

Welcome. This module is a part of the course titled, Retail Management Strategies, which is part of the business management specialisation.

This module, which deals with product decisions, forms a part of Retail Major Decisions and it will cover retail product decisions pertaining to type of goods, life-cycle of goods and quality.

The learning outcomes will be: to recall aspects of retail product decisions and associate the decisions of the retailer with regard to the specified aspects.

Coming to the first set of product decisions that is for '**Type of goods**': It is important to note that products are also referred to as merchandise and the store offering is the merchandise mix. For successful retail operations, it is necessary for the retailer to provide the product as per the requirement of the customer.

Two common classifications of retail products are- Staple and Fashion goods. And second- Convenience, Shopping, Specialty and Unsought goods.

Staple goods are basic necessities like sugar, rice, salt. They have a steady demand. They can also be classics like white shirts, white socks, black trousers.

Fashion goods are those that are high in demand for a short period of time. They may be 'Seasonal or Fad'.

Seasonal goods are those that are in fashion or in high demand for non-consecutive seasons and Fads have a very high demand during short bursts of time, like the sporting season for example, where sporting merchandise is manufactured and sold.

The second category of goods: Convenience goods which carry a lower unit price. They are routinely purchased and they require less selling effort on the part of the retailer. They are easily available at various stores. Shopping goods carry a high unit price and are purchased infrequently. They may be purchased only by a certain section of shoppers. Examples of shopping goods would be -men's suits,or furniture.

Specialty goods are again higher in price and they require a special purchase effort on the part of the consumer. They may be sold in exclusively franchise stores. Examples include expensive perfumes and precious jewellery that are of specific brands.

Unsought goods are new and innovative products. They are unsought, maybe because of lack of consumer awareness or no interest of the consumer to purchase the product. Examples include funeral services, reference books for university students.

Apart from the decision on the type of products to be stocked, the retailer also needs to consider the 'Style' of the product that is the unique shape and form of the merchandise, the 'Assortment' that is the selection of merchandise by the retailer which includes the 'breadth' of product categories and, the 'variety' within each category.

The retailer also needs to consider the 'Variety' that means the number of product lines that are stocked. That will comprise the breadth of the merchandise assortment, which is the product lines. The depth of the assortment. That is the variety within each product line. For example, 15 dresses of five different sizes and of three different colors, and so on.

Consistency would be the degree to which the product types in the merchandise assortment are related.

We come to the second type of product decisions, which is the '**Life-cycle of goods**'.

After product development, The 'Launch' of the product is the first stage where sales are almost negligible because of lack of consumer awareness and advertising costs by the manufacturer are high.

The 'Growth' stage is where the sales of the product pick-up because consumer awareness and acceptance of the product keeps on growing.

'Maturity' is the peak of sales where there is a state of stagnation of sales.

And 'Decline' is where the product begins to decline in its level of sales.

At the launch stage of the product life cycle, which is the beginning of the sales cycle for new products, it is important for the retailer to host store events to educate consumers and also to perhaps highlight the product and feature those new products in the store, by offering a prominent place and offering free samples or discounts.

The growth stage is the stage where the products gain popularity with the shoppers. The retailer needs to ensure that there is sufficient stock of inventory. He also needs to keep up with the sales trends. The maturity stage is where consumers have sufficient product knowledge and experience, so the staff at the retail stores need to be very knowledgeable and provide the right information to their consumers more than what the consumers already know. It is also important for the retailer to ensure that there is an optimal level of inventory to meet the expected sales.

At the decline stage, consumers begin to lose interest in the product, perhaps because new products have already been introduced. It is important for the retailer here to monitor the sales pattern to avoid overstocking. The retailer may also consider stocking those products that are beginning to replace the ones that are in decline.

We come to the product decisions based on '**Quality**'.

Note that quality is different for tangible products, that is the merchandise offered and also for the service. Tangible products have measurement parameters like the physical attributes of the product that may be examined and measured when the quality has to be examined. When it comes to service, customer perception is measured against customer expectation. So service quality is actually perceived quality.

Quality parameters for the product or merchandise offered will cover 'Product features'- The performance of the product with regard to operational abilities.

The 'Reliability' of the product to perform well during normal circumstances.

'Conformance to standards' of safety and performance.

'Durability' in terms of how long the product is going to last.

'Serviceability' relating to after sales service.

'Aesthetics' in terms of the look, designs, smell, taste.

The 'Brand Image Association' and reputation of that particular product or merchandise.

Quality parameters for Service would be:

The 'Tangible aspects' of the service that cover the design of the store, the tools used to provide the service, the appearance of the employees, the appearance of the customers that visit the store.

'Reliability' of the service staff, to be able to provide the promised service dependably.

'Responsiveness' of the staff to attend to customer needs on a timely basis.

'Assurance' provided, that will encourage or enable trust and confidence.

And 'Empathy' on the part of the retailer to understand consumer requirements and anticipate their needs.

Thus, we come to the end of Product Decisions. These are the references for additional reading and the attributions for images and icons.

Thank you.