

Role of Information Technology and Systems in Retail

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INTRODUCTION

Advances in technology, like the internet, have helped make retailing an even more challenging and exciting field in recent years. The nature of business and the way retailing is done are currently undergoing fundamental changes. However, retailing some form will always be necessary. For example even though the internet is beginning to make it possible for manufacturers to sell directly to consumers

IT was a necessary if not a sufficient part of Wal-Mart's success. The company invested in most of the waves of retail IT systems earlier and more aggressively than did its competitors: It was among the first retailers to use computers to track inventory.

Advantages

- It provides the better coordination with suppliers.
- Improved product availability
- Helps in making the on line purchasing by the consumer.

India is a very complex retail market. And this is because of geographical, cultural and language diversity. Though India is one country, from a business perspective it is divided by tax boundaries. Business management becomes extremely complicated because of different levels of taxation and the manner of their calculation. In some places, they even vary from city to city.

The retail market is not only complex but also peculiar. A successful retailer must have not only the right products at the right place and the right time but also the right price. In addition, the number

of products managed in retail is unusually high. A leading retail chain manages around 4,00,000 products.

IT is a very important support tool for a successful retail business. Without a comprehensive IT policy, it is not possible to properly run a retail business of such magnitude at all. The sheer volume of information routinely dealt with by the retail sector makes it highly dependent on IT.

IT In Retailing

For Consolidation

The major objective is to retain the number one retailer company spot, and it is going through an aggressive expansion campaign to achieve that. Having an extensive IT policy helps the organisation in putting bits of information together and allows the decision-maker to get the whole picture. It also helps evaluate all decisions taken so far.

Emphasis On A Proper IT Implementation

Since a basic objective is to continuously make data available to users and customers, proper IT implementation and superior IT infrastructure ensure that in spite of getting minimum details, the right information is captured.

The best information is provided to everyone from the back office staff as well as the head office managers. The entire information flow must work seamlessly. A retail business works on a network environment because the stores are connected to one another as well as to the supplier sites. This is because in the retail business quick response is the key to success. Proper IT implementation also ensures that investment in retail is reduced substantially.

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Considering New Technologies

While deciding to implement a new technology, major factors considered are scalability and user adaptability. This is because the most important thing in retail business is customer friendliness. Ultimately, the business is all about providing service to the end customer. The customer in the store is the *prima facie* reason why a retail business opts for a particular technology.

Data Warehouse

It is coordinated and periodic copying of data from various sources, both inside and outside the enterprise, into an environment ready for analytical and informational processing.

Data Mining

It refers to the extraction of data for specific applications, used to mine data manually.

Electronic Point Of Sale System

An EPOS system consists of a scanner capable of reading a universal product code EPOS systems provide retailers with up to date information on how fast the goods are moving.

Electronic Data Interchange

EDI is the computer to computer exchange of business documents from retailer to vendor, and back.

Universal Product Code

The UPC or the bar code is basically a product identifier, made up of various series of bars and spaces, which represents alphanumeric information

The ROI Factor

Though RoI on IT implementations is not the easiest thing to measure, it can be judged from the quality of information that is available for better

decision-making. This helps improve the bottom-line and sales. It also helps in finding other avenues for expansion and improving profitability.

With the support of good IT systems, it is possible to create proper benchmarks which can measure efficiencies in the IT implementations and systems. The achievements of the benchmarks reflect positively on IT and business processes, and eventually on sales and profitability.

Conclusion

The Indian retail sector is ready to take on challenges from global retail players such as Walmart and Carrefour because unlike them, they have a better understanding of the Indian consumer's psyche. Ultimately, a successful retailer is one who understands his customer.

The Indian customer is looking for an emotional connection, a sense of belonging. Hence, to be successful any retail outlet has to be localised. The customer should feel that it is a part of his culture, his perceived values, and does not try to impose alien values or concepts on him. Indian customer is not keen to buy something just because it is sold by an international company. Ultimately, it boils down to how much localisation and adaptation the company is willing to do for India. Other than tremendous money power, global companies have nothing extra or special that the Indian retail business does not have.

We live in exciting times. Only two percent of India's retail market is organised. The future shows tremendous potential for growth in the retail sector. Almost all large companies worldwide are looking to establish a base or stake in the Indian market. In this scenario, the Indian retail sector itself must seize the initiative to realise the dreams of contributing to a prosperous and booming economy. The focus should be on the Indian horizon before looking for retail opportunities in other countries because India itself is a big retail market.