

Full Length Research Paper

Understanding retail strategy and shopping behaviour: Perspectives from a developing country

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This research indicates that in order for retailers to achieve their primary objective of increasing the amount of customer traffic into their stores, some powerful, highly effective and strategic tools that retailers possess need to be utilised in an effective manner – in order to meet their objectives. This research has been developed to examine the strategies that retailers can utilise – in order to influence the customers' preference to shop in their stores. From the multitude of strategic choices available for each decision, a retailer can choose any combination. A survey was conducted, in order to collect data on customer behaviour, recruiting, store design, retail marketing, Supply chain management (SCM), customer relationship management (CRM) – as well as a few other criteria – in the South African retail sector. This descriptive study establishes whether a retailer who makes an initial choice about which strategy to implement, complies with the existing understanding on the customers' preferences. Patterns and trends were detected when studying the determinants of various strategic retail combinations for retailers. The data indicated asymmetric evaluations of choices, in combination with a few distinct patterns. Additionally, a few associations between store preferences and price were identified with specific locations for the customers. Some combinations are more alike than others; and a concern exists that the pricing strategy in isolation fails to portray a complete picture. The study reveals that retailers should be more customer-focused; while at the same time, providing the requisite skills to their employees, in order to retain their existing customers, and to attract new customers.

Key words: Retailers, customers, merchandise, retail management, consumer behaviour.

INTRODUCTION

Knowing and doing all the right things when it comes to customers, suppliers and human resources in a business should gain that particular business a competitive advantage in retailing. The South African retail sector, and especially the grocery sector, has been affected by international players, such as Wal-Mart, who have entered the retail industry. Therefore, because of this global giant's presence in South Africa, the attitudes of customers are also gradually changing.

Due to an ever-changing competitive environment, retail entities that become pre-occupied with other non-competitive activities may not achieve the desirable

positive competitive results that they had expected. A significant amount of literature provides guidelines to retail competitive offerings (Kukar-Kinney et al., 2007; Meyer, 2008). In South Africa, the retail environment has followed similar global trends. Adding to the challenges faced by the retailers in South Africa, the retail environment has become characterised by the growth in networks of retail outlets. There has been a tremendous growth in the retail industry in South Africa. The sector provides customers with huge choices for shopping opportunities. The primary objective of any business is to maximise its profits, and to earn a good return on investments for the shareholders. Thus, retailers have to operate in a highly competitive industry, in an ever-changing economy, and with increasingly demanding customers. When the South African economy is viewed

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as a whole, it is difficult for any business, be it big or small, in any industry to effectively operate without any challenges. Shoppers are now more informed and can easily evaluate intratype against intertype shopping competition (that is, intratype-competition among firms in the same type of business for example, competition between one supermarket and another; intertype-competition among firms in different types of businesses which sell the same product). It is within this context that selecting and implementing an appropriate strategy can determine the long-term success or failure of a store.

This research concentrates on three aspects. Firstly, a review of the appropriate literature discussing the relevance of the people aspect in retailing, in order to achieve the competitive advantage, which will identify some of the disadvantages of not prioritising the human aspect of the business. Secondly, interviews with retailers from the various retail sectors are conducted to ensure a balanced view of the correct retail strategy. Thirdly, the research discusses the link between the literature review and the interviews conducted. Generally, most retail stores in South Africa (SA) follow the same type of retail strategy.

This may be categorised into headings, such as: the store, which includes (location, layout and aesthetics), the pricing structure, categorisation of products, which includes (branding and presentation), and customer services, which includes (free parking and third-party payments).

Store selection criteria and customer characteristics have always been marginalised. A similar judgment appears to have been reached over 12 countries worldwide, which have investigated customer behaviour across a spectrum of retail outlets. It has been found that store format is the biggest driver of customer behaviour (Soars, 2003). For example, the Americans are happy to travel a long distance to a store, with 115 different checkout points, to do their shopping (Soars, 2003). Meanwhile, in the UK, customers prefer to do their shopping in five to six checkout point stores (Soars, 2003). In South Africa, the situation is something of a mixed bag. Therefore, the emphasis should be placed on the strategic linkages among customer characteristics and store selection criteria. According to Gonzalez-Benito et al. (2005), store format refers to competing categories of retailers that match varying customer needs and shopping situations. Theoretically, a retailer may choose any combination of store format and other store characteristic strategies. Most large retailers use a variety of combinations to occupy several niches and serve different segments in the business environment.

If volume retailers, such as Massmart, are to understand fully the stores with which customers compare them, their outlook must be broader than a mere intratype-intertype approach. These volume retailers have to grasp how customers perceive their retail outlets, based on the various constituent factors of

positioning (Amine and Cadenat, 2003). Benoun and Helies-Hassid (1995) have broken down some variables that explain the retailers' positioning – into four categories, namely: the store (set-up, location, architecture, flow system, lighting), the assortment (size, product range, style, brand policy, presentation), pricing policy (overall price levels, price range) and services (personnel, business hours, parking lot, after-sales service).

Moreover, what is still expected is true pricing, that is, the unbundling of prices of the suppliers' costs of services, such as sales, merchandising and the actual distribution of the merchandise to the retail stores. This study focuses on how the customers' purchasing habits are formed, and which store attributes contribute to their return to the store. It also attempts to establish which variables that are related to the store location have an impact on the retailer's strategy, and how this impact might change if the retailers chose to focus wholly on an alternate strategy, such as pricing or quality.

In subsequent areas, a review of the literature will be presented, followed by the presentation of the South African retail sector. Next, the research methodology is provided. This is followed by the analysis and discussion of the findings. Finally, the study is concluded with some managerial implications and recommendations based on the results of the qualitative interviews.

LITERATURE REVIEW

In the South African retailing industry, customer confidence can be used as a measuring tool for the influence of spending behaviour. The most inconsistent factor in the economy is the human behavioural aspect. The South African market is experiencing higher inflation rates, due to the increase of fuel prices, electricity tariff hikes, and the cost of raw materials, which inevitably leads to increases in food prices, since retailers have to maintain their profit margins. Therefore, one of the events currently shaping the retail industry is the 'big goes small' aspect. Retailers are now moving away from the whole mindset of big stores, and they are venturing into smaller stores, fewer product assortments and bigger returns on investments. Customers are now more interested in convenience, simplification, and reach.

Over the past 25 years, there has been an increased requirement to satisfy the needs of customers. This has led to a renewed emphasis on customer retention and loyalty by retailers. A retailer who wishes to remain competitive and survive has to take cognizance of the behaviour of the customers (Terblanche, 1998). Moreover, as the South African economy and its society have changed – since the demise of the apartheid era, so have the habits of the retailers and the customers changed as well.

Customer attitude and behaviour expression both play

a significant role in considering whether the service is essential, expected or optional in the opinion of the customer. Furthermore, Terblanche (1998) stated that where a firm wants to project an image of high status, high quality and full-service provision, a wide range of customer services must be a prerequisite. On the other hand, the more status-conscious store will generally offer more customer services than the mass-appeal store.

Retailers spend large amounts of time and money ensuring that their staff know just the correct way to display their products, thereby making the shopping experience a natural progression for customers who might merely be window shopping. It was further suggested by Lewison (1997) that window displays with appropriately arrayed and naturally positioned mannequins could be the most effective way of enticing potential customers to enter the store. The necessity of enticing new customers should never be underestimated. If customers do not enter the store, they will never be afforded the opportunity to purchase the goods on display.

Berman and Evans (1998) agreed that major departmental stores spend millions of dollars each year developing effective strategies for marketing and displaying their merchandise, so that the customers will find these goods irresistible. Successful retail stores find the display tools required to organise their merchandise from manufacturers and suppliers that stock selections of store fixtures, garment racks, showcases and even hangers – everything a business requires to arrange its merchandise tastefully and attractively (Haefner, 2002).

Retailers now try to study customers and their buying patterns. Retailers want to know what customers would like to experience – from the moment they enter the store until they leave. In today's competitive environment, customers have a choice of where to shop. Store attributes, especially store image, have been identified as important determinants of customers' store preference (Wakefield and Baker, 1998). A few authors also argue that the in-store environment is another factor which influences and has an effect on the customers' satisfaction and loyalty (Wakefield and Barker, 1998; Burt, 2000; Ailawadi, 2001).

Stores that have a thorough understanding of the demands of the customers and the changes in the retail environment have a chance of survival, by quickly identifying and addressing those needs. The in-store environment refers to the totality of activities that transpire within the store that contribute to the creation of a pleasant shopping atmosphere for the customers (Desrochers and Nelson, 2006).

The literature suggests that customers place a value on convenience and store layout, when doing their shopping (Desrochers and Nelson, 2006). According to Dennis et al. (2005), providing customers with the following deliverables enables good customer relations: retailers should create assortments at competitive prices and in an

accessible format; they must provide fast and reliable deliverables at times convenient to the customer; assistance must always be available for customers; return and refund facilities must be fast and effective; store personnel are crucial when it comes to customer treatment; providing customers with online purchasing facilities; and addressing customer concerns with regard to credit card security should be easy and efficient for customers.

Furthermore, a study by Venter and Dhurup (2005) found that customers placed great value on service quality in stores. These authors explained that customers attribute considerable importance to the atmosphere of a store, as well as the reliability and policies of the retailer. Location is another way in which retailers can make things easier and more efficient for customers. Customers, in many cases, will patronize stores that are easy to locate and require minimum effort to reach. Location is also important in determining competition.

Based on a study conducted by Gauri et al. (2008), it was concluded that when investigating store choices by customers or strategic choices, the retailer must consider all other criteria before making location decisions on the basis of store features, or the demographic and competitive characteristics of the area.

The increasing use of technology should be used to its maximum in retail stores. Point-of-sales (POS) scanners and radio-frequency identification (RFID) are beneficial to the store. This technology provides accurate stock-keeping units, automatic stock replenishment, as well as quicker customer throughput at the POS terminals. In addition, customer convenience orientation positively affects customer attitude to technologically advanced stores (Lee, 2007).

In this busy and digital economy, time saving and convenience have become important advantages in most stores. Information technology helps customers search for products more efficiently; scanning systems reduce the queue-waiting time, and credit cards make payments more flexible. These factors improve the level of customer convenience. Managers of these types of stores should utilize these factors to improve operational processes and enhance customer attitude to their stores (Lee, 2007).

Garrun (2008) is of the view that retailers who believe in the power of its people should involve every staff member, quite apart from the other operational training they receive in workshops, where the mission, vision and values of the retailer are inculcated. Employees should be shown how their personal appearance and behaviour has a material effect on the business's performance, and on how it is perceived by its stakeholders. Personal behaviour is made the focus, because it is an element over which the staff has complete control; and it also happens to be a break-or-make factor in all businesses (Garrun, 2008).

In addition, effective leadership involves making trade-

offs between being authoritarian or participative, and being relations-oriented or task-oriented. When managers are task-oriented, they are primarily concerned with store performance. When they are relations-oriented, managers show concern for their employees' welfare; and they seek to provide a supportive atmosphere (Levy and Weitz, 1998).

The common ground for the sources discussed earlier is that future-thinking store managers have come to realise that being knowledgeable about one's customers and understanding their long-term value is of critical importance. Brink and Berndt (2004), state that goods and services are no longer sufficient to differentiate businesses. Rather, customers are increasingly making purchase decisions based on a perception of their relationship with particular retailers. Despite all of the manifold advantages discussed earlier, Maxwell (2003) suggests that instead of concentrating exclusively on the development of skills, employees should also be encouraged to be champions and ambassadors of a store, so that they can serve customers with confidence and efficiency.

Significance of this research

In South Africa, retailers are contending with huge changes in shopping behaviour, such as the rapid rise and the demands of black customers, who are now claiming the retail space long denied to them. There is a conspicuous difference between the shopping experiences of black and white customers. According to a survey conducted by van Wamelen et al. (2008), they discovered that it is still a huge effort for black customers to get to shops. Furthermore, they state that 44% of black respondents have had to travel more than 15 min on their most recent grocery shopping trip, while only 10% of white South Africans had to travel such a long distance. In addition, the figure for black South Africans was much higher when surveying shoppers in other emerging markets, such as Brazil (22%), and India (26%) (Van Wamelen et al., 2008). The findings imply that the effects of apartheid on access to shops are still apparent, and the buying power of black customers is increasing at a steady rate; yet some retailers have not changed their strategies.

Accordingly, their findings indicate that black households are the largest group in the middle-income sector; and they are continuing to grow steadily.

Another concern for the South African retailers is the Spaza shops. These are shops with limited stock; and they operate from a residence in areas that are predominantly black townships. Spaza shops handle vast turnovers and cannot be ignored. Generally, these shops are located near the customers; and they provide convenience in trading hours, products and prices. Arguably, Spaza shops will remain a huge challenge in the retailing industry for many years to come.

The afore-mentioned two scenarios present a challenge to retailers – to make black customers feel more welcome in their stores and more trusting of their product offerings. The formulation and implementation of retail strategy remain crucial in a competitive market. Hence, this research was undertaken to investigate what strategies need to be adopted by retailers, in order to address these competitive challenges.

Objectives of the study

Most of the research in this area of study has been conducted in the developed countries; consequently, the results may not necessarily apply to a developing nation, such as South Africa. Taking into consideration the limited research in this field in South Africa, this study is designed to describe the strategies adopted by retail stores that are intended to encourage customers to become repeat buyers.

Thus, the purpose of this study is to investigate and describe the strategies adopted by retailers to retain and increase customer traffic in their stores. The following research objectives have been formulated to guide the study:

- 1) To describe the various strategies adopted by managers/owners that result in retention of customers and the increase in traffic in their stores.
- 2) To provide recommendations to retailers based on these findings.

Moreover, this study attempts to contribute to the growing body of academic literature on retail strategy in a developing nation.

RESEARCH DESIGN AND METHODOLOGY

Babbie and Mouton (2001) are of the view that research design is a plan or layout for a scientific inquiry; and it outlines the strategies to be followed to achieve the goal of a scientific inquiry. Moreover, research design entails specifying the subject of the inquiry, the methodology of observation, and the analysis of the observed phenomena. The present study takes a qualitative approach in investigating the role of the retailer in relation to the customers' buying behaviours. The data collection involved conducting semi-structured interviews with the retailers.

The analysis of the collected data was done by extracting themes and categorising the data – to develop a better understanding of the functions of the retailer and the challenges faced by them in relation to the customers that frequent their stores. This study uses triangulation, whereby qualitative data from the literature review and semi-structured qualitative interviews can be compared, analyzed and interpreted, in order to develop an understanding of the research question, and subsequently to draw conclusions.

The qualitative research paradigm that the research follows will facilitate a phenomenological investigation of the research problem. Qualitative research uses variables, which can only be described in words. Accordingly, Babbie and Mouton (2001) argue that the phenomenological paradigm emphasizes research methods aimed at understanding subjects rather than explaining them. The

phenomenological paradigm is associated with qualitative research; and it requires a research methodology that follows unstructured observation, face-to-face interviewing, idiographic description and qualitative data analysis.

In addition, this study uses a descriptive research procedure, which describes the current state of affairs at the time of the study (Salkind, 2003). Two types of data collection are used in the present study, namely: a review of the relevant literature and semi-structured interviews. The present study will use open-ended questions for the interviews, in order to allow the interviewees to elaborate on their responses.

The data on how customers' purchasing habits are formed, and which attributes contribute to their return to the store, were collected through 100 face-to-face in-store interviews of retail outlets in the Cape Metropolitan Area. The personal in-store interviews were selected as a more efficient means of data-gathering. The interviews were distributed across the complete retail sector of the Cape Town Central Business District (CBD) of the Western Cape (RSA), irrespective of size, retail sector, market share and profit. Some of the stores were located in the suburbs of the city; and they were anchored by traditional departmental stores, while others were located on the outskirts of the CBD.

There were 45 males and 29 females from senior positions, managing their respective stores. All of the respondents had had some form of management training – either from previous employment or in-house training offered by the employer. The data were gathered across all retail sectors, such as grocery stores, clothing, service industries, book stores, as well as outlets for furniture and jewellery, in the Central Business District of Cape Town.

Data analysis

Following the recommendations of Yin (2003), the first phase of the analysis of the qualitative data was conducted in parallel with the data generation. This was done by continually transcribing the interview questionnaires. In this manner, it was possible to continuously detect rising themes and patterns in the interviews.

Next, a thematic content analysis of the data was conducted, following the guidelines of Krippendorff (2004). According to Krippendorff there are a number of steps required in a thematic content analysis. Firstly the text is read and re-read and general themes are identified. Data is then coded as they relate to themes. The text is then analysed, identifying quotes specific to the codes, and further codes are developed as themes emerge.

The analysis of the interview transcripts was further informed by the researchers' own lived experience from their 22 years of experience in the retail industry.

Firstly, the analysis proceeded individually; and then secondly, across all of the responses, in order to identify any forthcoming generic themes. In this sense, the coding process could be interpreted as data-driven. In addition, the coding process was also driven by the theoretical concepts of inclusion and inscription. For this reason, a combined deductive and inductive method was used.

FINDINGS AND DISCUSSION

The findings and their subsequent discussion are presented under the following headings:

Standards of behaviour

Many stores focused specifically on their employees, since they believed that it is the employees who have a

considerable impact on the operations of their stores and their success. Therefore, open forums are conducted each week, where the employees are free to discuss and problems they have experienced, and to suggest solutions, as well. One retailer stated that "90% of employees' issues were solved through open forums".

Customer service

A few of the retailers stated that they had to keep up with the customers' interest in the brand. One of the fundamental keys is for managers to remain a few steps abreast of the competition, and to listen closely to their customers' requests. One of the major problems facing retailers is giving customers what they want. In most cases, customers do not know what they actually require – until they have seen it. Therefore, scanning the horizon for new products and improved ways of doing things is fundamental to the retailing business. In one particular area, there was an abundance of pensioners. Managers went the extra mile to deliver their groceries to their homes – at no extra cost.

Employees of this particular store were instructed that the primary purpose of their work was to attend to the customers' wants. Furthermore, the retailer pointed out that excellent customer service was imperative. If any customer walks away dissatisfied, they would inevitably share their bad experiences with others.

Selling skills

At a few of the grocery outlets, understanding of the selling skills is made possible through intensive training – as many as eight times per year. Employees are tested throughout their training on their knowledge of the products sold. Cashiers are also instructed to enquire whether customers had not perhaps missed out on any purchase; while the packers are then instructed to fetch that particular item. In some cases when stores are busy, this causes frustration to other customers, who are waiting patiently in the check-out queues.

Product training

Most of the managers (52) were of the view that continuous training on products and services is crucial to the business, because employees needed to be kept updated on new merchandise that had entered their stores. It was found that managers were reluctant to place new employees on the sales floor, without ensuring that they had prior product knowledge. Furthermore, training was the key factor in most retailing operations; even talented people require training because managers argued that this improves morale and proficiency.

Some stores indicated that a gap in the training methods is on-the-job training by suppliers of specialised products; and this was needed in some of the service departments, as well. Many retailers stated that product training in a retail environment was essential and formed part of their employees' daily duties. They argued that a well-educated employee with product knowledge exudes confidence and brings out the best in everyone. It seemed that in most stores weekly product training was conducted and attendance was compulsory. New knowledge on products was disseminated from product specialists, or from the suppliers themselves, to the managers of these stores.

A few grocery retail stores employed food technologists who were developing products with the manufacturers. The food technologists are constantly improving and changing the products, because of changing customer needs and preferences. Moreover, some technologies have collaborated with farmers for specific product developments.

Retail format

Most of the grocery stores made use of cross-selling, apart from typical products, such as those supplied by groceries. Many of the stores included hardware, toys and alcoholic beverages as well. In line with international standards, the stores had all their merchandise sorted into the various product categories. In a few stores, the service departments, such as delicatessen and fruit and vegetables sections were located in the centre of the store. The managers believed that by doing so, this would show the customer that the store was committed to all the hygienic and quality aspects of producing food, which could now be observed by the customers.

Performance evaluation

In many stores, there seemed to be a general rule as regards well-performing managers: they are supposedly awarded some form of bonus, while underperforming managers were disciplined. The same policy was applicable to the general employees as well. Performance in the retail stores was based on performance of the department against the goals set in the budget for the department. Furthermore, the performance of merchandise and the respective supervisors were measured against the standards of that particular section, such as stock availability, stock expiry dates and category management.

Managers are of the opinion that retailing has become a business, where the analysis of each department is critical. Furthermore, each department in the store has to be treated as a business unit in its own right, and it has to be profitable as well. Today, more than ever, successful retailers must ensure that their employees are accountable

to certain standards of behaviour. Retailers argue that they require employees who will assist them in attracting and retaining loyal customer flow. This means that they require employees who understand and perform – beyond anticipated sales goals.

Leadership

According to the store managers, painting a future that employees want to be part of would inspire them to new levels of communication; and in the process, this would increase sales. According to Maxwell (2001:117): "Nobody can neglect the majority of the team who make production and sales possible and hope to be successful". Moreover, the managers argued that aspiring to great leadership is only found in those who show their employees how their attitudes would shape their future – and not only that of the business.

In this study, retailers believed that they had to lead by example, and occasionally get involved in the basics, such as shelf-replenishment and receiving merchandise as well. A few retailers pointed out that managing huge retail stores was extremely challenging. Annually these stores utilise their joint sponsorship of the brightest young minds, in order to recruit potential future executive staff from universities. Another huge retail chain owner argued that "keep your ears close to the ground until you feel the grasshopper jumping in" – meaning that leaders have to listen to other peoples' advice and not be 'big-headed' about learning from ordinary people.

Accordingly, retailers concur that leading is the ability to inspire people to do things – without them knowing that they are doing it for the sake of the business.

Store design and merchandise display

A store's image is the first factor that influences shopping behaviour. Considerable research has established that there is a link between store image and store patronage (Amine and Cadenat, 2003). In our study, twenty-five grocery stores had an open-plan configuration. There were no partitions that blocked the visibility throughout the entire store. In most of the stores that carried house brands, these were packed at eye-level; while the promotion lines were displayed towards the front of the store, where visibility was high. Brand leaders and top-selling lines are provided with the most shelf space.

In some stores, a rigid pattern was followed. The merchandise flowed from left to right, so that customers could walk through the entire store, including the service departments. According to a second group of franchise store managers, category management is an important part of the business. Even though it is not an exact science, it has improved the efficiencies in retailing. Additionally, retailers stated that ranging has become an integral part of category management. Retailers are of the view that the range for a store is determined by

comparing the store's current range with the range and rate of sales in similar markets.

This has resulted in increased stock turnover and ranges better suited for specific market segments or living standards' measurement (LSM) groups. Some retailers pointed out that their stores had a variety of categories and had many corners; and that it was imperative that their merchandise was visible from key points within the store. They stated that the store needed to be meticulously laid out, in order to create an irresistible display of the merchandise. Furthermore, they argued that the selective suite of store fixtures, as well as special lighting effects should be fully utilised, in order to highlight the products. Most customers understand what cross-merchandising is all about – that is, setting up displays of complementary merchandise, in order to tempt customers to 'switch over' from one product to another.

Alarming, many retailers failed to implement this practice in their stores. Hence, a few customers retorted that "the grocery store is becoming such a chore and a bore for customers". Accordingly, retailers should have competing products logically displayed, so that customers would be able to relate to them. The merchandise should be neatly arranged – without giving a cluttered look to the store. In addition, the retailer should ensure that the products have some logical connection with each other.

Sales management

It is the goal of talented store managers to implement various sales strategies and management techniques, in order to facilitate improved profits and increased sales volumes. Retailers in clothing retail stores stated that sales management was an important aspect of their business, as they were able to track their employees' sales track record. Retailers in some of the clothing stores taught their staff not to procrastinate when decisions are to be made. Their argument was that ultimately a quick decision-maker would be ten decisions ahead of a slow decision maker; and that efficiency in this area would have been a competitive advantage. In addition, they maintain that sales performance is a function of sale skills, people skills, product knowledge, and knowledge of the store environment.

These retailers argue that people are their "*most important strategic advantage, because in many stores the layout, price and procedures are similar, but the only differences are the people*". These retailers are of the opinion that one should capitalise on the activities one can measure, and remember the adage: "*If it cannot be measured, it cannot be managed*".

Retail marketing

Most managers stated that their market analyses were conducted by observing the community's needs and

wants. At the store level, products are marketed by a presentation of the items displayed, product information, the purpose of the product and product quality. Many retailers indicated that their major suppliers are now merchandising their own products in the respective stores. In terms of overall business strategy, the ability to identify and understand customers assists the retailers to make accurate estimates about the potential of their products and services within a given market.

Clothing retailers stated that an effective targeting model can reduce the risk of any new venture. Some of the franchise store managers indicated that they conducted surveys to better know and understand the needs of their customers, and the present trend in the retail market. This information is then used to tailor-make the store's marketing to its immediate customer needs.

Customer relationships

Managers believe that interacting with the customers is one of the best methods to establish long-term relationships with them. Moreover, personal relationships are established with the customers by making them feel special; and not just by making the customers spend more. In most cases, managers stated that instead of focusing on "*attracting new feet into their stores*", managers should dedicate more of their time and energy to retaining the current loyal customers. Managers are of the view that it is easier to lose a loyal customer than trying later to regain them – once they have been offended.

They argue that all customer relationships begin on the selling floor. It is, consequently, crucial that the relationships which have been established be valued, and that customers be made to feel that they are the most important part of the business. The increased loyalty encourages referrals and new customers into the stores.

Retailers state that by placing the customer at the centre of their thinking, it creates an environment which fosters long-term success. Retailers have stated that it is also important not to neglect merchandiser training and the training of production staff in the service departments (that is, bakery, butchery, delicatessen and hot foods) as well. In addition, it seems that most customers appreciate personal attention in dealing with their queries and complaints. A few major franchise retailing stores have introduced their own private brand in their stores.

They found that this was a method to give back to their customers – a benefit through their services – because that particular product was only available at those retail stores at the lowest selling price. Hence, that private brand gives their customers better value for money.

Benchmarks

Managers at a few stores have employed 'mystery

shoppers', and on some occasions, they themselves have acted as 'mystery' shoppers. In most cases, they were benchmarking themselves against their best competitor in close proximity to their own store. Issues, such as store cleanliness, packing, prices, product availability and category management, were being compared. If any discrepancies were found, corrective action would need to be taken, to ensure alignment.

From many of the retailers' perspectives, they have used the previous year's targets and sales achieved from other competitive stores records. This often allows their stores to develop plans on how to adopt such best practices – usually, with the aim of increasing some aspect of performance. Furthermore, it was often treated as a continuous process, whereby stores continually seek to challenge such practices.

Information communication and technology (ICT)

Scanning has become a major new service implemented in many retail stores. This has created business pressure; and many stores, old and new, have been pressurised to implement electronic point-of-sales (POS) systems. This includes back-office and front-end systems. With the advent of scanning, most managers are now in a better position to forecast and replenish stock more accurately. In addition, electronic data interchange (EDI) has been implemented in the larger stores. In these cases, inter-organisational systems (IOS) were also established with strategic suppliers – to ensure a streamlined supply chain management (SCM) flow.

In addition, third-party payments and money withdrawals were added, as additional customer benefits, at the point of sale (POS) check-outs. Information communication and technology (ICT) was seen as an important tool in all stores; and a common response was that ICT assisted the retailers to monitor stock movement. They were also able to provide online advertisements and to promote their merchandise on the store's web portal, and to provide customers with vital information on their products. Retailers stated that their dependence on ICTs is increasing rapidly; and they are becoming completely dependent on this system.

Analysis

An important lesson underlined in the literature review and during the discussions was that every individual representing a retail business has the ability to create an impact on the customer. This impression may determine whether a customer returns to the store, or moves over to the competition. Although most of the retail managers have established personal relationships with their customers through mutual interaction, they do not have a customer database, from which they are able to keep

their customers informed. Furthermore, the stores do not have the technology to enable them to gather and store information on each and every customer. This could be a disadvantage for them in the future, if their competitors are enabled to take this step. Another huge problem is that some stores have planned their store layouts, according to international catalogues that are obviously quite different from those in the corresponding South African industry.

Moreover, as argued by LeHong (2005), managers seem to have overlooked the fact that the store's layout decisions can benefit from their customers' insights. It seems as if the managers have limited the use of their customers' information. According to a survey conducted in 2010 by GlaxoSmithKline, it was found that 61% of South Africans are overweight, or even morbidly obese. Statistically, this means that almost two out of every three customers entering the retail store is overweight. Besides the store being a societal call to action, the retailer should ensure the offering of a range of health foods and products that would add 'weight' to the stores turnover, as well.

A huge problem in many stores was that it was difficult for managers to satisfy a minority of customers who demanded merchandise, which was not stocked in the store, because this merchandise did not generate sufficient sales. An important factor here is that the managers seem to have dismissed the fact that the customer, who is disappointed, could be one of the few generating the majority of the sales. Hence, rather than jeopardizing the entire spend-per-basket of a loyal customer, the managers should perhaps stock a limited amount of products in the assortment offerings of the store.

According to the literature review, an organisation's people, customers and employees are the primary drivers of a retailing business. Price, promotion, place and product are critical factors to be considered, based on the customers and their living standard measures. In many cases, it is the employees' influence that decides whether the customer will get into a good relationship with the store personnel – if they please the customer, or deliver world-class customer service.

Conclusion

This study has described the strategies adopted by retailers in retaining and/or increasing their customer base. Customer behaviours and the retailers' understanding of the various strategies have been investigated to find a solution to overcome the danger of misalignment between customer and retailer. The qualitative assessment assisted in identifying gaps that were discovered during the interviews. Retailers should pay more attention to what their customers are saying, in order to make each shopping experience a memorable one. As retailers take more responsibility for all the

functions in their stores, there will be a huge and further impact on the way stores are designed, managed, staffed, equipped, and with this, the way merchandise is handled from the distribution centres to the retail stores.

Furthermore, new products can create and transform marketplaces, and generate incremental profits for brand owners. However, regrettably it seems that the failure rate of innovation is extremely high. This suggests that innovation can potentially be a costly affair for all parties involved in the retail business – frequently having a greater negative than a positive impact.

Ultimately, the retailers aim is to increase their profitability, by investing in correct ways, such as: increasing the basket size; attracting new customers and improving customers' perceptions, while differentiating from their competition. It is evident that during the recent global economic meltdown, retailers need to adopt more flexible approaches, in order to succeed and to retain their loyal customers. Managers need to instil a sense of value and purpose in their fellow-employees or subordinates, so that they do the right thing in attempting to satisfy the needs of the customer.

The findings of this research provide a solid base to the customer authorities on some factors which need to be considered, and to concentrate on the strategies needed for effective retail management. Retail managers should find people who are both willing and able to provide their customers with excellent service.

Finally, strategic planning must not be overlooked. Strategic decisions still need to be made regarding all the areas identified earlier (that is, floor allocation, store format, customer relationships, and suchlike). The strategic-planning process must be entirely focused on meeting these issues, or else it will only be a distraction from what needs to be done for the business in the future. In South Africa, the present generation of retail managers will not see anything similar that which has propelled their retail segment over the past 20 years.

Due to the global economic meltdown, which has now reached South Africa, an era of customer frugality has begun. Some retailers will turn this into an opportunity to secure their business and gain a better market share – at the expense of their competitors.

LIMITATIONS AND FUTURE RESEARCH

There are some limitations to this study. The small sample size, while adequate for an initial study of retail strategy and customer behaviour, restricts the generalisation of the findings. Across the total sample, it is insufficient for an in-depth analysis of the segments, based on the items purchased. Thus, subsequent research, with larger samples, will be needed to determine the extent to which any differences exist.

RECOMMENDATIONS

- (1) Retailers should pay more attention to studying and building good relationships with their customers.
- (2) Employees should be trained in specific product knowledge, and how to retain and attract new customers.
- (3) Store managers should be more sensitive to the different cultural backgrounds of their customers, considering the fact that South Africa comprises at least four different racial groups.

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