Original Paper

Retail Enterprise Management

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Abstract

The basis of every business success is sales, the basic task is to create a certain situation and environment in which sellers and buyers will be satisfied, every successful business is based on customer satisfaction. This paper deals with the issue of management in retail companies, i.e., the transition from small shops to large supermarkets that can meet all today’s needs. The aim of this paper is to explore how to achieve efficient business with the optimization of the range and optimize the use of space, and the purpose of the research is to present a set of activities that affect sales success, which include care of the range, positions within the point of sale, promotions, prices and more. The conclusions of the research speak about the connection between the observed variables that can be useful in making effective decisions. The paper tests the set hypothesis where H0- Management in retail companies can achieve faster and higher purchase of individual items by end consumers.

Keywords

Management, retail, marketing, sales

JEL code: M30, L26, D12

1. Introduction

Why is the customer important to the manufacturer? The producer is the one who does not have direct communication with the buyer as a trader, the trader is in constant verbal communication face to face with the consumer. The goal of every seller is for the buyer to return to the place of purchase, in order for that to happen, it is necessary for him to be satisfied with the service of the sales staff of the given object. The entire product sales cycle is based on the persuasive abilities of the seller. The seller is the one who significantly influences the buyer through the communication elements so that the outcome would be a purchase. He mentally enters the customer’s head and tries to anticipate it and to change the final judgment about the purchase, he tries to realize all the customer’s problems and needs in order to use them to his advantage. Ideally, the seller would sell the solution, not the product (Golijan, 2009).
There is no unsuccessful communication, every communication is successful because based on it we get feedback - ignoring, confirming, a loyal customer, etc. It is important to say that most human-customer stimuli do not react at a given moment, they are based on those that are most important to them at a given moment and most necessary to them (Vidović & Jugović, 2014).

2. Literature Review

Selling is a skill that can always be improved! Regardless of the conditions or circumstances. She is the mover of everything. If managed successfully, it can pull companies out of the crisis, it can make successful ones even more successful, while making a product a brand with more and more users. It is precisely for the crisis and the best remedy is to increase sales. It is necessary to understand that sales are what ennobles and improves a company. The modern seller is aware of the intensity and significance of the changes that are happening permanently. That is why he is forced to look for new solutions and new answers. With each improvement, we improve the world around us. With each of our advances, our company also progresses. In addition to sales and increasing sales, it is necessary to pay attention to everything any marketing tools and tricks to make sales and end successfully. Today, sales in shopping malls cannot even be imagined without aggressive marketing and promotional actions.

Changes create problems, but these problems can become chances if the company is aware of its position, its direction and the consequences of applying the chosen strategy. Wrongly chosen solutions, if applied at all costs, consume the efforts and resources of the company, and can lead to an unenviable position in relation to its competitors (Vidovic, 2011).

Technological changes are impacting severely on the retail sector. In contrast to many other industries, recovery of the jobs market in this sector since the 2008 recession has been extremely sluggish (Geraint, 2019).

However, in the conditions of the modern market and the saturation of consumers with numerous services and products, there has been a change in the thinking and application of marketing knowledge. Conditions have been created for the concept of marketing to be upgraded and given way to the marketing concept. So what is a marketing concept? Different authors have different interpretations of the term, but they all have in common the statement that the marketing concept is the philosophy of the economic entity in which the central place is occupied by the consumer, around which the whole system of functioning of the economic entity is formed, which will lead to profit.

Retail does not consist only of simple technical activities of passive intermediary connection of final consumers with producers. It should be an active factor that is directly involved in the processes of marketing channels, influencing both producers and final consumers. Retailers of goods are located in the marketing channels closest to consumers (Lovreta, Končar, & Petković, 2009).

The budget for retail improvement can be formed in two ways. One is to set aside a percentage of the total budget of promotional activities. The second is to determine all the necessary activities and to reach the final amount of the required budget based on the costs for their implementation. The cost of
sales promotion campaigns consists of the cost of printing ads and other printed items for promotions for the campaign itself, postage and special packaging. There is also the value of the prizes multiplied by the number of units that will be sold during the UP action. The percentage that belongs to UP shares from the total promotion budget depends on the type of product and the market situation. Food and cosmetics are typical products for which we can set aside significant percentages to improve sales (even over 50%). These products are also suitable for encouraging sales at the point of sale (so-called POP technique - point of purchase). How much we will set aside to improve sales from the total budget depends on:

- characteristics of the target market (consumer habits),
- stages in the product life cycle, and above all,
- from the behavior of the competition.

In order to determine the budget for sales promotion to be more efficient, it is necessary to overcome some common procedures such as: separation of planning the total budget of promotional activities and sales promotion budget, application of simplified decision-making procedures (previous year’s costs, percentage of sales, etc.) and avoiding to establish the relationship between investment and profit over a period of time. The budget also refers to sales promotion actions are an important part of the promotional mix. This type of promotional activity has a special value in the phase of product introduction and sales growth, when consumers need to be persuaded to try and buy intensively. A significant sales promotion function is also in the phase declining sales when one wants to maintain the required level (to a minimum of cost-effectiveness) by encouraging dealers and lowering prices (Marketing i prodaja, 2019).

People make decisions about buying products or services on a daily basis. The buying decision-making process is the process that people who intend to buy a product or service go through, and which is influenced by many factors and marketing activities.

“The elements of the ‘black box’ in the decision-making process for the purchase of products and services include:

- Understanding the problem
- Searching for information
- Evaluating alternatives
- Purchase decision
- Post-purchase behavior” (Ninić, 2015).

Numerous product characteristics are crucial in product selection and final purchase, special attention is paid to the country of origin of the product as a significant feature when purchasing the product. The country of origin should be the guarantor of the safe ingredients of the product and primarily the guarantor of the quality of the product.

In the analysis of the merchandising phase, the development process is observed as a logical order of the following phases:
1. Planning; 
2. Sourcing; 
3. Procurement of products; 
4. Arranging and exhibiting products; 
5. Spatial management. 

Planning involves careful consideration of consumer requirements and needs, type of retail business, competition and area of activity. Planning overcomes the desire between what the company is doing now and what the company would like to create in the future. 

Sourcing involves carefully locating potential suppliers by products that the retailer is interested in including in the range of offerings. It also represents the choice of procurement of products that meet the criteria to be included in the range of a retail company. 

By its nature, procurement is as old as sales. For a long time, more responsibility was placed on the buyer than on the seller. When it comes to purchasing products, it is necessary to have the skill and knowledge not only to choose the right goods in terms of quality and quantity at the right time and procured in the right place, but also the negotiation process. 

Product Arrangement and Display - Users expect the product display to be striking and appealing. The role of the display can be expressed especially during a holiday or during the promotion of sales, which are usually held according to the seasons, as well as sales, which are made due to the accumulation of stocks.

Spatial management means planning the distribution of sales space. 

Every user wants to see the product before buying it. Products should be displayed in the sales facility in a way that is attractive to the customer. So, visual merchandising is the art of presenting things in an attractive way so as to attract the customer’s attention and convince him to buy it.

The language of visual communication has become crucial nowadays to achieve success, to sell a certain product. There is no unsuccessful communication, every communication is successful because based on it we get feedback - ignoring, confirming, a loyal customer, etc. (Vidović & Jugović, 2014). 

In the future, it is necessary to pay attention to green investments in retail. 

Green investment in the retail sector of the economy has received limited attention in the academic literature but some large retailers are taking a growing interest in Sustainability Bonds and Green Bonds. (Jones & Comfort, 2020) 

The company needs to gather effective and efficient information that enables the improvement of the company’s business. The more quality information the partners share with each other, the more successful the business will be (Puška, Stević, & Šadić, 2019).

3. Research Methodology 

The analysis of the management of the retail industry, the results of which are presented in this paper, is based on the data of the conducted survey. The aim of this paper is to determine the attitudes of
respondents regarding the extent to which adequate spatial management, product display and planning affects customers and their final purchase decision.

The research was performed on a sample of respondents in Banja Luka, aged 18-60, male and female, selected by random sampling. The technique used in the research function is the method of anonymous filling in of questionnaires and interviews, composed of 4 questions, in addition to the basic socio-demographic questions. The research was done in the time period from 25.09. - 25.10.2020, 85 participants took part in the survey. After editing the questionnaires, it was determined that 5 ballots were incorrect and were rejected on that occasion. The sample on which the research was completed is 80 participants.

Based on a review of the literature and research on the territory of Bosnia and Herzegovina, the null hypothesis was set, with the intention of confirming it. The null hypothesis reads: H0- Management in retail companies can achieve faster and higher purchase of certain items by end consumers.

In realizing the set goal of the research, I started from the following research questions:

1. Have you already bought products that were “prominently displayed” to be on sale?
2. Do you think sales promotion techniques attract more customers?
3. Do you think that sales promotion techniques bring mutual benefits to both companies and customers?
4. What are the obstacles to the effective implementation of sales augmentation techniques?

4. Results and Discussion

When analyzing the demographic and socio-economic structure of the respondents, it was determined that 54 respondents are female (67.5%) and 26 male (32.5%). According to the level of education, the majority of respondents had 58 (72.5%) with secondary education and 22 (27.5%) with higher education. 61 employees (76.25%) and 19 unemployed (23.75%). Age of respondents from 20-35 of them 40 (50%), 36-45 of them 25 (31.25%) and over 46 of them 15 (18.75%). The survey was conducted during the month of September - October 2020. The survey used a structured questionnaire which contains questions about the specific opinions of respondents.

The test results are shown in the following tables.
Question # 1. -Have you already bought products that were “visibly prominent” to be on sale?
- Respondents gave the following answers: Almost all respondents stated that in the previous period they bought products that were “prominently” on the price reduction, of which 14 people stated that they bought such products but not often, while no person stated that it had never purchased prominent products. Nevertheless, the activity of improving sales in retail facilities is visible, which is confirmed by customers’ answers.

If we observe the ratio of skewness and its standard error, the following results are obtained, shown in Table 1 according to the table, it can be seen that the results range from +/- 1.96 and in that case are considered acceptable in interpreting the normality of the distribution with respect to symmetry.

<table>
<thead>
<tr>
<th>Table 1. Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
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<tr>
<td>---</td>
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<tr>
<td>Statistic</td>
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<tr>
<td>Visibly prominent products</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
</tr>
</tbody>
</table>
Question #2. - Do you think sales promotion techniques attract more customers?

Of a total of 80 respondents, 40 it is certain that sales promotion techniques attract a larger number of customers. 11 respondents expressed the opposite opinion, while 20 respondents said perhaps. The attitude of consumers is that price reductions and promotional activities attract customers to get as much price as possible with as little money as possible leads, and that this mostly refers to the reduction of prices for certain products.

Table 2. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Sum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tehnic</td>
<td>80</td>
<td>1</td>
<td>3</td>
<td>122</td>
<td>1.53</td>
<td>.729</td>
<td>1.018</td>
<td>.269</td>
</tr>
<tr>
<td>Valid</td>
<td>80</td>
<td></td>
<td></td>
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<td></td>
<td>- .366</td>
<td>.532</td>
</tr>
</tbody>
</table>

If we look at the ratio of skewness and its standard error in this issue, the following results are obtained, shown in Table 2 according to the table, it can be seen that the results range from +/- 1.96 and in that case are considered acceptable in interpreting the normality of distribution with respect to symmetry. According to the obtained results.

Question #3. - Do you think that retail promotion techniques bring mutual benefits to both companies and customers? The vast majority of buyers, 66 of them, believe that sales techniques bring mutual benefits, 10 people believe that only sellers profit, while 4 respondents are not sure about the results of the implemented techniques. This question was statistically treated with the Kruskal Wallis test when the significance level was less than 0.05 which in this case is 0.025, it is concluded that the difference in the obtained values of the continuous variable between these three observed groups is statistically significant.

Question #4. - What are the obstacles to the effective implementation of techniques to increase sales? A total of 36 respondents state that the main obstacles to the effective implementation of techniques to increase sales are adequate distribution of exhibited products, 30 respondents believe that the main problem is lack of funds, while 14 respondents say that the main problem is in small stores and their arrangement. None of the respondents stated that one of the obstacles is the ignorance of the trends of sales improvement.

With the application of the appropriate test, i.e., $X^2$ - feature independence test and with a probability of 95%, the zero hypothesis was tested. For the hypothesis: Management in retail companies can achieve faster and higher purchase of individual items by end consumers.
Starting data: Number of rows \( m = 3 \), number of columns \( k = 2 \).
\[
r = (m-1)(k-1) = (3-1)(2-1) = 2 \cdot 1 = 2, \quad X^2_{(\alpha;r)} = X^2_{(0.05;2)} = 5.99
\]
When calculating the theoretical probabilities, the contingency table is used:

### Figure 5. Contingency Table

<table>
<thead>
<tr>
<th>Kolona</th>
<th>M - a</th>
<th>F-a</th>
<th>M - b</th>
<th>F-b</th>
<th>M - c</th>
<th>F-c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empiric (O)</td>
<td>6</td>
<td>30</td>
<td>10</td>
<td>20</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Theoretical (E)</td>
<td>9</td>
<td>27</td>
<td>7.5</td>
<td>22.5</td>
<td>3.5</td>
<td>10.5</td>
</tr>
<tr>
<td>Deviation (O-E)</td>
<td>-3</td>
<td>3</td>
<td>2.5</td>
<td>-2.5</td>
<td>0.5</td>
<td>-0.5</td>
</tr>
<tr>
<td>Squared deviation (O-E)^2</td>
<td>9</td>
<td>9</td>
<td>6.25</td>
<td>6.25</td>
<td>0.25</td>
<td>0.25</td>
</tr>
<tr>
<td>hi squared ((O-E)^2/E^2)</td>
<td>1</td>
<td>0.333333</td>
<td>0.833333</td>
<td>0.277778</td>
<td>0.071429</td>
<td>0.02381</td>
</tr>
</tbody>
</table>

The calculated value of the chi-square test is: \( X^2 = 0.7705 < 5.99 \), since the calculated value of \( X^2 \) is less than the tabular critical value, the set null hypothesis is accepted, it can be concluded that the views of the respondents are closely related but do not exist statistically significant difference, ie that the adequate distribution of exhibited products, the orderliness of the business facility affects the final decision on the purchase in the retail facility.

5. Conclusion
The feedback with which the retail company supplies the wholesale, and the wholesale to the producers, enables the retail itself to create opportunities to realize the concept of its plans based on the type and type of product it could offer to potential customers about a defined offer package. In order to achieve this, the environment that the retailer wants to achieve by satisfying the requirements of consumers belonging to the researched market segment must be defined.

Therefore, these are interactive connections that complement each other in time and are interdependent and coordinated in achieving the set goals. For example, a customer might be satisfied with the range of products offered by a particular retailer, but the type of retail image that will attract customers to the store should also be exposed. In order to fully understand the importance of assortment planning in a merchandising strategy, it is important to mention the characteristics of merchandising for certain types of products. Based on the set hypothesis \( H_0 \) - Management in retail companies, faster and larger purchases of individual items by end consumers can be achieved.
References


