CHALLANGE AND PROSPECT OF RETAIL BUSINSS (IN THE CASE OF WOLKITE CITY)

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANNAGEMEN

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Abstract

The main objective of the study is the challenges and prospects of retailers in Wolkite city. To collect primary data By Using, both open ended and closed-ended questionnaire were used. Finally, after the data processed and analyzed the outcome are presented by using tables and Percentage that show the data collected and analyzed.

LIST OF TABLES

Contents

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

Retailing includes all activities involving in selling goods or services directly to final consumed for their personal non business uses. Much institution that is manufacturers wholesalers and retailers do retailing. But most retailing is done by retailers business whose sale comes primarily from retailing. (*Kotler and Gary Armsrong (2006) principle of marketing 11th edition)*

Retailing has major components of economic activity.in great Britain over 200 billion consumers pending passes through retailer, same 35,6% of all expenditure and the sector employees 2,5 million people 10.5% of all employees in the European Union. As a whole over 14 million are employed in retail, around 200 in united state such expression on scale cannot along capture the major changes that have taken place as retailing has switched from a more passive to highly proactive role within the overall marketing process(micheal.j.baker.2003.776)

Retailing in Ethiopia was started in the Axum period related with civilization of the Axum from the time on words, the retailing business sector developed gradually. Retailing business means a shopping center or group of retail business planned, developed, owned, and managed units on the other hands off the durg, regime as the time the retail sector had been at its weakest stage. Because the societal policy of Ethiopia was following and the prevalence of war and drought in past during in the durg there was a need of infrastructural (like road, telephone, water, e t c..) but the main problem was the government was allowed to private investment.

However now a days there is free market system in Ethiopia, there are many challenges that became obstacle for marketers who engage in the Retailing industry. So this research would assess the challenges and prospects that face retailers in wolkite city and would try to investigate the solution of those challenges in order to bring suitable formats for retailers.

This research would try to address the problems that become a challenge for the retailers now days. At the end of this research there would be the challenges of retailer in wolkite city would be evaluated.

1.2. Statement of the problem

Retailing includes all activities involving is selling goods or services directly to final consumers for their personal non-business uses. Many institutions that are manufactures, wholesaler and retailers do retailing. But most retailing is done by retailers business whose sale comes primary from retailing. Retailing is done in retail store in recent years non store retailing that is selling by mail, telephone, door to door contact, vending machines and numerous electronics as grown tremens outlay (Warrens M.1988).

Most Small business in the country lacks the capacity in terms of qualified personnel to manage their activities. As a result, they are unable to publish the same quality of financial information as those big firms and as such are not able to provide audited financial statement, which is one of the essential requirements in accessing credit from the financial institution (Philip K. 1996). This is buttressed by the statement that privately held firms do not publish the same quantity or quality of financial information that publicly held firms are required to produce. As a result, information on their financial condition, earnings, and earnings prospect may be incomplete or inaccurate. Faced with this type of uncertainty, a lender may deny credit, sometimes to the firms that are credit worthy but unable to report their results (Coleman, 2000).

Even so retailing business accounts most of the impressive business there exit some problems which researcher have to make assess among the establishment of the business they require capital.(E. Edward 1985) However, they have not enough money which is not adequate to run the business. Besides, banks are not willing to give loons without any collateral. because of this most of the retailers would even be only emphasize on the profit i.e. the government take initiative in providing proper training programs in order to developed and increase the efficiency of the retail in promoting the business successfully moreover, the government supports the retailers in providing infrastructural facilities like communication, road, transport (Michele B. 2013). There for the study would conduct to investigate assessment on the challenges and prospect of retail business in case of Wolkite city.

Thus the researcher would tries to address the following basic questions

- Is there financial problems wolkite city retailers?
- What type of products does would a retailer sell? /Locally manufactured or imported products?
- What would the challenges and prospects for wolkite city retailers?

1.3 Objective of the study

1.3.1 General objectives

The general objective of the study was assess the challenges and prospects of the retaile business in wolkite city.

1.3.2 Specific objectives

- To idenetify the financial problems to wolkite city retailers.
- To determine what type of product does the retailers sell /locally manufactured or imported products/
- To study the challenges and prospects of wolkite city retailers

1.4 Scope of the study

The scope or the boundary of the research would be only in wolkite city and from many challenges; this research wouldl try to asses only on the financial problems of retailers, would to study what type of product does retailers of wolkite city sell/ locally manufactured or imported products/, would to assess challenges and opportunities of retailers in wolkite city.

1.5. Significant of the study

- It would enable as to have a knowledge on the title of the research
- It would help retailers for decision making
- It would be reference or starting point for other researchers and readers.

1.6 Limitation of the Study

The researcher would face some of the following problems in carrying out the research. These are:

- The respondents would not fully willing give information about the sectors.
- The lack of secondary information to supplement the study.
- In ability of the respondent to reply my questions appropriately because of lack of education.
- The research would only cover wolkite town. This is because of the reason that the researcher faces financial problem

1.7 Organization of the study

The researches would organized by five chapters which stated in the following manner. Chapter one would deals with introduction of the research, under this chapter there are a back ground of the study, statement of the problems, objective of the study, significant of the study, scope of the stud and chapter two would deals with the review literature, chapter three would deals with the research methodology, chapter four would deals with data presentation and analysis and finally chapter five would deals with conclusion and recommendation.

CHAPTER TWO

2. REVIEW OF LITRATURE

2.1. Retailing

Retail is a simple concept: buy or make goods, place them on a shelf and sell them at a profit. However, competition for customers and the expenses involved in running a store ultimately pose challenges in the retail industry. Both large and small retailers face obstacles, whether it's maintaining a viable price point or keeping customers interested in what you sell.

Retail is the sale of goods to end users, not for resale, but for use and consumption by the purchaser.

Retail involves the sale of merchandise from a single point of purchase directly to a customer who intends to use that product. The single point of purchase could be a brick-and-mortar retail store, an Internet shopping website, a catalogue, or even a mobile phone. Manufacturers sell large quantities of products to retailers, and retailers attempt to sell those same quantities of products to consumers. Retailers are the final link in the supply chain between manufacturers and consumers. Retailing is important because it allows manufacturers to focus on producing goods without having to be distracted with the enormous amount of effort that it takes to interact with the end-user customers who want to purchase those goods. Retailing is about displaying products, describing the features and benefits of products, stocking products, processing payments and doing whatever it takes to get the right products at the right price to the right customers at the right time.Some retailers offer additional services to the retail transaction like personal shopping consultations, and gift wrapping to add something extra to the retail customer experience and exceed the retail customer experience.*(By.Barbara.Farfan,Updated September 19, 2016)*

2.2. Challenges of Retailers

Having interviewed operational and HR leaders from organizations across the UK, the top 5 challenges they're facing are:

- ✓ Managing change, complexity and risk
- ✓ Improving collaboration, cross-functional working and customer experience
- ✓ Thinking outside the box to improve productivity, innovation and competitive advantage
- ✓ Improving efficiency, time and speed of delivery
- ✓ Engaging, retaining and growing talent.

2.2.1. Managing change, complexity and risk

Change drives success in retail. Whether change involves mergers and acquisitions, expansion and consolidation, supply chain management, addressing consumer and demographic trends, dealing with profits being squeezed, embracing Omni-channel systems, adapting to mobile shoppers or introducing more flexibility into business process, being agile and responsive to change is critical.

2.2. 2. Improving collaboration, cross-functional working and customer experience

Retailers are under increasing pressure to deploy a real-time retail model across all channels, eliminating individual channel silos and offering a holistic experience across all customer touch points. The need for collaborative, cross-functional leaders to be able to work together across boundaries to achieve shared success has never been greater.

2.2.3. Thinking outside the box to improve productivity, innovation and competitive advantage

Continually being open to new ideas, thinking, feeling, intuiting and scanning the horizon for trends and opportunities are key to leveraging competitive advantage and improving your business for customers.

Creating an environment where ideas are encouraged and developed, and being connected to the latest thinking, allows you to innovate and exceed customer expectations without eroding profits.

2.2.4. Improving efficiency, time and speed of delivery

In the world of retail – cheaper, faster, better is no longer an aspiration, it's a necessity. Efficiency drives competitive success. The greater a leader's ability to streamline and create a 'flow' state, the better.

Tight budgets, achieving more with less staff and information overload all contribute to the time challenge of every manager in the sector.

2.2.5. Engaging, Retaining and Growing Talent

Many retail companies are currently dealing with restructuring challenges, low engagement levels, high levels of staff turnover, staff retention and skills shortages.

No leader or manager can be complacent about taking care of their people. Holding onto top talent, embracing diversity to add more value and grow the leadership pipeline are key to leadership success. *(HR leaders from organizations across the UK,)*

2.3. Other challenges

2.3.1 High-Ticket Items Require a Consumer Sacrifice

Especially in tough economic times, many consumers may think that purchasing high-ticket items requires them to make a long-term sacrifice. To be able to afford the costly item, a consumer may have to cut back spending in other areas. To market these high-ticket products, retailers must focus on how the item benefits buyers, convincing customers it is worth the perceived sacrifice. Other retailers have used payment plans that do not charge interest for a certain period of time as a way of making the big-ticket item affordable.*(By.Barbara. Farfan, Updated September 19, 2016)*

2.3.2 Small Stores Have Limited Merchandise

Small retailers often have a hard time competing with bigger retail stores as many consumers assume smaller stores have smaller selections. Challenges that small retailers face is how to create marketing campaigns that make the store seem more broad-based. For many small retailers, this may require hiring professional marketers or graphic designers to create print or online advertisements. The ads should focus on the store variety and ability to provide what the bigger name brand stores can offer, only closer to home.

2.3.3. Trendy Stores are Expensive

Trends in retail stores are often what make a store successful. Individuals interested in fashion want to buy the latest fashions. Electronic gurus want the newest cell phone or computer. Golfers want to latest golf club. Often consumers relate trendy stores with higher price tags. Marketing these higher-end products is a challenge and overcoming this perception with targeted advertisements informs consumers that the store carries the latest products at affordable prices.

2.4. Challenges of large and small retailers

Small Retailers: Limited Product Offerings

Small retailers usually specialize in a niche area of product. Although this can be strength when consumers are looking for product expertise, small retailers are dependent on a limited range of products to make sales. The products offered by boutique shops are usually not necessities; therefore, these stores might experience a slump in sales during a time of economic recession.

Small Retailers: Limited Inventory

In addition to being restricted to a certain area of goods, small retailers will sell far fewer individual units of an item than a large retail outlet. Because they will spend less money with their supplier, they often can't negotiate a price reduction when they procure inventory. As a result, their ability to reduce retail prices is more restricted than a larger store.

Small Retailers: Expensive Real Estate

Small retailers often can't afford to lease store space in areas with the greatest amount of foot traffic, such as malls. In addition, unlike a large chain store, a small retailer does not have an employee dedicated solely to procuring the best deal on a lease.

Large Retailers: Lack of Product Diversity

Small product manufacturers might find it difficult to convince large retailers to stock their item. Most large retailers, which have the goal of creating a consistent customer experience across all of their stores, will want to stock only products with significantly large sales. Big retailers want products with at least $10 million in sales and a company history of at least three years, entrepreneur Suzi Sosa explained in a 2010 "Inc." magazine piece. If newer products become popular quickly, a large chain's reluctance to stock them might cost the sales.

Large Retailers: Too Big to Manage

Although large retailers benefit from economies of scale, which means they are able to purchase and sell high amounts of product at a smaller per unit cost than independent retailers, companies can expand too quickly. Companies can become out of touch with the everyday consumer and fail to provide them with the products they want. A chain based on the concept of low prices might do well during an economic recession, but suddenly find its sales decline when consumers have more money and prefer to spend it on quality or unique goods offered by independents.

2.5. Five Key Challenges Retailers Face Now

2.5.1. The Omni channel Dilemma

Heather, Raines:

The top 3 challenges our clients are facing are focused around creating an Omni Channel, or as we like to call it the Omni Commerce experience. In no particular order:

- Data and data management – The amount of data available today and the increased customer expectation to have access to a lot of product information has made data management a priority. Many of our clients are looking to PIM and MDM solutions to supplement or even replace their legacy item master and data repositories.
- Inventory visibility and availability – Our clients are looking for ways to maximize the inventory they have and to ensure that it is accessible via all selling channels and customer engagement points. Although the solutions may be different by retailer the goal is the same.
- Technology and innovation. Many of our clients are leveraging technology that needs to be updated or replaced. Technology and system capabilities are changing and innovative solutions leave IT departments scratching their heads as to how to keep up.

Ken Morris:

A key challenge is to deploy a real-time retail model across all channels to enhance the customer experience. Retailers need to create a single, unified commerce platform which eliminates individual channel silos and offers a holistic customer experience across all customer touch-points.

Doug Fleener:

By far the biggest challenge is the drop in [in-store] traffic as a result of consumers taking less shopping trips. This is especially a problem during the holidays.

Rob Henneke:

To tie online and offline, putting mobile apps in the hands of store associates truly empowers them to be more efficient and better serve customers.

Bob Phibbs:

Mobile is a big pain point. While marketers can text to shoppers either at their home or as they stroll by a store, there is a still a creep factor retailers are trying to figure out. How much is too much interaction and how much is beneficial?

Tony Ward:

The top challenges we're seeing all have a consistent theme: We know Omni channel is here, but how are we going to do it? How do we operationalize Omni channel? Retailers are wondering how to create a consistent customer experience, particularly when many are behind on having any e-commerce and mobile presence, now considered table stakes.

On the back end, the Omni channel movement is also raising a lot of questions about fulfillment. What are our needs, and how will we mobilize to meet customer demands? And all of this is happening at a time when sales are slow and top-line growth is elusive. Last, but not least, how will we make this profitable?

2.5.2. Point of Sale Security & Payments

Ken Morris:

The top challenge in retail today is securing the POS and all customer data from a breach. This is a pervasive issue that even some of the biggest chains haven't figured out yet.

Rob Henneke:

Data Security is high on everyone's list of concerns. Regardless of the level of compliance with PCI, this is one issue that keeps not only CIOs, but also CFOs and CEOs up at night.

Bob Phibbs:

Payments tie in well here. While Apple Pay made big news the other day, there are other providers looking to get their share – and they all put fraud and security costs ultimately back on the retailer – see Home Depot and Target. And how much attention should be paid to mobile payments when adoption seems sluggish?

2.5.3. The Evolving Customer Profile

Jon Weber:

Today's consumers are also highly informed, enabled by new technologies and tools which provide them unprecedented access to information like pricing, product reviews, etc. This, combined with the fact that the universe of retail options for many products is seemingly endless given online alternatives, makes it very challenging for retailers to win consumers' spending dollars.

Finally, today's consumer is markedly different than even a few years ago. Their expectations are extremely high….they expect the best of everything, 100% availability, fast delivery, and so on….and even the most affluent consumers find it silly to pay full price for most things, so stimulating purchases without being aggressive on price or delivering exceptional value is nearly impossible.

2.5.4. Customer Acquisition

Jon Weber:

The biggest challenge facing retailers today is how to drive traffic to their stores. At a macro level, store-based retail sales are not growing – virtually all growth in consumer spending is being captured by e-commerce – so evolving the store's role and function is critical, as a means to add value to the consumer and being productive for the retailer at the same time.

Bob Phibbs:

With fewer shoppers making the trek to a mall to buy apparel, electronics, and other items, the key focus is on how lookers are being converted into buyers.

2.5.5. Maintaining Employee Efficiency

Doug Fleener:

Finding and keeping good employees has always been a challenge in retail.

Rob, Henneke:

Effective use of existing applications is a challenge that many retailers face.

As staff turns over and the business continues to evolve and change, it is important to revisit the use of existing applications to ensure they are being used to their full potential.

2.6 The five Opportunities for Growth

2.6.1. Embracing Omni channel Systems and Processes

Ken Morris:

Consumers expect a seamless experience in the store, on the Web, or anywhere customers choose to shop. This idea of real-time retail will change the face of retail in the coming years and this is why "real-time retail" is the new imperative. Unfortunately, most retailers don't have real-time retail capabilities today and first mover advantage is still available in this game.

With advanced networks and sophisticated software and analytics, the technology is readily available to enable unified commerce. Now is the time to align the people and processes with the technology to make real-time retail a reality!

Tony Ward:

The Omni channel movement has made end-to-end supply chain visibility more important than ever. Retailers who are able to see across the entire enterprise have the flexibility to make near-real-time decisions to reroute products and streamline transportation to get the right products to the right locations at the right time. That's going to be key to success this holiday season and beyond.

2.6.2. Market Segmentation

Jon Weber:

Another trend creating an opportunity for growth is the rising income inequality gap that is squeezing the middle class, resulting in an "hourglass" economy. Retailers should ensure they don't get caught in the middle, but look to exploit opportunities at the top or bottom… and I'd argue skewing to the top, where consumers account for a disproportionate amount of consumer expenditure and have the means to spend, is the more intriguing place to play for many businesses.

2.*6.3.* Optimizing *the Offline Sales Process*

Doug Fleener:

A huge opportunity for growth will be having a much more effective frontline sales staff. With offline traffic dropping retailers must be able to convert more customers, and increase the average sale. It will also be important to use events and other activities to drive incremental visits. Third, buy online and pick-up in store has become an essential offering, and must be executed flawlessly. We also see text marketing as a better way to engage some customers.

Bob Phibbs:

Price and promotion are dead. The only way to be competitive in a sluggish economy is your people. Can they do a better job than a competitor? It takes money, it takes thought and it takes skill. Employees are no longer arriving into a single job looking to make a difference; they're looking to get a paycheck. Hiring masses of part timers is diluting the brand strength in the stores.

2.6.4. Inventory Management Processes

Rob Henneke:

Selling seasons are short. A stock out causes lost sales. Transfers are costly. Markdowns are a hit to the bottom line. Getting the right inventory to the right store/channel at the right time has a significant impact on overall performance. Proper Planning, Allocation, Replenishment (and the related issues such as Size Scaling) will make a big difference in a retailer's bottom line.

Tony Ward:

The consolidation we're seeing in the discount and grocery sectors is indicative of the fact that there are fewer and fewer opportunities for growth. A few years ago, retailers were laser focused on cost-cutting to improve margins, but now the focus is on flexibility and speed to market. We're seeing this specifically with inventory management.

2.6.5. Communication

Heather Raines:

Mobile. Mobile. Mobile. The number of shoppers leveraging mobile devices (smart phones and tablets) at some point in their purchase path continues to rise. Regardless if the customer is purchasing, show rooming, browsing or bridging in-store and laptop/desktop experiences via their mobile device, the engagement is greatly impacting the overall purchase journey. A clunky mobile experience no doubt will impact a retailer's holiday sales expectations not to mention customer loyalty and brand perception long term.

Retailers should evaluate how their customers are using or would like to use mobile to engage with them then target some key areas that will improve the customer experience. When making improvements, don't forget to address experiences by device type and operating system.

Jon Weber:

If you are not already embracing digital (online and mobile), than you are behind the curve – the pace of growth in the online channel is significant and will only continue.

2.7. Imperatives to Stay Competitive

2.7.1. Understanding and Retaining Customers

Ken Morris:

Retailers have to listen to the voice of the customer, differentiate their offerings to the multi-generational customer base with drastically different needs, shopping habits and interactions with the brand. Once retailers master this challenge, they will become intimate with the many customer personas at store level to truly drive competitive advantage.

Jon Weber:

Retailers need to find compelling reasons to communicate with consumers. Because they are so empowered with digital tools (e.g., smartphones, tablets, social media, blogs) and inundated with information and so many other stimuli, it's imperative to find ways to cut through the noise and strike a chord on something that actually matters to them.

Doug Fleener:

They also must get better at using data to understand who their most profitable customers are and how to increase their sales and visits.

Heather Raines:

The simple answer is that retailers need to continue to study and understand their customer. They need to understand their customers' needs, satisfactions, and evolving shopping expectations. It goes beyond basic demographics.

The best way to be innovative is to be your own customer. Experience what your customer experiences and then solve for the most painful points in the purchase path. We think no matter what is right for a particular retailer, all need to be thinking about creating a seamless customer experience across all customer engagement points.

2.7.2. Omni channel

Jon Weber:

Retailers must also clearly define the role of the store vs. other channels (e.g., e-commerce) so that each plays a distinct part in their model and offers incremental value to the consumer. Whether a showroom, transaction / fulfillment center, return center, source of inspiration, educator, or a combination of these or other roles, each channel needs to work together to deliver value to the consumer.

Rob Henneke:

Everyone has their own name for it, but bringing all channels together so that:

- There is one view of a customer across channels
- There is one view of inventory across the enterprise
- Order anywhere, pick up anywhere, ship anywhere can be deployed effectively

2.7.3. Shaping the USP (Unique Selling Proposition)

Jon Weber:

Finally, the world is changing so fast that it's so easy to get leap-frogged or disintermediated today. So, retailers must always challenge the status quo and ask themselves, "Are we really delivering a compelling value proposition to the customer that is differentiated vs. alternatives?"

Heather Raines:

Innovation doesn't necessarily mean creating something new. Innovation can also be rethinking and repurposing what you already have to make it fresh or improved in some way. Not all retailers are going to be able to implement the latest technology or come up with the leading edge concept for every aspect of their business but all can evaluate their customer, their customer needs and their competition and come up with creative ways to leverage some of the infrastructure they already have but in a fresh way.

2.7.4. Optimize the In-Store Experience

Doug Fleener:

Retailers must continue to elevate the customer experience to make the in-store experience even more compelling.

Bob Phibbs:

Employee sales training to convert those who your marketing did attract to your doors into buyers. Less part-timers, more stable shifts and more 30+ hour employees who have a stake in your success.

2.7.5. Sourcing

Tony Ward:

In addition to the challenges and opportunities already noted, retailers should be looking closely at their sourcing strategy. As retailers look to become more nimble, they are updating their entire supply chain and fulfillment strategy, and it starts at the source. We've seen a really dramatic shift over the past few years, with more and more retailers looking beyond China for sourcing opportunities.

Retailers are considering moving production closer to their customers and identifying other attractive locations for sourcing. Those who make the right moves and tweaks will have a competitive advantage in the years ahead.

2.8 Social factors affecting retailers

Many social factors influence markets that retail businesses serve. Economic and political changes, for instance, can overlap and fundamentally change how a society thinks. While retail business owners can't hope to predict every possible change, paying attention to the major social factors that drive change can help prepare them to adapt.

2.8.1. Technology

Technological changes have an enormous impact on how retail businesses operate, in good ways and in bad. Take the advent of smartphones, for example. Retail stores now can use location-based advertising to reach nearby consumers with targeted sales messages, but they also must deal with shoppers comparing prices across the world to find the best deal. The effect technology has on a society can boost a retail store's performance while also undermining traditional ways of doing business, forcing retailers to adapt or give way to more progressive competitors.

2.8.2. Social Responsibility

Consumers increasingly consider the social impact of the money they spend. Some will pay more to support retailers who assert sustainable practices, for instance, by buying products made with recycled material. Others avoid companies notorious for irresponsible or unethical practices, such as outsourcing manufacturing to exploitative sweatshops in under-developed countries. More than ever, retail store owners must consider the ethical and social ramifications of their actions, as well as the actions of their suppliers. A manufacturer's negative publicity, for example, could hurt sales in every retail store it supplies.

2.8.3. Consumer Preferences

Consumer preferences shift, often unpredictably. A particular clothing store's products may be in one day and out the next. Retail businesses do their best to stay ahead of consumer buying trends, but all the research and marketing in the world can't replace simply being in the right place at the right time. For example, a handbag retailer might jump to the front of the pack because a celebrity was photographed on the street with one of its products.

Similarly, the fashion world might decide, seemingly on a whim, that a successful retailer's product line is now stodgy and outdated.

2.8.4. Generational Differences

Broad social changes also impact a retail business. An economic recession, for instance, can cause a shift in consumer spending across all categories. Demand for luxury items might plummet, while discount retail stores experience a significant surge in demand. Such shifts might last only as long as the initial causes, or they might permanently alter the way an entire generation thinks. For example, Depression-era hardships created a generation that was less likely to use credit than the relatively reckless Baby Boomers who followed. Even without significant economic developments, the changing proportions of a population's age groups can alter overall spending rates and habits, forcing retailers to adjust their business models to compensate.

There are currently three major challenges in the retail industry: Multi-channel retail, mobile shoppers, and providing business flexibility. How a business chooses to deal with them could mean the difference between outstanding success and miserable failure.

2.9 Top three challenges of retail industry

2.9.1. Multi-channel retail

It is no longer sufficient for a business to operate using a single channel to market. Smartphones and tablets allow shoppers to purchase products wherever and whenever, from whomever they choose, making the concept of a 9-to-5 business redundant.

According to **E-consultancy**:

1. In the UK, 40% of shoppers believed it was important to be able to purchase from a retailer using different channels, up nearly 10% on the figures from 2011.
2. 76% of shoppers expect to be able to return an item purchased online to a local store.

"While the growth in online shoppers is clear, our data shows that there is still a robust segment of consumers who prefer to shop [via] bricks-and-mortar stores. For retailers, this reinforces that how consumers want to shop is as strategically important as the price they are offered."

Eric Anderson, Hartmarx Professor of Marketing at Kellogg – 2012 Kellogg Shopper Index

However, for the forward-thinking business, implementation of a system which unifies all retail channels is a better investment. Known as Omni-channel retailing, the idea is to provide a consistent customer experience using a single or integrated multi-channel software platform to power transactions, stock and other internal business processes transparently.

This consistent experience is attractive to consumers and helps differentiate your offering from your competitors.

2.9.2. Mobile shoppers

The practice of checking competitor prices online while visiting a store (a practice known as "show rooming") is gaining in popularity and causing traditional retailers a lot of concern.

- 5% of British shoppers turn to their mobile when an item is out of stock
- 48 million people are expected to "showroom" during December 2012 in the US, a rise of 134% on the same period last year
- 70% of show rooming shoppers are more likely to buy from businesses offering mobile commerce websites or dedicated smartphone apps.

Customer service and in-store experience play a massive part in consumer attitudes to show rooming. Most shoppers only resort to mobile shopping when there is a stock shortage or they receive poor service.

The choice of a multi-channel software platform that allows a business to refine its mobile offerings, improve stock supplies and assist staff with providing better, targeted service will help provide differentiation in a crowded marketplace.

2.9.3. Business flexibility

Adapting to an evolving marketplace requires a business to introduce more flexibility into its business processes. For instance, the only way to satisfy customer demands for Omni-channel services is for retailers to be flexible in the way that they interact with their customers to provide a consistent experience.

Again, much of this flexibility will rely on choosing a multi-channel retail software package which can be flexed and altered in line with changing business processes.

"Many leaders of big organizations, I think, don't believe that change is possible. But if you look at history, things do change, and if your business is static, you're likely to have issues."

Larry Page, internet entrepreneur

The internet has widened the field of competition, making it ever harder for retailers to maintain or grow their market share. In order to compete, successful businesses will need to look at multi-channel retailing to unify their processes. In doing so, they will:

- Centralize and standardize processes making them easier to administer and maintain
- Create a consistent user experience across every channel
- Collect and collate additional customer data which can be used for effective marketing and promotional activities
- Differentiate their products and services from the rest of the market.

This isn't a new approach; market leaders such as John Lewis have been doing this for some time. There's a lot you can learn from how they've adapted to the changing retail environment

2.9.4 Theoretical Framework of Retail Enterprise Business Model Innovation Path Analysis Based on Value Chain

The path innovation of retail business model is in the original value chain innovation. As shown in Figure 2. Enterprise business model innovation is a product innovation or a process of innovation as a starting point, which include suppliers, businesses and distributors who are important part of chain value. Normann and Ramirez[15] argue that companies need to optimize the relationship with suppliers, partners and customers in the value chain to create new value for their own interests in a complex competitive environment. For example, Danish pharmacies establish new relationships with customers, hospitals, drug manufacturers and international health agencies to improve their capabilities and profits. Xavier[16] argue that technology can build a network of cooperative value and provide a basis for business model innovation. Sosna [13] argue that stakeholders related to retail enterprises can create value and change business patterns through new value generation. Companies use business model innovation to confront the threat of economic recession and win competition in international operations opponent.

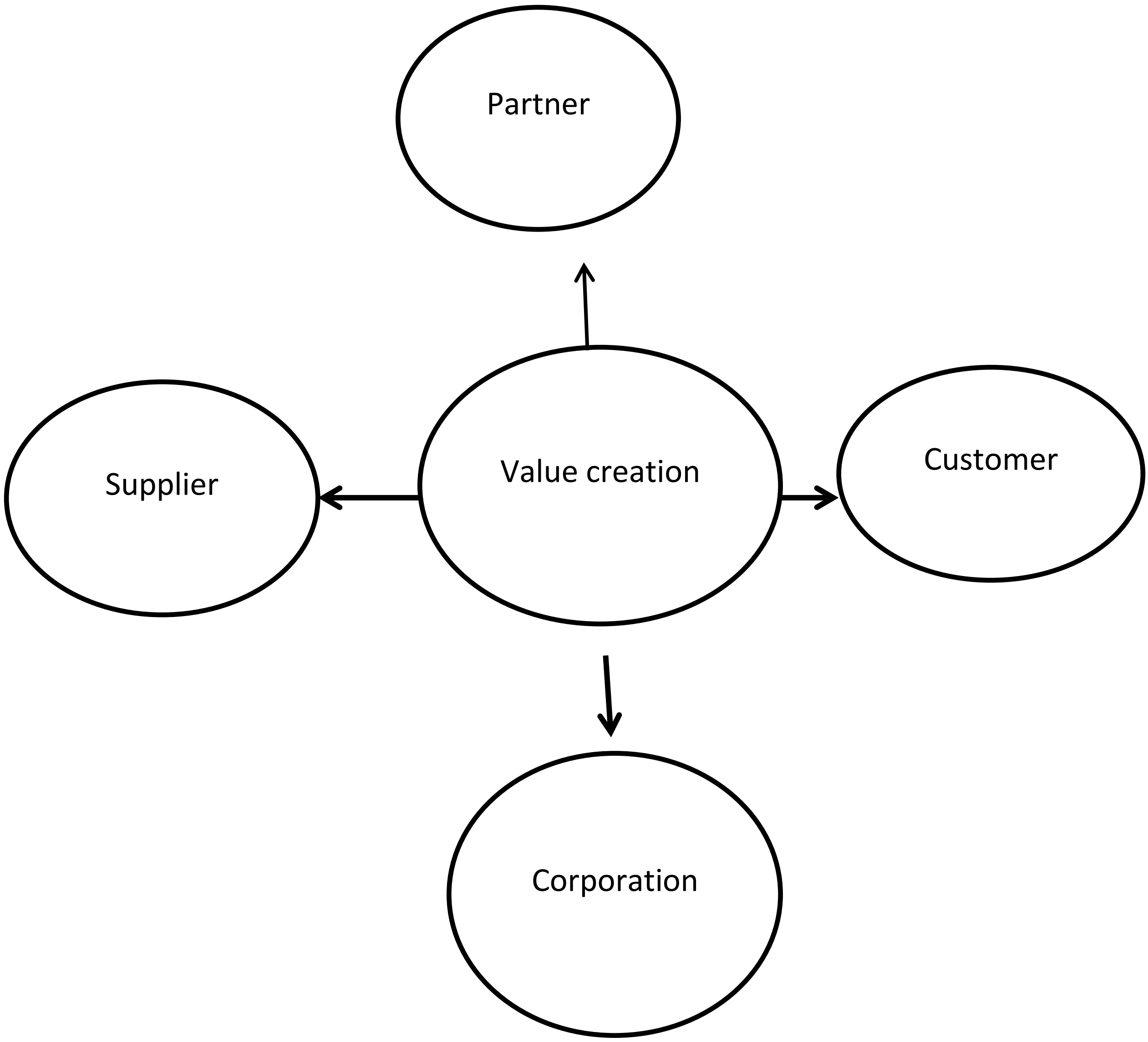
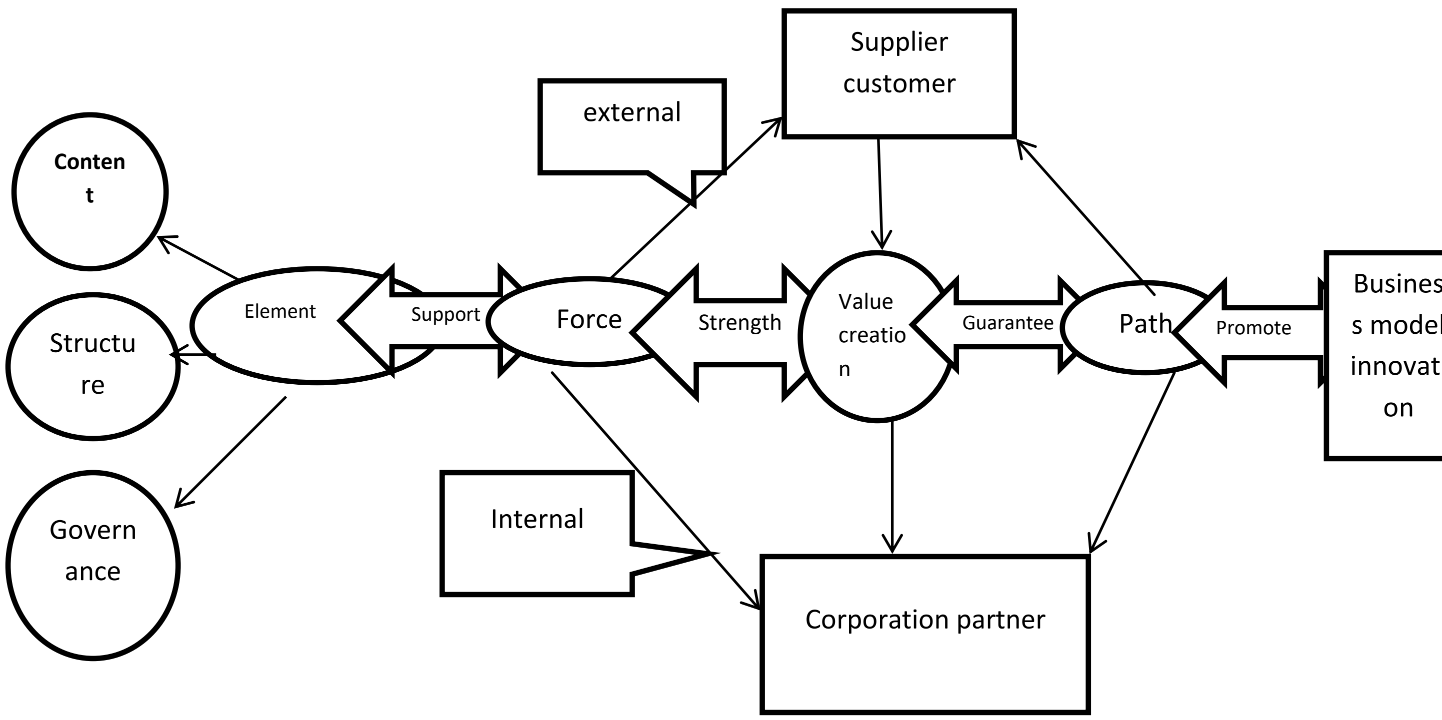


Figure 1. Path analysis of retail enterprise business model innovation.

2.9.5 Theoretical Framework

Based on the above literature about retail business model innovation, we set up the theoretical
framework of retail enterprise business model innovation, which include force, element and path
about business model innovation through value chain. As shown in Figure 3. The force consisted of technology, competition, demand and enterprise executives. The internal force can stimulate the value creation of supplier and customer in the process of path innovation. The external force can stimulate

the value creation of corporation and partner in the process of path innovation. It is linked system that all have a connection



CHAPTER THREE

3. RESEARCH Methodology

3.1 Research design

In this study, descriptive type of research design used. The reason for selecting descriptive type of research design is clear that the researcher is simply describe the available data which already exist and also the study was describe characteristics of particular events. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group (Kotler, 2004)

3.2. Source and method of data collection

The research would use both primary and secondary data. From primary data source of data questionnaires' would be use in addition to primary source, there are references referred as secondary source of data. The data would be collect from different source personally by using questionnaires, because questionnaire is the most important methods to collect data from middle to large group. And among the distributed 85 questionaries' 73 of it would be return.

3.3. Sampling method

Among the various sampling techniques the researcher would be use convenience in order to collect the data from the respondents, because the data would gather from respondents those are convenience for us.

Currently there are about more than 547 retailing business established by retailers in wolkite and i took 15.5 % of the total population that is 85. Because i believe that the sample can represent the total population.$n = \frac{N}{1+N(e^2)}$

$$n = \frac{547}{1 + 547(0.1^2)}$$

n= 85

Where N: Total population

e: sample error (we take 0.1 because sample size is too large)

n: sample size

3.4. Data analysis

After the data would be gathering by using questionnaire, the data would be analysis through tabulation and percentages.

The data analysis method is undertaken based on the nature of the data the necessary information collected from the element of the study the data would be analysis through tabulation and percentage.

Chapter Four

Data Analysis

4. Data Analysis and Interpretation

This part deals with the major finding of the study. All necessary data and information are analysed, discussed and hence the basic issues are given appropriate treatments, In this chapter from the questioners that were distributed to 85 selected retailers of wolkite city were collected and analysed . And also from each 85 distributed questionnaires 73 are returned and analysed.

This section describes the data gathered from retailers in wolkite City

4.1. Age and Sex composition of the respondents

Most of the respondents in the study areas were adults. Perhaps, because of their ambitious economic motive to be prosperous. Gender wise most of these respondents (68%) are male and female account 32% of the total respondents.

Table 4.1. Age and Sex composition of retailers in wolkite city.

No	**Age group**	**Male**	**Female**	**Total**	**Percentage**
		Frequency	**Frequency**		
1	18-25	10	5	15	21%
2	25-35	20	10	30	41%
3	35-45	9	3	12	16%
4	45-55	8	3	11	15%
5	55 or more	2	3	5	7%
	Total	49	24	73	100%

As evident from the above table, most of the respondents are within the age range 25-35 years old. According, the result 16%(12) were between 35-45, 15% (11)were between 45-55 and 41% (30) were between 25-35 of the total, whereas, those who were between 18-25 15 (21%)and 55 or more age groups (7%) were small in number which accounts 15% of the total respondents.

Table 4.2 Level of educational background of retailers

No.	Educational level	Respondent	
		Number	Percentage
1	Literacy	15	21%
2	Primary education	12	16%
3	Secondary school	30	41%
4	Preparatory	11	15%
5	College edu.	5	7%

According to the above table most of retailers 41% (30) were learnt secondary education and others primary Edu. College Edu. Literacy and preparatory contribute 16%, 7%, 21%, and 15% respectively. the results indicate their extents of educational background most of the respondent are learnt to operate retails business .

4.3 Data gathered regarding financial problems

Table 4.3.1 the financial source of the retailers.

No	Source of finance	Number of respondents out of total sample(73)	In percent (%)
1	From Family	40	54.79%
2	From government	2	2.73
3	From credit association	23	31.5
4	Non-government organization	1	1.36
5	Trend banks	4	5.47
6	Other	3	4.1
Total		**73**	**100%**

As can be observed from the table shows 40(54.79%) of the respondents used their family as financial source, while 2(2.73%) of them use the government as a source, And 23(31.5%) of the total respondent used credit association as a source and 1 (1.36%) used non-governmental organization, the other 4(5.47%) of the respondents used trend banks as a source of finance and the rest 3(4.1%) of the respondents used other source like their own saving.

Depending on the data shown in the above table the researcher can conclude that retailers of wolkite city use their family and credit associations as a financial source.

Table 4.3.2 financial problems

Does your firm face financial problems?		
Answer	**No. of respondents**	**In percent (%)**
Yes	56	76.71
No	17	23.28
Total	73	100%

As can be observed from the above table 56 (76.71%) of the total respondents have a financial problems while the rest of 17 (23.28%) of the respondents have no financial problem.

This indicates that majority of the respondents have a financial problems. So depending on the data the researcher can conclude that retailers of wolkite city have financial problem.

Table 4.3.3 Credit facilities

Is there sufficient credit facilities in wolkite city		
Answer	**No. of respondents**	**Percentage %**
Yes	55	75.34
No	18	24.65
Total	**73**	**100%**

As can be observed from the above table 55 (75.34%) of the respondents say yes while the rest 18(24.65%) of the respondents say No.

Regarding the data shown in the table majority of the respondents say Yes there is sufficient credit facilities in wolkite city.

Having this the researcher can conclude that there is a sufficient credit facility for wolkite city retailers.

Table 4.3.4 credit returning time and interest

Does your firm face problem regarding with credit returning time and interest rate?		
Answer	**No. of respondents**	**Percentage %**
Yes	17	23.28
No	56	76.71
Total	**73**	**100%**

As the data shown in the above table 17 (23.28%) of the total respondents say Yes while the rest 56(76.71%) of the total respondents say No.

The majority of the respondents say No problem that their firm face regarding the credit returning time and the interest rate of the credit the take.

So by referring the data shown in the above the can conclude that there is no problems regarding credit returning time and the interest rate of the credit.

Table 4.4 Price of products

Is there problem of products price?		
Measures	**No. of respondents**	**In percent (%)**
Very high	19	26.02
High	33	45.2
Medium	12	16.43
Low	3	4.10
Very low	7	9.58
Total	**73**	**100%**

As can be observed 19 (26%) of the total respondents have Very High product price problem, while other 33 (45.2%) of the respondents have High product price problem, And also out of the total respondents 12 (16.43%) of them face medium problem regarding products price the while 3 (4.10%) of them face low problem and the rest 7(9.58 %) of the respondents face very low problem.

As the data shown in the table indicates majority of the respondents have high problem of products price they sell.

So depending on the above data the researcher can conclude as there is high problem of retailers related with price of products.

Table 4.5 Capital

Does your firm face capital problem?		
Measures	**No. of respondents**	**In percent (%)**
Very high	5	6.84
High	17	23.28
Medium	31	42.46
Low	12	16.43
Very low	9	12.32
Total	**73**	**100%**

As can be observed from the above table 5 (6.84%) of the respondents firm face Very High problem while 17 (23.28%) of the respondents firm face High problem, The other 31 (42.42%) of them face medium problem of capital while 12 (16.43%) of them face low problem of capital and the rest 9 (12.32%) of the total respondents face very low capital problem. This data show that majority of the respondents face medium capital problem.

Depending on this data the researcher can conclude that the retailers of wolkite city face medium capital problem.

Table 4.6 t**ransportation cost**

Does your firm face transportation cost problem?		
Measures	**No. of respondents**	**In percent (%)**
Very high	7	9.58
High	21	27.76
Medium	23	31.5
Low	11	15.06
Very low	11	15.06
Total	**73**	**100%**

As can be observed from the table above 7 (9.58%) of the total respondents have Very High transportation cost problem while 21 (27.76%) of the respondents face High transportation cost problem and from the total respondents 23 (31.5%) of them face medium transportation cost problem and 11 (15.06%) of the respondents face low transportation cost problem. The rest 11 (15.06%) of the respondents face Very low transportation cost problem.

As the data in the above table shows majority of the respondents firm face Medium transportation cost problem.

Depending on this data the researcher can conclude that the retailers firms have a Medium transportation cost problem.

Table 4.7 Retailers product

"Is your products available in your store are locally manufactured brands?"		
Answer	No. of respondents	In percent (%)
Yes	35	47.94
No	38	52.05
Total	**73**	**100%**

The above table shows that 35 (47.94%) of the respondents retailing stores are stored by locally manufactured brand while the other 38(52.02%) of the respondents store are not stored by locally manufactured brands.

As can be observed from the above table the majority of the respondents store is not stored by locally manufactured products.

Having the above data as reference the researcher can conclude that the stores of wolkite cities retailers are not stored by locally manufactured brands.

Table 3.8 products sold in retailers shop

Products	No. of respondents	Percentage %
Locally manufactured	23	31.50
Imported	45	61.64
Other	5	6.84
Total	**73**	**100%**

The table above shows that 61.64% of the total respondents retail products that are imported out the city, while 31.50 % of them sell products that are locally manufactured and the other 6.84% use other type of products.

So that by taking consider of this data the researcher can conclude that the retailers in wolkite city retail products that are imported out of wolkite city. And this indicates that there is lack of manufactured brands.

Table 4.8.1Imported product price

Does your firm face a problem with price of imported products?		
Measures	**No. of respondents**	**Percentage (%)**
Very high	15	20.54
High	27	36.98
Medium	9	12.32
Low	7	9.58
Very low	15	20.54
Total	**73**	**100%**

As can be observed from the table above 15 (20.54%) of the respondents face Very High problem with the price of imported products, while 27 (36.98%) of the respondents face High problem and from the total respondents 9 (12.32%) of them face medium problem regarding imported products while 7 (9.58%) of them face Low problem, the rest 15 (20.54%) of the total respondents face Very Low problem regarding imported products price. As can be observed from the table above majority of the respondents face High problem of imported products price, so depending on this data the researcher can conclude that the retailers of wolkite city have High imported products price problem.

4.3 Challenges and Opportunities (prospects)

Challenges

In the above part of the analysis many financial, product type challenges has been described, but the challenges of wolkite city retailers are not only the above there are many gathered challenges.

The following are challenges that retailers of the city face;

- Challenges regarding high and unfair evaluation of tax.
- High price of rent for working place
- The problem with electricity specially for electronics retailers
- Unavailability products at the needed time from suppliers.
- The warm weather condition of wolkite city.

Opportunities

As the data gathered from the respondents shows, the following are the opportunities of the retailers of wolkite city.

- The facilities of sufficient credit in the city.
- Confusability of the city for trade activity
- The income and purchasing power of the population.

Chapter five

5. Summary, Conclusion and Recommendation

5.1 Summary of major finding

This research conducted to investigate challenges and prospects of retailer in wolkite city, to successfully meet the objective of the study, questionnaire were distributed and collected from retailers. The researcher has tried to see the challenges and prospects of retailers of wolkite city. The major finding of the study is summarized as follow.

- Majority of the respondents have a financial problem for their business. And this show that there is financial problem in wolkite city.
- Most of the respondents do not sell products that are manufactured locally around the city. The store of the respondents is mostly stored by the product imported. This indicate that there is shortage of locally manufactured products.
- Majority of the respondents have problem of high and unfair evaluation and high price for rent of working place.
- Most respondents got sufficient credit facilities and found the city comfortable for trade activity. This become as an opportunity.

5.2. Conclusion

- Regarding financial source majority of the respondents use their family and credit associations as a financial source.
- From the total respondent majority of the respondents have a financial problems.
- Regarding credit facilities majority of the respondents say there is sufficient credit facilities in wolkite city.
- From the total respondent majority of them have high problem of products price they sell.
- Regarding sufficient capital majority of the respondents face medium capital problem.
- As the data collected indicates majority of the respondents firm face Medium transportation cost problem.
- As can be observed from the data collected the majority of the respondents store is not stored by locally manufactured products.
- Most of respondents store is full of imported products.

- As the data indicates majority of the respondents face High problem of imported products price.
- Majority of the Respondents of the city face, Challenges regarding high and, unfair evaluation of tax, High price of rent for working place, The problem with electricity specially for electronics retailers, Unavailability products at the needed time from suppliers, The warm weather condition of the city.
- Majority of the respondents have an opportunities of, the facilities of sufficient credit in the city, Confusability of the city for trade activity, the income and purchasing power of the population.

5.3. Recommendation

1. However the retailers of the city use their family and credit association as a financial source there must be other optional financial sources in order to solve financial problems of the retailers.
2. The financial problems of the retailer will drive them out of the business, so from the government the methods that can solve their problem must be done, like facilitating credit facilities with balanced and affordable interest and long returning time.
3. As majority of the retailers sell products that are imported from outside the city, there are many problems that be caused b/c of this, so manufacturing companies must be established in order to solve retailers problem.
4. In order to solve retailers challenge there must control of price for products that retailers receive from suppliers.
5. The taxation system made by the government should be fair and must be balanced with the income of the retailers of the city.
6. The infrastructural problems like electricity must be solved by the government in order to make the business activity of the retailers.

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APPENDIX

WOLKITE UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

DEPARTEMENET OF MARKETING MANAGEMENT

Sir/ Madam

A research project has been undertaken on **'**A study of Retail marketing in Wolkite city'. For doing this research, i need your kind support and responses for this questionnaire. Your feed-back is my major source for my study on the challenges and prospects that you face. The response given by you would be treated as strictly confidential and would be used for academic work.

Questionnaire

1. Age 18-25 25-35 35-45 45-55 55 or more

2. Sex male female

3. Level of education back ground of retailers

Illiteracy primary education secondary education

4. When your company did establish?

……………………………………..

……………………………………..

5 .Which kind of the following your company is?

Wholesaler

Super market

Mini market

Small retailer (convenient goods retailer)

6. What are the sources of finance for your firm?

From family

From government

From credit association

Non-government

Trend bank

7. Is your firm is affected by financial problem?

   Yes No

8. How does the following financial affect your firm?(very high-VH; High-H; Moderate-M; Low-L; Very Low-VL)

	VH	H	M	L	VL
Lack of sufficient credit	…..	…..	….	….	…..
Poor in cost saving	…..	…..	….	….	…..
Higher price for product	…..	…..	….	….	…..
Lack of sufficient capital	….	…..	…..	….	….

9. Is your product available in your store are locally manufactured brands?

   Yes No

10. How does the following factor affect your firm related with lack of locally manufactured brands? (very high-VH; High-H; Moderate-M; Low-L; Very Low-VL)

	VH	H	M	L	VL
Transportation cost	…..	….	….	…..	…..
Unavailability of importedproducts in needed time	…..	…..	…..	…..	…..
Product myopia	…..	…..	…..	…..	…..
Imported product price	……	……	…..	…..	…..

11.what are the problems that your firm faces related with lack of localized manufactured products**?..**

...

...

...

...

12. What kind of products dose your suppliers supply to you?

Locally manufactured Imported product. Other

13. How you evaluate marketing communication manner do you have with your product suppliers?

Poor

Strong

Very strong

14. Is there any communication problems between your firm and your suppliers

Yes No

15. Are the available finance sources for the retailer in wolkite city?

Yes. No

16. Is the loan returning periods and their interest to the creditor is comfortable?

Yes No

17 What type of communication tools do you use for your business activity?

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……….

18. Is there any infrastructure related problem that faces you in your business activity? If there what kind of problems?

Yes No

If yes;

Transportation

Communication

Other

19. Generally what are other challenges and opportunities to your retail business?

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Thank you for your collaboration!!