocks/Equity shares

An equity share, commonly referred to as ordinary share, represents the form of fractional ownership in which a shareholder, as a fractional owner, undertakes the maximum entrepreneurial risk associated with a business venture. The holders of such shares are members of the company and have voting rights.

The investors can buy equity stocks through Initial Public Offering or from other holders of equity stocks. The brokers or sub brokers facilitates the transfer of ownership of equity stocks.

There are two methods the investors participate in equity trading. They are Day trading and Delivery.

Day trading and delivery

Day trading is speculation in securities, specifically buying and selling financial instruments within the same trading day. Strictly, day trading is trading only within a day, such that all positions are closed before the market closes for the trading day. Traders who trade in this capacity do so with the motive of profit through speculation. Hence they are speculators

Process of Day trading -An investor gives order to the sub broker/agent to buy or sell a particular number of equity stocks of any company, and before taking delivery, he buys or sell it off for a profit or for the avoidance of loss. This can be explained with the help of an example. An investor order 100 shares of a company for a price of Rs. 100 each. After one hour, he finds that the price is increased to Rs. 105. He orders to sell it off and gains a profit of Rs. 5 X 100 ie, Rs. 500. If the price goes down, chances of loss is also there. An investor can give sell order also without having stocks with him. For example, current price of a particular stock is Rs. 100. He speculates that, the price is about to go down. He gives 100 selling order. That time if the price goes down, to Rs. 95, he can order buy order to settle the sell order clearly gives him Rs. 5 per share. This way a day trader can make profit from both the chances of a rise or fall in prices.

On the other hand, investors may go for taking delivery of the stocks also, with the hope of selling it later when the prices shoots up. When an investor buys equity stocks and it is credited in his demat account and the payment for the investment is done, it is known as taking delivery of that equity stocks. Investors buy the stocks which they feel chances of price appreciation. If the price of any stocks tends to go down, they may sell their holdings and would buy the same stocks later, once the price is at a lower level. All these positions are held by the investors to make profit of the opportunity or to reduce the lose. Share trading franchisees facilitates all these trading.

Business Opportunity with share trading firm.

Both the buying and selling and day trading are done on a commission basis. The franchisee gets commission for all the buying and selling activities of the investors. With every increase in the number of traders and their trading activity, the profitability of the share trading firm also increases. If you have enough financial back up, you can take the franchisee of any leading stock broking company and enter the field of equity business.

Remisier: You can work as a remisier with any share trading franchisee. It's a commission sharing system. You work and connect people to the franchisee. When they do investment and trading activities, they share a part of the commission earned from that investors to you. It's a risk free opportunity where your effort is the only investment.

Along with equity stocks, the franchisee deal with many other financial products such as Mutual Funds, Exchange Traded Funds on Gold, Equity, and debt, Forex trading, derivative products on equity, currency, etc

Mutual Fund

Mutual fund is a mechanism for pooling the resources by issuing units to the investors and investing funds in securities in accordance with objectives as disclosed in offer document. Mutual Fund Companies, knows as Asset Management Companies, collect fund from the investors and invest in securities. Mutual fund Company issues units to the investors in accordance with the quantum of money invested by them. Investors of mutual fund are known as unit holders.

The value of total assets increased or reduced as the market goes up and down and also depending on the quality of decisions taken by the fund manager. This increases or reduces the price of the units of the mutual fund. Whenever the investor redeems the units, the units are redeemed at current market price.

Mutual Fund investments makes an attractive avenue for investors for those who want to gain the benefit of security market but not interested in doing active trading. Investments in securities are spread across a wide cross section industries and sectors and thus the risk is reduced. Diversification reduces the risk because all stocks may not move in the same direction and in the same proportion at the same time. The profits or losses are shared by the investors in proportion to their investments. The mutual funds normally come out with a number of schemes with different investment objectives which are launched from time to time. A mutual fund is required to be registered with SEBI which regulates securities markets before it can collect funds from the public.

What is NAV (Net Asset Value) of a scheme

The performance of a particular scheme of a mutual fund is denoted by Net Asset Value.

Mutual funds invest the money collected from the investors in securities markets. Net asset value is the total market value of the securities held by the scheme divided by the number of units. Since the market value of the securities changes every day, NAV of a scheme also varies on day to day basis. For eg. If the market value of securities of a mutual fund scheme is Rs. 200 lakhs and the mutual fund has issued 10 lakh units of Rs. 10 each to the investors, then the NAV per unit of the fund is Rs. 20 .NAV is required to be disclosed by the mutual funds on a regular basis-daily or weekly-depending on the type of scheme. When the investors make purchases of the units, the units are allotted based on the current NAV. The amount paid is divided by the NAV and that number of units allotted. Also, when an investor redeems the mutual fund investment, NAV of that date is taken and the number units is multiplied by the NAV.

For eg. An investor puts Rs. 10000, when NAV is Rs.25 per unit. He is allotted 400 units. He holds that units redeems it after one year. That day, the NAV is

Rs. 30 per unit. He is given 30 multiplied with 400, that is, Rs.12000. He got a profit of Rs. 2000, about 20% return in one year. Loss can also happen if the prices gone down.

An investor can invest in mutual fund in two ways. Lumpsum investment or Systematic Investment Plan or SIP. Lumpsum investment means the investor invests a lumpsum amount and units allotted to the investor then it self. The investor can hold it and redeem it when he want to do it.

Systematic Investment Plan is a periodically investment plan. The investor makes arrangement to invest small amount periodically, like every month or week, on a particular day. All he has to do is to make sure that sufficient fund is there in his bank account. The amount will be automatically debited from his bank account through automatic debiting and units will be allotted to his folio. Since the unit price or NAV of the fund will be changing as per market value of the securities, the number of units allotted will also be varying. When the NAV is lesser, the investor will get more units where as when the NAV is higher, less number of units will be allotted. But the beauty of mutual fund investment is , in the long term, when the NAV is higher, the investor may be allotted less number of units, but when he redeems it, the total number of units will be multiplied with NAV of that time, which will give an attractive return.

Types of Mutual Funds

In an investor point of view, mutual funds are mainly in eight categories.

1. **Growth/Equity oriented schemes**

   These type of funds invest major part of their corpus in equities. Risk is higher in this category, but chances of return also is higher. Investors with long term out look generally prefer equity oriented schemes.

2. **Income/Debt Oriented scheme**

   These schemes invest in fixed income securities such as bonds, corporate debentures, government securities and money market instruments. Such investments are less risky compared to equity schemes. The aim of income funds is to provide regular and steady income to investors.

3. **Balanced Fund**

   The aim of balanced fund is to provide both growth and regular income as such schemes invest both in equities and fixed income securities in the proportion indicated in their offer documents. They generally invest in both equity and debt instruments.

4. **Money market/Liquid funds**

   These schemes invest exclusively in safer short term instruments such as treasury bills, certificate of deposit, commercial paper and inter bank call money, government securities etc.

5. **Gilt fund**

   These funds invest exclusively on government securities. It is very safe.

6. **Index funds**

   These funds invest in the securities in the same weightage comprising of an index. NAV of such schemes would rise or fall in accordance with the rise or fall in the index.

7. **TAX Saving funds**

   Mutual funds which give Income Tax exemption to the investors come under Tax saving funds. Investors invest in this fund to get income tax relief.

8. **Fund of Fund Schemes**

   Such funds invest the corpus in other mutual funds. This will diversify the risk.

Comparison of different Mutual Funds

The Mutual Fund investments are expected to provide return to the investors. The performance of mutual funds is evaluated on the basis of the return that fund is giving to the investors. Comparison of Annual Growth Rate (AGR) and Compounded Annual Growth Rate (CAGR) are the best methods to compare the return and profitability of any mutual fund. We can compare the performance with benchmark fund and also other funds. The performance of the funds for the last one year, last five years and the last 10 years can be compared to know which fund performed best. Comparing the performance of the funds with the benchmark fund, that is, the fund which performed best, we can evaluate and suggest funds to the investors, to invest in.

An investor shall be advised to invest in different funds of different types to reduce the risk. Also rather than, advising for single one time investing, it is always advisable to invest through Systematic Investment Plan(SIP).

Business Opportunity with Mutual Fund:

Mutual funds agency provide excellent business opportunity for prospective entrepreneurs. It's a no investment business. Mutual fund business provides two types of earnings to the agent. Upfront commission and trail commission. At the time of investment, a particular percentage of investment is given as commission that is upfront commission. Also, every year, on the total market value of the Assets Under Management, a particular amount is again given as commission. This is trail earnings. The beauty of trail earnings is, in the long run, when the market grows and the value of total assets is multiplied, the trail earnings will form a very huge amount.

Assessment Activities

1. *Meet a person engaged in share trading business and identify the benefits that he is accruing from the business.*
2. *Name the major Mutual funds available in the market*

Portfolio Management Service

Portfolio Management Service, known as PMS is also a wealth management instruments like mutual fund. The most important difference is the investment amount is very big compared to mutual fund. In India, an investor can invest a minimum of Rs 5000 in mutual fund where as the minimum size of PMS investment required is Rs. 5 lakhs and above.

The investor investing in PMS is entrusting the fund manager with the amount and the fund manager is doing the fund management and daily operations on behalf of the investor. The corpus will be invested in that type of assets as agreed earlier. Depending on the performance of the fund manager and the price movement of the market, the fund value can go up or go down. This gives profit or lose to the investor.

Business Opportunity with Portfolio Management Service.

The PMS also provide both upfront and trail commission opportunity to the agents. But since the investment size is bigger, the commission percentage is comparatively lesser than Mutual Funds.

Exchange Traded Funds in Gold, Equity and debt

An exchange traded fund, (ETF) is an investment device traded on stock exchanges, much like stocks. It's a baskets of securities that are traded, like individual stocks, on an exchange.. An ETF holds assets such as stocks, commodities or bonds, and trades close to its Net Asset Value over the course of the trading day. Most ETF s track on an index such as a stock index or bond index. ETFs may be attractive as investments because of their low cost and liquidity . Unlike regular open-end mutual funds, ETFs can be bought and sold throughout the trading day like any stock. It combines the feature of a mutual fund and equity.

Index Funds

An Index Fund is a mutual fund that tries to mirror a market index, like SENSEX or NIFTY, as closely as possible by investing in all the stocks that comprise that index in proportions equal to the weight age of those stocks in the index. These are passively managed funds wherein the fund manager invests the funds in the stocks comprising the index in similar weight. Index funds, while reducing the risk associated with the market, offer many benefits to the investors.

Firstly, the investor is indirectly able to invest in a portfolio of blue chip stocks that constitute the index. Next, they offer diversification across a multiplicity of sectors since index stocks are generally a basket of 20-25 sectors. Added to these is the relatively low cost of management. Index funds are considered appropriate for conservative long term investors looking at moderate risk, moderate return arising out of a well-diversified portfolio. Its similar to a large cap mutual fund.

Commodity trading

A Commodity market is a market that trades in primary economic sector than manufactured products. Soft commodities, are agricultural products such as wheat, coffee, cocoa and sugar. Hard commodities are mined such as gold and oil. Investors access to major commodity markets world wide with purely financial transactions increasingly outnumbering physical trades in which goods are delivered. Share trading firms facilitates commodity trading through their platform to help the investors to gain profit.

Derivative trading-Futures and options, and swaps.

Share trading firms are also facilitating the investors to participate in derivative markets. They provide plat form for the traders to participate in derivative contracts, such as Futures, Options and Swaps on equity, debt and currency. These are agreements between two or more parties, to share the profit or loss, in the trading of an asset.

A share trading firm sells all these financial instruments and many more. The same investor will invest in different instruments. On all such transactions, the firm gets a commission that, is different for different type of assets and transactions. In India, a very small percentage of people still come to equity and related area. When the economy grows, new entrants are to come to invest, That way, it is a great opportunity for any entrepreneur.

NBFC fixed deposits-Bonds Agency.

Non Banking Financial Company, widely known as NBFC are financial institutions that are licensed to collect deposit from public. They are also monitored by Reserve Bank of India. These deposits are comparatively risky but offer attractive returns or interest comparing to bank deposits. Most of the NBFCs are giving retail loans with that deposits. There are many credit rating agencies in India. These agencies give rating to the NBFCs. The investors can understand the creditworthiness of that NBFCs from the rating. An entrepreneur can start this business by registering themselves at the NBFC. They will be giving a small percentage commission to the agents to the amount collected.

Post Office Department Agency

Post offices in India is one of the largest network of post offices in the world. It is covered in all parts of India. These post offices are also doing many financial activities that includes collection of Recurring Deposits, Term Deposits, National Savings Certificates, Postal Insurance Policies , Monthly income schemes,Kissan Vikas Pathra, Sukanya Samridhi ukanya Samridhi Yojana, etc.These deposits offer attractive income.

The postal department provide earning opportunity to of rural women as agents. These women agents are known as Mahila Pradhan. They can do the collection of Recurring Deposits. They are given a percentage commission on the Recurring Deposits collected.

Other individuals can work as SAS Agent with postal department. They can sell Kissan Vikas Pathra, Monthly Income Scheme, Term Deposits, National Savings Certificate, Sukanya Samridhi Yojana. They can earn a commission on the sale. Along with that, any person can be an agent for Postal Life Insurance and Rural Postal Life Insurance. That also provides excellent business opportunities, since they have the support and security of Government of India.

Chitty Canvassing Business/Collection agency

Chitty or Nidhi forms a very important part of savings. Its a periodical deposit system in which the deposit amount varies with the demand for funds and its effect on chitty auction. Out of the Chitty offers two types of business opportunities to the entrepreneurs. Any person who has capacity to manage the business can start a chitty company. It will be guided by Indian Chitty Acts. It can join subscribers and collect money. Out of the amount collected, the firm can deducted a particular percentage , as chitty foreman commission. This forms the main revenue of the company. Chitty companies need chitty collection agents, to work as canvassing agents and daily door collection agent. Both provide attractive income earning opportunities.

Any person who wants to work as a chitty collection agent can be one by approaching any chitty company office. In Kerala, the government is running a chitty company, namely, Kerala State Financial Enterprises or KSFE. This company offers both the security of the Kerala Government and the professionalism of a company. The agency business is open to anybody, and by registering at any branch, you can sell chitties in your neighborhood. It offers a stable and excellent long term business opportunity. You get a small commission from the first chitty amount from the subscribers for the business canvassed by you . Also, you again get a commission for all the money you are collecting every day from the chittals. Both this will provide a very stable and promising income.

Foreign Exchange Trading and Money Transfer Business.

Kerala is a land of Non Resident Indians. The remittance from foreign countries forms the main revenue of many families in Kerala. They bring foreign currency into our country. Along with that, many exporting firms, travelers to foreign countries, students to study in foreign countries and people going abroad to seek employment need foreign currency. This provides an excellent business opportunity to work in foreign currency Forex Business is supervised by RBI as per FEMA. An entrepreneur can run a firm to buy and sell foreign currency after taking necessary licenses and going after formalities. IBR or International Bank Rate is the base for fixing the rate for buying and selling foreign currencies. The foreign currency rates change in every second, and it will be bought at a lesser rate than current rate and will be sold at a higher rate than the market rate. This gives a profit on both purchase and sale. Along with that, you can do money transfer business, by doing the franchisee of any money transferring company like Western Union or Express Money or MoneyGram. You will receive a commission and also you gain from margin on the rates.

This can be illustrated with an example. A person sells 100 dollars. Its today's market rate is Rs. 52.50 . you take a margin of 40 paise and you are giving Rs. 5210. The same day, a traveler buys 100 dollars, and you sell it at the rate of Rs. 52.80. You gain a profit of Rs. 30. Totally you gained Rs. 80 from a single deal of 100 dollars. Now imagine, how big is the opportunity since the size of business is lakhs of dollars, dirhams, dinars and riyals. Along with that, there is chances of profit or lose depending on market movement of rates, still since you have already taken a margin on the purchase, the chances of loss is lesser.

Money Transfer business offers these exchange rate opportunity along with a commission on the amount transferred.

As mentioned earlier, financial service is one of the most thriving industries in India. Its growth rate is many times more than any other sectors. When the country becomes a developed nation , the thrust this sector will be more that will add to the glory of this industry. Hence for those with an entrepreneurial attitude, this industry offers very great and vast opportunities with a wide variety of products.

Assessment Activities

1. *Name the investment products available through Post Offices*
2. *Explain the importance of Money transfer business in Kerala context.*

TE QUESTIONS

1. Equity mutual fund invest the corpus in ________________ related securities.
2. Name a derivative product.
3. Name a postal investment scheme meant for girl children
4. Name a state government owned public sector chitty company..
5. IPO stands for ______
6. Make a short note on the profitability in foreign currency dealings.
7. Explain to an investor how is the functioning of chitties and the profitability in making savings through chitties.
8. You are running a share trading franchisee. A new customer asks you about doing speculative business and its chances of profit or loss. Explain to him the process, and effects of day trading of shares.
9. You are asked to offer a basket of equity and debt products for a high net worth individual. Prepare a note showing different products.
10. A young investor and retired person visit a mutual fund advisor seeking advice on investing in mutual funds. Make a note on the type of fund he would suggest and justify the advice.

UNIT 4
FINANCIAL PLANNING & PORTFOLIO MANAGEMENT

INTRODUCTION

Planning is the foundation of success in any activity. Since life expectancy is increasing in India, financial planning is very important for any person to gain self reliance to ensure the quality of life when he reaches a period of no income. Financial planning is needed for everyone. For attaining personal assets like a house or car and also to ensure the funding for kids education and marriage, everyone needs big fund that can be built by small savings over a long period of time. The sooner one person starts, better it is. If a person is spending all his income carelessly, at a time when he reaches his retirement, he will have to depend others for livelihood.

Many people plan to invest after making all the expenses. It will never happen. The favorable idea is to do the saving first and spent only the rest. This chapter introduces the importance and merits of financial planning to attain personal goals and also to reach a comfortable retirement life.

LEARNING OUTCOMES

The learner :

- *Understands the concept and purpose of financial planning.*
- *Identifies the concept and need for portfolio management for retail investor.*
- *Creates a financial plan of action with the purpose of retirement, insurance and income tax savings.*
- *Identifies the steps in financial planning process.*
- *Understands the concept of establishing relationship with the client.*
- *Identifies various techniques to gather client data.*
- *Identifies the various methods to determine the goals and expectations of the client.*
- *Analyzes client objectives*
- *Identifies the need of the client and the financial situation.*
- *Evaluates the strategies for financial planning*
- *Constructs financial plan to present before the clients*
- *Applies the plan into action.*
- *Evaluates the outcome of the financial plan*
- *Identifies the importance of professional selling.*

Financial planning

Figure 4.1

People always think it is not possible to fulfill their goal or dreams without having a high salary or belonging to a rich family. Life is full of competing priorities . Everyone has got a wish list of things like, buying a house, having children and paying for their educations and weddings, and having enough money for a comfortable retirement. But unexpected expenses like a broken-down car or hospital bill can strain yours finances. A financial plan can put you in control so you stay on track regardless of what life throws at you. This necessitates saving and investing in the types of financial vehicles that are specially designed for your objectives

Financial investment

A **financial investment** is an asset that an investor put his money with the hope that it will grow or appreciate into a larger sum of money. The idea is that he can later sell it at a higher price or earn money from it by keeping it . Mutual Funds, Fixed Deposits ,Bonds ,Stock ,Equities are examples of financial investments.

1. **Return:** All investments are characterized by the expectation of a return. In fact,investments are made with the primary objective of deriving return. The expectation of a return may be from income (yield) as well as through capital appreciation. Capital appreciation is the difference between the sale price and the purchase price. The expectation of return from an investment depends upon the nature of investment, maturity period, market demand and so on.

2. **Risk**: Risk is inherent in any investment. Risk may relate to loss of capital, delay in repayment of capital, nonpayment of return or variability of returns. The risk of an investment is determined by the investments, maturity period, repayment capacity, nature of return commitment and so on.Risk and expected

return of an investment are related. Theoretically, thehigher the risk, higher is the expected return. The higher return is compensation expected by investors for their willingness to bear the higher risk.

3. **Safety:** The safety of investment is identified with the certainty of return of capital without loss of time or money. Safety is another feature that an investor desires from investments. Every investor expects to get back the initial capital on maturity without loss and without delay.

4. **Liquidity**: An investment that is easily saleable without loss of money or time is said to be liquid. A well developed secondary market for security increase the liquidity of the investment. An investor tends to prefer maximization of expected return, minimization of risk, safety of funds and liquidity of investment**.**

Financial Planning

Financial planning is the process of managing finances to achieve life goals. Life goals can include buying a house, saving for child's higher education or planning for retirement. It is the act of managing income, setting financial goals and allocating assets across investments . A financial planning process involves gathering financial information of the client , setting life goals, examining current financial status and coming up with a strategy or plan for how the client can meet his with current situation and future plans and reviewing this on an ongoing basis.

Financial Planning is done to meet the future plans of the investor. Hence it must be commenced at the earliest. The longer the investment allowed to grow, the greater would be their growth. There are many financial advisors like Insurance agents, Accountant, or an Independent Financial Planner . It is always better to seek the assistance of a Financial Planner . He can analyse all the aspects of the clients that include, budgeting and savings, Taxes, investments, insurance and retirement needs. The professional financial planning offers the following benefits

- Helps to understand the present Financial standing.
- Helps to eliminate the drawbacks in present method of Money management.
- Helps to evaluate the capability to fulfil the needs in desired time schedule.
- Helps to protect and grow savings and investments in a tax efficient way.
- Protect dependents and income from the unexpected and the unwelcome events.
- Increase the after-tax legacy you pass on to your beneficiaries.

Financial Planning Process

Figure 4.2

The financial planning process consists of the following six steps:

1. **Establishing and defining the client-planner relationship** - The financial planner explains or documents the services to be provided and defines his or her responsibilities along with the responsibilities of the client. The planner explains how he or she will be paid and by whom. The planner and client should agree on how long the relationship will last and on how decisions will be made.

2. **Gathering client data and determining goals and expectations** - The financial planner asks about the client's financial situation, personal and financial goals and attitude about risk. The planner gathers all necessary documents at this stage before giving advice. The planner collects qualitative and quantitative data of the client. The quantitative date includes family details, assets and liabilities, cash inflows and outflows, insurance policy details, history of tax returns, investment details, business information etc. along with that qualitative information concerning the clients life goals, lifestyle health status, risk tolerecne level, emplopykent status, hobbies, attitude etc are alos considered.

3. **Analyze client objectives needs and financial situations** - The financial planner analyzes client information to assess his or her current situation and determine what must be done to achieve the client's goals. Depending on the services requested, this assessment could include analyzing the client's assets, liabilities and cash flow, current insurance coverage, investments or tax strategies. He also assess the net worth of the client considering both the values of assets and liabilities along with his savings capacity by comparing his income and expenditure.

4. **Developing and presenting the financial planning recommendations and/ or alternatives** - The financial planner offers financial planning recommendations that address the client's goals, based on the information the client provided. The planner reviews the recommendations with the client to allow the client to make informed decisions. The planner listens to client concerns and revises recommendations as appropriate. The financial planner address the client objective and present alternative recommendations and he identify and evaluate various strategies and helps the client to select most suitable alternative.

5. **Implementing the financial planning recommendations -** The financial planner investigates and recommends products or services suitable to the clients financial situations along with addressing the clients objectives, need and priorities. .He also suggests the procedure to make the investment, documents required and the parties to be consulted to make that investment

6. **Review and Monitor the financial plan**- The client and financial planner agree upon who will monitor the client's progress toward goals. If the planner is involved, he or she should report to the client periodically to review the situation and adjust recommendations as needed. **The review process may include**

- check whether the client is on the track to achieve his objectives.
- Ensure that the planned contributions from the client's savings are happening towards his/her investments.
- Make sure that return being generated by the investments should be monitored and rebalancing of investments should be made as per the the asset allocation strategy
- Confirming that the financial planning recommendation agreed on by the client and planner have been implemented
- Assessing the progress towards the achievement of the financial planning recommendations
- Re-evaluating initial assumptions made by the planner for reasonableness
- Determining whether changes in the client's circumstances or objectives require adjustments to the financial plan
- Mutually agreeing on any changes that may be required

Assessment Activities

1. *List out the events that may cause change in the financial goal of person.*
2. *Draw a chart* showing the financial Planning process.

Portfolio management

Portfolio is a group of financial assets such as shares, stocks, bonds, debt instruments, mutual funds, cash equivalents, etc. A portfolio is planned to stabilize the risk of non-performance of various pools of investments

Portfolio management is the art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance. Portfolio management refers to managing an individual's investments in the form of bonds, shares, cash, mutual funds etc so that he earns the maximum profits within the stipulated time frame.

Need for portfolio management

(1) Portfolio management presents the best investment plan to the individuals as per their income, budget, age and ability to undertake risks.

(2) Portfolio management minimizes the risks involved in investing and also increases the chance of making profits.

(3) Portfolio managers understand the client's financial needs and suggest the best and unique investment policy for them with minimum risks involved.

(4) Portfolio management enables the portfolio managers to provide customized investment solutions to clients as per their needs and requirements.

Portfolio manager

An individual who understands the client's financial needs and designs a suitable investment plan as per his income and risk taking abilities is called a portfolio manager. A portfolio manager is one who invests on behalf of the client.

Financial planning for insurance

Insurance is a risk-financing technique that involves the transfer of the financial burden of risk from one party, called the insured, to another party called the insurer for a price (premium). All true insurance involves pooling together a large number of similar risks by the insurer as a method to make losses more predictable and thus reduce risk.

Insurance planning is the process of analyzing what types of insurance is needed for the protection of a person's assets and ability to create assets. Insurance planning is critical so that major risks for the client are covered. Insurance covers only financial loss which is caused by various risk. The planner needs to help the client identify the risks that he/she may exposed to and construct a plan of action to provide adequate insurance against those risk. As part of this the planner needs to plan for

- Life insurance cover-to maintain their existing life style after the death of a loved one
- Medical insurance cover-to pay medical bills
- Disability insurance cover-to ensure continuity of income
- General insurance cover-to replace or repair tangible assets held by the client
- Whatever is insured, the insurance comes down to **two** categories:
- Protection of assets
- Protection of one's ability to produce assets.

Steps in Insurance planning process

Step 1 -Establish client relationships. This step in the planning process gives you the opportunity to build rapport with your client. You will also discuss what work you'll do for the client (business insurance, personal insurance, etc.). Any fees separate from the sale of the insurance policy are discussed. Normally, a fee is charged only for complex insurance planning or business planning.

Step 2-Gather data from the client. This involves getting information about the client's financial situation, including current insurance policies he has in force, his investments, his debts and his disposable income. In the context of insurance planning, you'll discuss how the client feels about risk. You'll also help him determine what his insurance goals and needs are.

Step 3-Analyze the client's data to determine how she will meet her insurance goals. Use illustration software your insurance company provides to run insurance quotes. Determine what type of coverage she needs for life insurance, as well as liability or property and casualty. For life insurance, you must determine whether a term life, whole life, universal life or variable life insurance policy would be appropriate based on the risk tolerance of the client and her financial goals.

Step 4-Develop and present recommendations to the client. All of your analyses and insurance policy illustrations should be organized and explained to him in simple terms he can understand. When making your recommendation, you may also need to help the client with budgeting so he can afford to purchase the insurance policy he needs.

Step 5-Implement the recommendations and make the insurance sale. Have the client fill out an application for life, auto, home, liability or any other type of insurance she needs and collect all pertinent data for processing the application. This includes all state mandated forms in addition to the basic application.

Step 6-Monitor the recommendations. Periodically, you should review your client's insurance coverage and advise him regarding how much insurance he needs based on his assets and financial goals

Income Tax planning

Tax planning may be defined as an arrangement of one's financial affairs in such a way that without violating in any way the legal provisions, full advantage is taken of all tax exemptions, rebates, allowances and other reliefs or benefits permitted under the Act. Tax planning is supposed to used as part of of the overall strategy and not independently. Clients require tax planning so as to maximize their cash flows for other activities. The financial planner role is not to prepare the clients income tax return ,rather, it is to identify potential tax saving opportunities. Depending upon the prevalent laws, tax saving may be available on investments made in insurance, stocks etc:-.The financial planner's job is to help the client minimize taxes, not to evade them

The most popular instruments for investing for the purpose of income tax planning to save tax are

- PPF(Public Provident Fund) accounts
- Five year tax saving fixed deposit
- Equity oriented mutual fund
- Pension plan
- Contribution to employee provident fund
- Life insurance policy
- National saving certificate
- National pension scheme
- Medical insurance scheme

- Medical treatment for handicapped dependence
- Treatment of specified diseases
- Home loans
- Education loan for the higher education of himself ,spouse. children or the student of whom he is the legal guardian
- Rajeeve Ghandhi equity saving scheme
- Long term capital gain
- Long term capital gain from the sale of equity shares
- Donation for charity, philanthropic purpose, and national relief fund

Retirement planning

Retirement planning is the planning one does to be prepared for life after paid work ends, not just financially but in all aspects of life. The non-financial aspects include such lifestyle choices as how to spend time in retirement, where to live, when to completely quit working, etc.

There are many reasons for retirement planning .

1. **Increase in life expectancy:** Our generation will live longer than previous ones due to improved medical and healthcare, implying the need to gather enough funds that can sustain longer life. This also implies that the healthcare needs and expenses are likely to haunt us.
2. **Shortfall in Employer Funded Pension/Pension Funds :** The employer or government funded pension schemes are less likely to sustain the income needs post retirement. The pension that one may receive from these schemes will not be sufficient to maintain the lifestyle. This is the reason many individuals world-wide supplement their state or employer funded retirement plans with self-funding- i.e. pension plans.
3. **Change of social structures:** In spite of family support, many retirees don't prefer depending on the relatives or children for meeting post retirement ex-penses. Maintaining independent lifestyle is sustainable only when backed with a financial cushion.
4. **Lack of social security system:** There is no social security system in our country. Hence one has to plan to build the entire corpus to help meet the regular income or any contingency post retirement.

5. **Desire to remain contributor:** The want to contribute to the family by providing and supporting the kids or grand kids at milestones of their life remains even after retirement is inevitable. Starting an independent venture is also an emerging trend. These can be fulfilled only when one is financially self-reliant.
6. **Rest and relaxation:** After fulfilling all your responsibilities, you may want to build a retirement corpus to go on holidays, to pursue a hobby etc.

Keeping all points in mind the financial planner is to carefully evaluate the lifestyle of the client and plan for his/her retirement. The purpose of planning is to ensure that the client will be able to maintain his/her current standard of living after retirement ,even in the absence of regular cash inflows by way of income. For this ,a financial planner will need to discuss the following aspects of retirement with clients

- Discuss with clients as to type of lifestyle they wish to lead after retirement
- Help the client in setting realistic retirement goals
- Determine the total amount of money that a client needs for retirement. This is usually done by going through a retirement need analysis

The planner needs to create a clear strategy to create sufficient financial resources to meet the retirement needs of the clients

Existing pension products available in India

- Civil pension scheme for all and state government employees
- New Pension Scheme for all citizens . The scheme is for economically disadvantaged and not financially well.
- Employee pension scheme providing pension to members, widows, widower, children, orphans, physically disabled members, dependent parents, nominee. It is managed by employee provident fund organisation
- Micro pension scheme by various microfinance institutions .Poor encouraged to save very small amounts and after fixed years start getting pension
- Annuity Schemes launched by insurance companies and regulated by Insurance Regulatory and Development Authority
- National Social Assistance program presently, comprises of five schemes, namely - •National Old Age Pension Scheme •National Widow Pension Scheme •National Disability Pension Scheme •National Family Benefit Scheme and •Annapurna – subsidised food security through public distribution system
- Employee provident fund -Retirement savings for salaried employees Public provident fund
- Public provident fund for all residents of India

Assessment Activities

1. *Give reasons for retirement planning*
2. *Name the most popular instruments for investing to save income tax*

TE QUESTIONS

1 Mutual funds, fixed deposit, bonds, stock, equities are examples of ....investment.

2 ....is an ongoing process to help you make sensible decisions about money that can help you achieve your goals in life.

3 ____________ refers to managing an individual's investments in the form of bonds, share, cash, mutual funds etc for maximum returns in a stipulated time.

4 ....is the process of analyzing what types of insurance is needed for the protection of a person's assets and ability to create assets.

5 While you can seek financial guidance from any number of people only _______are able to give formal advice

6 Financial management, asset management, risk management, retirement planning, estate planning are components of ________________

7 _________enable the financial planner, the client, and the other advisors, to obtain a clear picture of financial situation of the client.

8 Prepare a list of most popular financial instruments for investing for the purpose of income tax planning.

9 List out various pension products available in India.

10 Make a note on diversification of investments as a means to reduce risk. Provide examples.

11 Explain the important steps to be considered by the financial planner for establishing a good relationship with the client.

12 Discuss financial planning needs and expectations of the client

13 Discuss the financial planning process with the client.

UNIT 5.

PROFESSIONAL SELLING IN FINANCIAL SERVICE SECTOR

Introduction

In today's world of fierce competition, the salesman must be equipped with cutting edge competency to win the market over his counterparts. He would have to equipped himself with right skills to satisfy the customer to the maximum level for maintaining a long term mutually beneficial relationship . In the process he must chart out strategies to tackle the situation in a professional way to win the confidence of the customers . this chapter deals with techniques that would groom a salesman to do sales related activity in a professional way.

LEARNING OUTCOMES

The learner:

- *Attains competency required to become a professional salesman.*
- *Practices skills required for personal grooming.*
- *Recognises the importance of time management in professional selling*
- *Recognises the importance of stress management in professional selling*
- *Understands the concept and importance of Relationship management*
- *Identifies the activities for lead generation.*
- *Identifies the importance of follow up in lead generation*
- *Understands the importance of teamwork in selling*
- *Critically analyzes various situations in selling*
- *Understands how to negotiate.*
- *Recognizes the importance of communication in product presentation*
- *Understands professional etiquettes through practicing email etiquettes, Netiquettes, business meeting etiquettes,*
- *Understands the importance of customer service during and after the sale.*
- *Understands the ethics in selling.*

Professional selling

Customer sophistication, fierce competition, commoditization , price obsession, complex sales cycles, globalization, changes in buying behaviors are the various challenges. Even in the face of these challenges, new sales opportunities are pursued and won. To capitalize on these possibilities, a salesperson must have superior selling skills—skills that build customer trust and differentiate you from your competitors.

Professional Selling is "The holistic business system required to effectively develop, manage, enable, and execute a mutually beneficial, interpersonal exchange of goods and/or services for equitable value."

It can be also defined as "The interpersonal communication process in which a seller uncovers and satisfies the needs and wants of a prospect to the mutual, long-term benefit of both parties."

A salespeople has to

- Gain the skills critical to developing solid business relationships while improving sales performance.
- Increase their long-term effectiveness by becoming knowledgeable business consultants.
- Acquire critical skills efficiently through learner focused activities.
- Gain a reliable method for continually evaluating and improving skill development.

Professional selling techniques

A seller needs to understand and train on certain techniques inorder to be a professional seller. Some of the professional selling techniques are listed below:

1. **Outcome Setting**

The best salespeople probably make fewer sales calls - but better ones. They understand that the best persuasion techniques in the world work much better with some planning behind them. They **focus a lot of effort on preparing for a call**. They determine the logical next step for each meeting. Then, working backwards, they think about what they need to do to make this outcome a reality. They look at every idea they come up with from their customer's perspective.

2. **Stress Control**

If you are in a good state of mind, your language will flow easier, you'll gain rapport instantaneously, you will sound more convincing and you'll get the information you want faster. The skill is being able to control the stress and walk into the sales meeting focusing on the client.

3. Rapport

The professional selling skill of Rapport is one of the most important selling skills. Rapport is the process of establishing and maintaining a relationship of mutual trust and understanding between two or more people. When people are in rapport there is mutual responsiveness.

4. Time & Self Management

Most salespeople are out on the road. Often, without someone to keep them organised. Top salespeople plan their time and utilize their time efficiently and effectively and will make the clients feel that they value their time also.

5. Listening

Listening Skills are essential if one want to be a good salesperson. Listening shows respect for the client. It also allows to hear what's really important to them and to spot needs when they arise. It also allows to learn more about the customer themselves.

6. Questioning

The questions to ask the prospect should be aimed at finding their pain (i.e. their problem) and how big a problem it is. Questions should focus on the effects of the problem, which in turn focuses the prospect on all the benefits they would gain in solving the problem. Questions should be to understand the prospects.

7. Language

Successful sales people are very good at the use of language.They are very good at reframing an objection to appear like a benefit. They can use language to minimize a shortcoming of their product and make the benefits of their offering seem more important in the eyes of their prospect.They use language to control the focus of their prospects attention.

8. Handling Objections

Uncovering and handling objections is one of the most important professional selling skills a salesperson can have.

9. Closing Skills

There are hundreds of closing methods. The ones I list below are used often. The Judger / Perceiver Close can be extremely effective if used correctly and on the right person.

10. Practice.

The most professional salespeople practice all the skills mentioned above. They practice until they are masters at them to acquire competence.

Assessment Activities

1. *Expalin the common professional selling techniques applicable for the sale of financial products.*

Personality Development

Personality is the sum total of the impression made on people with whom one comes in contact. It is the ability of a person to impress others favourably. It can be referred to as the sum total of inner self and outer self. Components of a good personality are personal appearance, charm, attitude and character. Hence with proper grooming, charm in communication, manners and body language, positive attitude towards everything and good impressive character.

Personality Development quintessentially means enhancing and grooming one's outer and inner self to bring about a positive change to your life. Each individual has a distinct persona that can be developed, polished and refined. This process includes boosting one's confidence, improving communication and language speaking abilities, widening ones scope of knowledge, developing certain hobbies or skills, learning fine etiquettes and manners, adding style and grace to the way one looks, talks and walks and overall imbibing oneself with positivity, liveliness and peace. Hence proper grooming, bringing charm in communication, manners and body language, having positive attitude towards everything and developing good character are the ways through which one can develop the personality,.

The success of a salesman depends to a great extent on his ability to impress upon the customers. This is the first and foremost requirement of a salesman. The development of a good sales personality, therefore, is an important prerequisite for the success of the salesman in selling. In simpler terms, sales personality is the sum total of all qualities like the appearance, character, habit, etc. which make a good and favourable impression on the prospects. Personality development is hence important as it enables people to create a good impression about themselves on others by realizing our capabilities and strengths making them feel stronger, happier and cheerful that helps them to build and develop relationships, helps in the career growth and also helps to improve the selling skills.

Time Management

Management is the process of organizing and planning how much time you spend on specific activities. It is the act or process of planning and exercising conscious control over the amount of time spent on specific activities, especially to increase effectiveness, efficiency or productivity.

Failing to manage your time effectively can have some very undesirable consequences:

- Missed deadlines.
- Inefficient work flow.
- Poor work quality.
- A poor professional reputation and a stalled career.
- Higher stress levels.

For salespersons, time is the most valuable asset. The scarcest resource in sales is time. Most sales people do a lot of different things during the course of a normal workday. But usually only two or three of those activities directly contribute to making sales. As it's important in ensuring that they are spending their time on those activities that lead to the highest return-on-time, directs to the need of time management by the sales persons

The benefits of time managements are

- Greater productivity and efficiency.
- A better professional reputation.
- Less stress.
- Increased opportunities for advancement.
- Greater opportunities to achieve important life and career goals.

A salesperson need to have all these advantages and they can achieve these benefits if

- they use their diaries extensively
- they focus on the priorities
- they are disciplined
- they remember to bring their sales aids with them
- they carry change for the parking meter or motorway

- they always have business cards with them
- they always carry a pen and notebook
- they are on time
- they are organized.

Stress Management

Stress management refers to the wide spectrum of techniques and psychotherapies aimed at controlling a person's levels of **stress**, especially chronic **stress**, usually for the purpose of improving everyday functioning. More than any other position, sales can be extremely stressful. Talking to clients or potential customers on the phone, meeting monthly or weekly goals and managing the pipeline all contribute to a large amount of stress that can have a negative impact on both professional and personal life.

When suffering from stress, its unable to utilize previous knowledge or training and instead resort to an automated response of shutting down or convincing that we cant reach the goal. In sales, losing confidence can be paralyzing. When stressed out, we can't establish a good rapport with the customers, can't understand their needs and hence can't be successful in sales.

Some steps to manage the stress are

- Managing time
- Reducing work load
- Delegating tasks
- Taking breaks often
- Developing professional skills

Relationship Management

Relationship management is a strategy employed by an organization in which a continuous level of engagement is maintained between the organization and its clients. Relationship management can be between a business and its customers (customer relationship management) and between a business and other businesses (business relationship management). Relationship management can be done through methods such as efficient communication, implementing measures to improve customer services provided, managing disputes raised by customers and conflict resolution between customer and company.

Importance of Relationship management

In today's digital world, where the customer has a lot of options to fulfill their demands i.e. when supply exceeds demand, the only way to maintain our customers is through maintaining relationship with them. Development of this type of bonding drives the business to new levels of success. Relationship management focuses on creating value for the customer and the company over the long term. When customers value the service they receive from suppliers, they won't look for alternative suppliers for their needs. Thus relationship management helps to gain a competitive advantage over competitors.

In the financial service sector, where the products are highly regulated and are of mostly the same nature, maintaining relationship is the only way to sell our products. The product dealt here is money, and the service is not tangible like many other products. In such a circum stances, building trust and confidence of the investor and maintaining it is very vital for the smooth running of the business. Marketing begins and ends with customer where as in financial service marketing, it begins and ends with customers trust and relationship. Once such a relationship is built, it will form a strong foundation for the business on which, the same customer will be doing more investments.

Relationship management helps to

- Reduce costs
- Increase customer satisfaction
- Maximize the opportunities through referrals, services etc.
- Long term profitability and sustainability

Preparation

A strong knowledge on the product, competitors products and the fundamentals of the companies dealing is very important thing. Before making an investment, an investor will ask many questions on the product, its return possibilities, and the risk associated with it. You must be willing to give answers to all the questions. Hence you must be very prepared on the products and the company. Also you must be able to prove your product is comparatively better and more suitable to the investors. You can use graphs and information from business magazine and internet for the purpose. Using any means you must prepare well before meeting the customer.

Activities for lead generation

Like other products, the chances of customer comes to you to shop investment is less. In the circum stances you will have to do a lot of activities to do the prospecting. Building a reliable and workable data base is the key to the success of any financial service business. It is your investment to the business unlike buildings or office for other business. Your aim is to make a good prospective clients data so that you can work over it. In the process you must ensure that, the data is usable, and the clients have enough investment capacity. Otherwise, a lot of time and energy will be wasted on less prospective data base. A good and reliable data base can be created by doing a lot of activities and activities must be designed to reach the potential prospective clients. The effort spent for activities will come back as return from business and investment of the customers. Still to minimize the effort, the activities must be sharp pointed towards the prospect. Then only it will create desired impact.

You can do group activities or individual activities. There are many gatherings where the financially sound people attend. You can give demonstrations, or exhibitions at such counters, provide brochures or leaflets or do some other activities to gather attention or to collect the contact number of the customers. Also you can do many contests for the participants or lucky draws. On designing such schemes, it must be ensured that, the sole purpose of your activity is to get the contact details of right prospects.

Follow up

Follow up on the lead generation is a most important activity. It must be done at the earliest. The sooner you do it after the activity, the chances for conversion is more. With every late on time, the chances of conversion will be lessen. The persons must be contacted on the contact number and informed about your business. Politeness and courtesy is very important thing to be kept in mind on making the call.

On calling, you must ask for an opportunity to meet the prospect. Ask him for an appointment.

Team Work

Traditional sales involves the “lone wolf” strategy, in which one salesperson works independently. However, businesses are increasingly realizing the value of team sales that involve collaboration between team members. Team work in sales leads to

- **Making the sale**

When team members make a sales pitch together, they give each other confidence.

They're working with a colleague they're already familiar with, rather than just talking with a stranger alone. Plus, they may not feel that the sale depends solely on them, helping them to relax more. They're also more likely to address all the important aspects of the product or service and the sales contract, because if one person forgets to mention something, the other probably will.

- **Educating sales staff**

Working in teams also helps sales staff analyze its selling strategy. Team members observe what works or doesn't work in a sales pitch when they watch their colleagues talk with customers. Furthermore, having less experienced team members work with more experienced employees helps them to learn.

- **Building Relationships**

Sales work need not involve only sales staff. Bringing non-sales staff whom the customer would be working with later can build confidence in the company, allowing these staff members to share their expertise. Through this the client will feel more comfortable which will help the sales person to be relax and thus make the conversation more interesting and thus turn this into a good relationship.

Critical Thinking

Critical thinking is the ability to think clearly and rationally about what to do or what to believe. It includes the ability to engage in reflective and independent thinking. Someone with critical thinking skills is able to do the following : understand the logical connections between ideas. Critical thinking is an important skill for sales teams. The true need is for sales teams to go beyond understanding critical thinking concepts. Even more important is the ability to: • Make the connection between the concepts • Apply critical thinking concepts in a concrete way • Make critical thinking a standard approach to the daily work of the sales team To accomplish this, sales teams must understand the critical thinking path and be able to apply it to business situations they encounter in their everyday work. The results of developing strong critical thinking skills in the sales force are well worth the investment.

Negotiation Tactics

Negotiation tactics are the detailed methods employed by negotiators to gain an advantage over other parties. Even if a salesperson has properly qualified a prospect and correctly managed their expectations through the sales process, the deal can still end in a negotiation. The rep then needs to shift gears from consultant to negotiator in order to engineer an agreement that's a win-win for both their own and their prospect's companies.

1. Sell first. Negotiate second.

Too many salespeople are willing to negotiate at the drop of a hat. Don't get into that habit. Rule is to sell first and allow the customer to reject your unique selling proposition twice before even thinking about negotiating.

2. Don't negotiate on price.

Negotiate on services you can provide at a low cost but the customer will perceive as being high in value. Once you give the customer a lower price, they'll expect it each time.

3. Never interrupt a customer and, by all means, always allow the customer to speak first.

4. Time is the greatest negotiating tool you have.

The more you can know about the customer's timeline, the better. Conversely, the less the customer knows about yours, the better off you will be.

5. Don't start any negotiation until you know exactly what it is the customer wants.

You must find out what their expectations are and what their objections are. This is what the selling process is all about. The customer will be far more truthful with you during the sales process phase than they will be during the negotiation phase.

Presentation Skill

Presenting information clearly and effectively is a key skill to get the message or opinion across and, today, presentation skills are required in almost every field.

When you have the tools to feel confident, audiences feel more comfortable, and the atmosphere becomes more conducive to persuasion. Hence in the field of sales, presentation has a great part to do.

critical thinking—negotiation tactics—presentation skills—group discussion—professional etiquettes-e mail etiquettes Nelliquattes business meeting etiquettes—dining etiquettes - Servicing the customer-Maintaining relationship-Ethics in selling

6 elements to develop an effective presentation skill are

1. **Be Prepared** - Being prepared is by far the most important element. As a general rule, you should spend about 30 hours of preparation and rehearsal time for every hour you will be speaking.
2. **Give of Yourself** - Use personal examples and stories in your speech whenever possible.

3. **Stay Relaxed** - To stay relaxed you should be prepared. Also, focus on your message and not the audience.
4. **Use Natural Humor** - Use natural humor by poking fun at yourself and something you said or did.
5. **Plan Your Body & Hand Positions** - During the practice of your speech look for occasions where you can use a gesture When you do move maintain eye contact with the audience.
6. **Pay attention to all details** - It is very important that you pay attention to even the smallest details.

Assessment Activities

1. Expalin the customer relationship techniques adopted in a bank situated near to your locality
2. Arrange an exhibition on time management with posters on the benefits of time management

Professional etiquettes

Professional etiquette is an unwritten code of conduct regarding the interactions among the members in a business setting. When proper **professional etiquette** is used, all involved are able to feel more comfortable, and things tend to flow more smoothly.

Following etiquettes plays a very important role in practicing Professional etiquettes in today's highly competing environment

E mail etiquettes :- Email etiquette refers to the principles of behaviour that one should use when writing or answering email messages**.** Because email is less personal than a phone or in-person conversation but quicker to send than a letter, it is possible for serious breaches of manners to take place. The rules below comprise an overview of the most common principles of email behavior. The following rules should be kept in mind in this regards

- Include a clear, direct subject line.
- Use a professional email address.
- Think twice before hitting 'reply all.'
- Use professional salutations.
- Use exclamation points sparingly.

- Be cautious with humor.
- Know that people from different cultures speak and write differently.
- Reply to your emails — even if the email wasn't intended for you.
- Proofread every message.
- Add the email address last.
- Double-check that you've selected the correct recipient.
- Keep your fonts classic.
- Keep tabs on your tone.
- Nothing is confidential — so write accordingly.

Internet etiquette, is a set of social conventions that facilitate interaction over networks, ranging from Usenet and mailing lists to blogs and forums. The following rules should be observed in this connection .

Rule 1: Remember the Human

Rule 2: Adhere to the same standards of behavior online that you follow in real life

Rule 3: Know where you are in cyberspace

Rule 4: Respect other people's time and bandwidth

Rule 5: Make yourself look good online

Rule 6: Share expert knowledge

Rule 7: Help keep flame wars under control

Rule 8: Respect other people's privacy

Rule 9: Don't abuse your power

Rule 10: Be forgiving of other people's mistakes

Business Meeting etiquette

In connection with business meetings, the following points should be kept in mind by the salesman

- ✓ Arrival—Arrive to the location of the business meeting at least 15 minutes early. This allows to find a seat and get situated before the meeting starts.

- Agenda—The chairperson of the meeting should circulate a meeting agenda to each participant at least one week in advance. Participants should call the chairperson to express any concerns about the agenda at least 48 hours prior to the meeting. The chairperson and concerned participant will then have time to determine if changes need to be made. The agenda should also mention the meeting's start and ending times as well.
- Be Prepared—Each participant should come to the meeting with all of the materials and data she will need and an understanding of the meeting topic.
- Breaks—Meetings should have a break every two hours. Breaks should be 20 minutes long, and meal breaks should be 30 minutes long.
- Attire—The chairperson should indicate what kind of attire is required for the meeting, either business casual or business formal, and participants should follow that rule. A representative listing of the attire would be helpful as participants may have differing views on what business casual and business formal is. For example, when listing the meeting as business formal, you can indicate that a button-down shirt and khaki pants are sufficient.
- Speaking—Keep the meeting organized by only speaking when you have the floor. Ask questions during the designated question period, and raise your hand to be recognized by the chairperson as having the floor. Do not interrupt someone while they are speaking or asking a question.
- Listen—You may find that many of the questions you have about a topic are answered by the content of the meeting. Listen attentively to the meeting and take notes.
- Nervous Habits—Avoid nervous habits such as tapping a pen on the table, making audible noises with your mouth, rustling papers or tapping your feet on the floor.
- Cell Phones and Laptops—Turn off your cell phone prior to the start of the meeting. If you are expecting an urgent call, then set your phone to vibrate and excuse yourself from the meeting if the call comes in. Unless laptop computers have been approved for the meeting, turn yours off and lower the screen so that you do not obstruct anyone's view.
- Guests—Do not bring unannounced guests to a meeting. If you have someone you would like to bring to a meeting, then contact the chairperson for permission to bring your guest. If permission is not granted, then do not bring him.

Ethics in Selling

Ethics are the moral principles and values that govern the actions and decisions of an individual or group

The purpose of selling to make business. But in the process, the seller the must follow some ethical values to maintain the relationship with the customer and also to continue the business in the long run. The following rules shall be kept in mind in doing the business.

1. Responsibility to consumers- The customers are the biggest asset. A trust must be built between the client and the salesperson, which shall be the foundation for future business. You must be always honest about your service, the products and the company.
2. Responsibility to our concerns-All salespersons must be responsible to themselves, for doing what they believe is good or bad, right or wrong, and is based on their own concerns or moral standards. By acting ethically, sales people increase their self esteem, self image, and self confidence and do the sales for their company as well as the customer.
3. You must not sell a product if you are not confident about it.
4. You must not give false commitments to make sales, and if you have given it, you have responsibility to abide it.
5. You must not suppress facts to make sales.
6. You must analyze the financial position of the customer before suggesting the product to him.
7. You must not misuse the customers' money.
8. You must abide by company rules.
9. You must not mislead the customers with false projections.

A professional seller will always value relationship over sales, organizational values over personal gains, and social responsibility over financial gains. A salesman in financial sector, dealing with intangible products, will succeed, only through maintaining ethical values, by creating a large customer base in the long run. By valuing the needs of the customer, working in tune with the company's objectives and keeping ethics and morality in dealings, a sales person can build a sustainable business over the long run.

Customer Service

Customer service is the provision of*service* to*customers* before, during and after a purchase. Whether the financial institution is worldwide or local, there are several customer service strategies that can be employed to earn the good favour of customers.

1) Little "Things" Matter

Finance is an industry where relationships are everything and in most cases will be the reason why a client chooses one advisor or bank over another. Focus on the small details that the client provides—his or her preferences and favorite things—and commit a random act of kindness to follow-up with those details.

2) Emphasize Security

With all the recent hacking of sensitive information, customers need to be reassured of their privacy and security.

3) Connect with Community

One of the perceptions of financial institutions is that they charge too many fees and are greedy. To combat this viewpoint, organizations should consider becoming involved with their communities

4) Make Technology a Helpful Tool

Technology is often needed for efficiencies and convenient access. Many of the customers don't have time to actually get to know anyone at the bank or in the loan department, and sometimes a financial institution is too large to give single point-of-contact service. This means your customers are either visiting your website to obtain information, or they are at the mercy of the dreaded 1-800 service center. However, if these resources are managed correctly, they can be useful assets and add to the customer experience.

Assessment Activities

1. *Make a poster incorporating E mail etiquettes and net etiquettes*
2. *Prepare a note on the customer service experienced by you.*

TE QUESTIONS

1. You are a customer relationship manager in a leading bank. List out the things you should care about your appearance to make customer feel confident about you.
2. You are a telemarketing executive of a bank. Make an appoint with customer. Prepare a suitable telephonic conversation.
3. Prepare a survey questionnaire to find the satisfaction of customer with regards to the service provided by the bank employees.
4. You are a sales manager of an insurance company. You are giving training to an agent. Prepare a note to convince him that only by managing time effectively, he can be successful in business.
5. You are the manager of a new generation bank. You are starting a new branch in a city. Make a list of activities to make a prospective customers data base.
6. Modern marketing is relationship marketing. Do you agree? Justify your points.
7. After sales servicing of a customer is more important than pre sales activities. Elucidate the statement with examples in financial service sector.
8. You are the manager of a bank. A customer comes to your cabin angrily, stating that, Rs. 1000 is lost from his account. Explain the methods of handling the customers.
9. Make a note on the benefits of team work in a customer management of a financial institution.
10. Prepare a note to be presented before a customer about the benefits of internet banking offered by your bank.

Extendend Activities

1. *Visit an online share trading firm to understand the trading operations*
2. *Visit a new generation Bank to know its operation.*
3. *A Case study based on Indian financial market.*
4. *Mini Project to understand the consumer behaviour of one financial product.*

List of Practical Activities

1. Chart showing different elements of financial system
2. Chart showing different products in financial markets
3. Diagram showing movement of NIFTY and SENSEX
4. Album showing different insurance products
5. Group exercise on prospecting in a bank
6. Group exercise on prospecting in an insurance company
7. Role play on handling customer complaints
8. Sales presentation of bank products using PPT
9. Interview with a manager of a leading bank
10. Calculation of commission of an insurance agent
11. Interview with KSFE manager on chitty marketing
12. Interview with a mahila pradhan agent
13. Stock market game on delivery holding
14. Stock market game on day trading operation
15. Interview with share trading firm manager
16. Stock market prediction game
17. Chart on foreign currency rates
18. Chart on gold ETF investments
19. Chart on different type of mutual funds
20. Chart on mutual fund investment
21. Financial Advisory web sites introduction
22. Chart on different NBFC products
23. Survey on financial goals of different customers
24. Case study on financial planning
25. Role play on financial planning
26. Portfolio designing for retail investor
27. Financial Planning calculation
28. Prospecting activity
29. Interview on prospecting
30. Group Discussion on unethical activities in selling
31. Chart on steps CRM
32. Mock Interview
33. Role play on handshake, stress management and time management

List of References

1. Ashish C Pius & Claudin Roacha, Capital Market and Investment Management, Pratiba Publications, Changanachery, 2015 PP :19-42
2. Benson Kunjukunju & Mohanan S. , Financial Markets, Kalyani Publishers, New Delhi 2010 PP:279-296,313-333
3. Chetan Bajaj, Nidhi Srivasthava and Rajnish Tuli, Retail Management, Oxford University Press,New York,2009 PP: 7 -25
4. Dave Chaffey,Fiona Ellis,Chadwick,Kevin Johnson & Richard Mayor, Internal Marketing, Pearson Education, U K, 2011 PP:214-225
5. Debraj Datta & Mahua Datta,Marketing Management, 2nd Edition, Vrinda Publications, New Delhi,2009 PP:761-768,795-797.
6. George A & Anish Thomas, Capital markets, Prakash Publications, Changanachery, 2010, PP:156-160
7. Gupta S L,Ramesh Mittal & Ruchi Nayyar, Retailing and e-tailing, International book house, New Delhi,2011 PP:61-70,413-420.
8. Jay Diamond & Gerald Pintel, Retail Buying, Pearson Education, 8th Edition, 2008 PP:21-30.
9. Jha S M,Services Marketing, Himalaya Publishing House, Mumbai,2005 PP:102-159.
10. Madan K V S,Fundamentals of Retailing, Mc Graw Hill Education (India) Pvt. Ltd. New Delhi, 2013 PP:192-206.
11. Ravishankar , Services Marketing-The Indian Perspective, Excel Books, New Delhi,2008 PP: 275- 288
12. Life Insurance IC33, Insurance Institute of India, Mumbai 2013
13. General Insurance IC 34, Insurance Institute of India, Mumbai 2013
14. Sahni N K & Mani Parti, Retail management Text & Cases, Kalyani Publications, 2012.
15. SEBI Financial Education Resource Person's Hand Book, published by SEBI

APPENDIX

GLOSSARY

AVS - Access Verification Code

CNP - Card Not Present

PCI - Payment Card Industry

PCIDSS- Payment Card Industry Data Security Standard

FMCG - Fast Moving Consumer Goods

BSE - Bombay Stock Exchange

NSE - National Stock Exchange

SEBI - Securities Exchange Board of India

RBI - Reserve Bank of India

PPF - Public Provident Fund

FCB - Fully Convertible Bond

MNC - Multi National Company

BOLT - Bombay Stock Exchange Online Trading

DSA - Direct Sales Associate

EMI - Equated Monthly Installment

CASA - Current Account Savings Account

ULIP - Unit Linked Insurance Plan

RTA - Road Transport Authority

CAGR - Compounded Annual Growth Rate

NAV - Net Asset Value

AGR - Annual Growth Rate

SIP - Systematic Investment Plan

PMS - Portfolio Management Service

ETF - Exchange Traded Fund

NBFC - Non Banking Financial Company.

SAS - Standardized Agency System

FEMA - Foreign Exchange Management Act

KSFE - Kerala State Financial Enterprises

IPO - Initial Public Offering

UTI - Unit Trust of India

PSU - Public Sector Undertaking

IFA - Indian Finance Authority

CRM - Customer Relationship Management

POS - Point of Sales

EDC - Electronic Data Capture

EAN - Electronic Article Number

UPC - Universal Product Code

GTIN - Global Trade Item Number

QR - Quick Response

AIDA - Attention Interest Desire Action

FAB - Features, Advantages, Benefits

OHS - Occupational Health and Safety.

PPE - Personal Protection Equipment

WHMIS - Workplace Hazardous Material Information System

OJT - On the Job Training.

WWW - World Wide Web

B2C - Business to Customer

CVV - Card Verification Value

CID - Customer Identification