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DESIGNING A KNOWLEDGE MANAGEMENT STRATEGY FOR RETAILING BUSINESS PERFORMANCES

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ABSTRACT

Rapid changes in Information technology and development of new economy are changing the face of what is possible in customer contact, care and insight. Due to the ever-increasing availability of information about the market, customer expectations for quality, service and value are rising continuously.

Keywords: Knowledge Management, Tacit Knowledge, Knowledge strategy, Retailing, Customer Relationship Management, Business performance

Introduction

Knowledge is a fluid mix of framed experiences, values, contextual information, expert insight and grounded intuition that provides an environment and framework for evaluating and incorporating new experiences and information. In organizations, it is often embedded not only in the documents or repositories but also in organization routines, practices and norms. Hence it becomes essential for any company to tap its knowledge pool for competitive business performance. Knowledge Management in simple terms is managing the knowledge. It is a management discipline that treats intellectual capital as a managed asset. KM is about embracing a diversity of knowledge sources and cultivating this knowledge where it resides.

Retailing and Knowledge Management

Faced with extremely tough competition and flat sales growth, the retail chains most often find it hard to secure customer loyalty. Research has consistently shown that it costs four to five times more to acquire a new customer compared to retaining an existing one. To effectively implement Customer Relationship Management (CRM) Solution for retailing it is very important to identify real knowledge about different types of customers from a plethora of internal and external data, figures, and surveys. A logical solution for this is to build a data warehouse. However, it is essential to build a knowledge framework instead of just accumulating the information. Knowledge Management has the potential to give an organization a strategic advantage in design and implementation of the Customer Relationship Management Solution for a retail chain. Once a good performance based knowledge framework is built for retailers, the rest is merely technology and smart work. It will provide a standard for how documents,

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databases, websites are labeled, organized and populated. It will also provide for keyword adoption that allows marketing professionals to select what they need rather search for it. The knowledge framework will reduce the risk element involved in taking strategic decisions to retain customer loyalty. The strategic decisions of market man will be more judicious, based on past knowledge and tacit knowledge (which was earlier hidden and unorganized). Thus decision making process will be more agile and effective. The knowledge framework for CRM will embrace a diversity of knowledge sources from databases, websites, employees, customers, partners and cultivate that knowledge where it resides, while capturing its context and giving it a greater meaning through its relation to other information in the company.

The Study

This paper tries to design a knowledge framework for a retail chain by integrating the concepts of Retailing, CRM and KM. This integrated design will give an organization a strategic advantage for building up a sustained business performance. This paper focuses on the implications of KM on the Retailing business as a consequence of globalization in the compelling and upcoming e-global market. Managers at all levels of an organization must reach and communicate with customers, consumers and public, each of whom can make a marked impact on overall market share and business profit.

The empirical study is based on different sectors, like FMCG, Food Services and Banking Services. The various quantitative and statistical tools are applied to the data obtained on the basis of the surveys. An attempt is made to design a Knowledge strategy for the retailing business. This designed strategy includes the four phases- (i) Identifying the customer expectations, (ii) Managing customer experiences, (iii) Creating customer relationship by developing customer values and (iv) Implementing the Market Intelligent technology.

The strategy is based on the basic concepts and key determinants of Knowledge acquisition, Knowledge sharing and Knowledge utilization.

Today, knowledge is strategically considered to be the most important resource for business organizations. However, many initiatives being undertaken to develop and exploit organizational knowledge are not explicitly linked to or framed by the organization's business strategy. In fact, most knowledge management initiatives are viewed primarily as information systems projects. Many managers intuitively believe that strategic advantage can be derived through knowledge rather than competitors. Managers are unable to explicitly articulate the link between knowledge and strategy. This study provides a framework for making that link and for assessing an organization's competitive position regarding its intellectual resources and capabilities. This study recommends that organizations perform a knowledge-based SWOT (strengths, weaknesses, opportunities, and threats) analysis and comparing their knowledge to that of their competitors. The knowledge requires its own strategy. The study provides a framework for describing the degree of aggressiveness of a knowledge strategy. It also bridges the knowledge gaps and concludes with several implications of advantages of knowledge strategy for retailing business performance.

During the past three decades, corporations, governments, and educational institutions in industrialized nations have adopted information technology to run their daily operations. Information technology, both computer hardware and software and communications technologies, is at the core of knowledge-based economy. Knowledge-based economy is a major driving force for the economy and society of industrialized nations. Knowledge management has become an important subject in this context.

The 1990s saw an explosion in innovation and technology along with migration toward a knowledge and service-based economy. Integration of work processes with electronic network infrastructure was seen to be rapidly changing the dynamics of organizations. The virtual organization structure was seen to emerge as a means for enabling companies to stay viable. The virtual organization is a bundle of competencies, some internal, some external, arrived at through relationships with other people and pulled together to deliver a value, (Hedberg, B., *et al.*, 1994).

Sometimes the non-core activity of one organization is the core strength of another's and can accelerate the strategic growth of alliances and outsourcing. These relationships are based on competencies and not on historical relationships. Whereas virtual organizations can sometimes solve problems quickly and easily, they typically make unstructured decisions, under tentative conditions. This gives rise to the need for dispersed virtual teams to develop an organized and well-structured knowledge management system to bring people together to distribute and enhance the expertise of the group.

Retailing

In every country of the world, retail development is undergoing a revolution that is defining the way people shop. With modern places to shop and play, they are evolving from traditional retail concepts into an entirely new experiences of online shopping is changing lifestyles and consumer demands.

It is noteworthy that factors that are important in the traditional retailing hold for building store loyalty in an online context (Parasuraman and Grewal 2000). The findings of their study further confirmed the roles of merchandise quality and customer service as loyalty drivers in an online context.

A common myth of e-retailing is that only e-stores with low prices can survive the competition. Some previous studies have refuted this notion (Baker et al. 2001; Berry 2001; Marn 2000). The findings from this study demonstrated the similar phenomenon that trust and efficient shopping experience are more important than value-for-money when determining store loyalty intention in online shopping.

The need of the hour is to start with a strategy that is based on an in-depth marketing knowledge and special needs of the consumers. It is all about working smarter. For every successful business in the world, strategic change has made the difference. Profit from operations, maintained margins, and good return on assets are the key factors of effective retail strategies. These factors will give a strategic direction to business. The answers start with solutions that focus on three major areas-Superior Marketing Position, Strong Management Format and Balanced Operational Expense. As we look ahead to the 21st century, big changes have happened in this mass-productive retail world. As things continue to change, the competition will be a lot harder and fiercer. Today, to develop a market vision, business has to be ready to change. To succeed in today's markets, customers are to be offered competitively priced products.

Commonly Encountered Problems in Retailing

The common problems observed in retailing are- lack of vision, insufficient system, bad planning, poor marketing strategy, lack of industry knowledge, inadequate capitalization, unfavorable store location, failure to establish goals, financial debt and absence of innovation.

Knowledge Management for Strategic Planning in Retailing

The retailing big picture has given way to a sophisticated science. Global trends, supply chains, strategic thinking, and data management are used by the most profitable retail businesses in the world. Successfully navigating retail opportunities means confronting increased competition, eroding margins, tightening expenses, and declining customer loyalty. Super centers, hypermarkets, category killers, mass merchandisers, and specialty and Internet retailers have joined supermarkets and department stores and management strategy is the difference between dominance and failure.

Meeting customers' highest expectations is as difficult as ever, and being competitive in today's rapidly changing retail market means having the tools to create and implement a winning market strategy. The firm needs to plan for tomorrow's growth while managing today's operations. Some of the key factors include-market-structure analysis, impact of changes in the economic and consumer environment, the nature of the changing retailing environment, impact of technology, consumer research in retailing as an aid to strategic planning, retail financial models and productivity analysis, merchandising management and assortment strategies, strategic planning for growth: analytical tools and processes, management systems, situation assessment, benefit to the organization and dramatic changes in the retail environment impacts performance and the retail structure and strategy. By learning how to navigate these changes, the firm will find itself more in control of the organization's profitability and better able to meet projected profit margins. (J.P. Liebeskind, 1996)

Developing KM Strategy for Retailing

The KM strategy for retailing involves the following factors:

Knowledge Management:

- Reveal - Maximizing the potential for acquiring useful data
- Redesign - Using loyalty schemes to target differentiated value
- Realize - Using loyalty schemes to maintain open channels for frequent communication
- Record - Useful loyalty scheme metrics

Marketing

- Revealing actionable insight
- Redesigning marketing according to Revealed insight
- Realizing the maximum response rate
- Recording marketing performance

Optimization

- Reveal and Redesign - Best Customer needs and Forecourt Strategies
- Realize - Raising awareness
- Record - Performance measurement

Business development

- Reveal - Proxy indicators
- Redesign - Develop the forecourt offering and reallocate marketing dollars
- Realize - Maximizing database value
- Record - Testing the validity of proxy indicators

Loyalty schemes must be optimized as vehicles for CRM. Companies must evaluate the business case for CRM on an enterprise-wide basis. Employing a CRM guru will bring benefits throughout the process. Companies must lay the foundations of good retail practice before fully implementing analytical CRM. It is essential to develop a framework for analyzing markets,

customers, competitors, and own capabilities. Regardless of the organization, the key points to be considered includes tools for financial and productivity analysis, a better understanding of consumer and competitive research, and perspective on concerns critical to organizational development and strategic planning.

Research Methodology

Objectives of Research

The objectives of the research are-

1. To identify the key problems faced by the retail firms in India
2. To develop a strategy to help retailers overcome these problems
3. To link the developed strategy with the knowledge assets of the firm.
4. To develop a model for increasing the market share, build brand awareness and sustain business performance.

The study was based on utilizing both qualitative and quantitative approaches to examine the research question. This allowed for initial exploration providing breadth and depth, followed by the development and administration of a survey-tapping respondents brand associations for identified retail outlets. The purpose of the study was to develop a strategy for retailing for sustained business performance hence the first step was to determine the problems faced by the retail firms in India. For this a qualitative approach was initially adopted due to its ability to obtain first-hand description of some specified domain of experience.

Data Collection

Personal interviews were chosen as an appropriate means of data collection due to their superior ability to delve into the respondent's memory.

The pilot survey consisted of conducting personal interviews with 10 retail outlets of FMCG and Services in Delhi. The interaction was in the form of telephonic interviews and personal meetings with managers of big retail outlets like Haldiram's, Modern Industries, Dominos, Lee, Bata, Nike, Reebok, Punjab National Bank, Canara Bank and Union Bank. On the basis of the interviews and the secondary data collected from the magazines articles and published papers, main problem areas were identified in the field of retailing. This formed the basis of the questionnaire design.

Questionnaire Designing

The second step was the questionnaire designing. This was done on the basis of the problems identified in the preliminary research. The problems were divided into 4 key parameters: Sales & Marketing, Management, Operations and Finance. The questionnaire is shown in the Annexure I.

For data collection, 20 retail outlets (13 in FMCG sector and 7 in Services sector) were selected in Dehradun. The respondents were requested to fill in the questionnaire. The mode of research was personal interview. Data collection included filling up the questionnaire, collecting demographic information about the retail outlet and getting comments from the respondents.

Sample Design

Target Population: Retailing firms in India including their franchises, their dealers and showrooms in various cities etc.

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Sample Size: 20 retail outlets in Dehradun – 9 garment showrooms, 4 food outlets and 7 banks.

Sample Procedure: Convenience Sampling and Judgmental sampling.

Samples were chosen on the basis of locational convenience (Dehradun) and availability of concerned persons. Element of judgment was introduced in the sampling procedure to take adequate measures so as to have a random data available for analysis. Efforts were made to choose retail outlets based on different locations like residential areas, commercial market complexes; on the number of customers inside the showrooms, the décor of the outlet etc.

Sampling Tests

Since the sample is a non-parametric distribution hence we have chosen the ANOVA test (analysis of Variance) followed by f - distribution to determine the significance of different parameters – Sales & Marketing, Management, Operations and Finance to the retailing sector.

Results of ANOVA test for FMCG Retailing

ANOVA and Fischer test gives the following values of f for FMCG retailing

Sales & Marketing	Management	Operations	Finance
6.410	1.547	7.642	22.97

f test figures reveal that there is a significant difference in the mean values for the retail firms in all the parameters. However, the difference is strikingly large in the finance field. This shows that on some of the firms have been able to tackle the financial problems effectively whereas other firms have been badly affected by these problems. The prime reasons for this are poor record management of resources and sales figure. Operations and Sales also show significant difference. This shows their inability to do inventory management and to attract customers.

Results of ANOVA test for Service Retailing

ANOVA and Fischer test gives the following values of f for Service retailing

Sales & Marketing	Management	Operations	Finance
4.366	0.5676	0.4171	0.3331

These values reveal that there is no significant difference in the values of variances and means on Management, Finance and Operations parameters. However there is a difference in the means of Sales & Marketing parameter. This shows that the success of banks generally differs because of their ability to provide better services to their customers as compared to others in the field of Marketing. Banks that are able to advertise effectively, located in prime business locations, having good aesthetics and cater to customer queries are able to attract customers successfully in their retail business.

The Results and Discussion

Results and discussion for Sales & Marketing for FMCG Retailing

The Table 1 shows that the main problem faced by the retailers is to generate sales. The reason behind the failure to do so is the inability to attract the customers. Data Analysis and Study of the demographic factors show that the reasons behind this problem are:

- *Location*: The showrooms, which are not located in the prime locations in small cities, face the problem of attracting the customers
- *Price*: Expensive products attract fewer customers if better quality is available in the market at lesser price.
- *Aesthetics of Showroom*: Another important factor for customer attraction is the aesthetics of the showrooms.
- *Advertising*: Effective Advertising is essential for attracting the customers.

Table: 1

Problem	Mean
I don't generate enough sales	2.85
I don't know how to get more customers in the door	3.3
I don't know what my sales will be from month to month	3.5
I'm not sure the advertising to do is cost-effective	3.07
I don't know how to advertise	3.23
My advertising doesn't work any more	2.85
I primarily use only one type of advertising	2.92
I do all store promotions and the work myself	2.85
I don't know what my customers want	3.23

A strategy is required to solve the above problems. The following suggestions are recommended to apply for resolving these type of issues:

- Retailers should document their monthly sales figure data to forecast the demand pattern and keep track of the Sales.
- Customers are the key determinants of products' success. Retailers should develop a data base of the customers visiting the showroom and those actually making the purchase.
- A Customer Query System should be generated to provide effective pre-sales, sales and after sales service. The system should keep track of changing customer needs and preferences, their complaints. This will also provide an opportunity to communicate with potential customers who have visited the showroom once and can be informed of new product lines being introduced or some new designs which have come up in the market to build a customer relationship.
- Documentation of sales data and query system will also provide a means for customer analysis, their demand patterns, the prices they are willing to pay for the products, the product features which are most admired for – quality, colors, sizes etc.
- This system will help in generating data about customers, which can be shared among the different franchises in the country. This will help the company in determining the latest trends hence designing new products or modifying the existing ones in accordance with the customer demands.
- The problem of location can be tackled by an advertising mechanism where product features, discounts, etc., are publicized in the local newspapers, pamphlets, etc. This will also help

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in cutting the cost of advertising. Some other techniques, which can be adopted, include promotional sales like the company can hire some hotel or restaurant or organise small camps in areas where it doesn't have its own showroom. This will help in reaching to more customers and also build brand awareness.

- The company can also adopt the policy of renovating the showrooms after 2-3 years. This will reduce the element of monotony and help in providing the customer with better shopping experience.
- Companies can also stock inventory in the showroom which suits the local customers i.e. if the showroom is in residential area then the showroom should be family oriented- providing casual clothing or family wear etc. if it is in industrial area then suitable professional clothing should be made available to the customers. That is to say that the customer's delight should be the key component of any retailers marketing strategy.

Results and discussion for Management for FMCG Retailing

The Table 2 shows that the main problem faced by the retailers is lack of efficient sales staff. Data Analysis and Study of the demographic factors show that the reasons behind this problem are:

- *Unskilled workers:* The sales people available in the market are generally unskilled.
- **Training of the Staff:** Training the staff is time consuming and expensive procedure. Generally the companies train the staff on their own and then appoint them in the various showrooms. This helps them tackle the problem of inconsistency in the behaviour of the sales people in various outlets. The formal qualifications along with training and development are needed for the staff to advance their jobs. (Bohlander and Snell, 2005)
- *Presence of Manager:* The Company should also employ a manager so that he can monitor the operations of the franchise. As generally the outlets follow very less documentation hence the employees face the problem in absence of the manager, as there is no requisite data available.
- *Time constraints:* As the manager is the only person who can effectively manage the shop hence he sometimes faces the problem of less time to devote to personal problems or other activities.

Table: 2

Problem	Mean
I am the only one who knows how to do the work	3.15
I don't have enough time to accomplish things	3.23
My work is too complex to teach anyone	2.54
I think that I work too many hours	2.92
If I take a vacation — the place would fall apart	2.69
I don't seem to hire the right people	3.46
I can't afford to hire the people I need	3.61
Training employees takes too much time	2.15
I don't know how to manage very well	4.08
My employees seem to take advantage of me	4.15

The following suggestions are recommended to apply for resolving these type of issues:

- Training of the manager and sales people before appointing to the showrooms can help the company in solving most of the problems. All the sales people should be efficient enough to handle the customer queries and give them adequate attention.
- The sales staff should be local to the surroundings as this will help him to be near to his family, also he will have an idea of local demands and customer patterns. However, there should be a periodic shifting of the people so that experiences of one outlet can be shared with that of the other. If same problems are being faced at any other location, they can be suitably handled.
- Training should be done at an all India level so that the companies are able to maintain a consistency in the level of services offered. This will help the company in establishing a brand image throughout the country.
- Documentation of the inventory requirements, sales data, financial resources etc can help the employees in case of the absence of the manager.
- The company should also have a separate marketing and sales promotion team which takes inputs from all the showrooms present throughout the country and devise a suitable advertising strategy for the outlets. This will help reduce the workload of the manager.

Results and Discussion for Operations for FMCG Retailing

The Table 3 for Operations shows that the firms face the problems of high inventory costs. The reasons behind the problems faced in the operations sector are:

- *Cost Ratios*: Firms are not able to effectively manage their cost ratios.
- *Inventory level*: The retailers are sometimes not sure of the optimum inventory levels they want to maintain in their showrooms. This can lead to shortage in times of demand.
- *Cash reserves*: Retailers are also not sure of the money in their pockets.
- *Pricing the product*: Another problem area is the pricing of the products and services.

Table: 3

Problems	Mean
I don't enjoy the business any more	3.92
My overhead and costs are too high	2.84
I can't afford to keep sufficient inventory	3.5
My current inventory is not as fresh as it should be	3.92
I don't know how much inventory to carry	3.61
I don't know the exact dollars I have in inventory	3
I don't know how to price for profits	3
I'm not sure what my cost ratios should be	2.5
I don't know how to properly set up my books	2.7
My business location could be better	3.61
I don't know how to deal with creditors	3.54
My customers complain about my service/products	4.2
I need to learn how to increase my business potential	1.9

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The following suggestions are recommended

- A documented format of the sales figures will help the company in forecasting the demand patterns and giving requisite information on the inventory levels to be maintained.
- Maintaining a computerized format of their sales, assets, resources, and money supply will help them solve the cash reserves problem.
- Adequate information on the sales and purchases done in the month helps in maintaining the efficient cost ratios.
- Sharing inventory knowledge between the franchises help the companies to keep track of its operational expertise. If there is a problem in the system then it can be analyzed and suitable solutions can be found for the same.

Results and Discussion for Finance for FMCG Retailing

The Table 4 for Finance shows that the firms face the problems of lack of information on the Working capital. The reasons behind the problems faced are:

- *Working Capital:* The firms face the problem of their working capital being caught up in the inventory. Hence they are not able to spend on other areas like advertising, promotions improving the aesthetics of the showrooms, providing incentives to sales staff etc.
- *Expansion of Business:* Due to lack of resources the retailers do not have the money to expand their business, renovate their showrooms, and increase the inventory levels etc.
- *Losing Money:* Due to decrease in sales and inability to attract the customers the retail outlets sometimes face the problem of losing their money.

Table: 4

Problems	Mean
I never know where I stand financially	3.38
I am not making enough money	3.38
I can't pay my bills on time	3.6
I have obtained a small business loan	3.61
My business has been losing money	3.31
I am tired of not being able to take a paycheck	3
My cash flow situation is terrible	3
I don't generate enough cash to pay my invoices	3.4
I don't have enough money to expand my business	3.4
I don't have enough money to buy new inventory	3.38
My working capital is tied up in inventory	2.54
I don't know how to identify and correct my financial problems	2.9

The following suggestions are recommended:

- Keeping record of sales and resources. This will help in projecting the financial needs of the firms.
- Maintaining the sales figures and inventory management can solve the problem of lack of

resources.

- Retailers face the problem of availing the loan facilities. This can be solved by creating good image in the market. Image can be enhanced by maintaining an effective customer profile.

Results and Discussion for Sales & Marketing for Service Retailing

The Table 5 shows that the main problems faced by the service retailers are the same as the FMCG sector in Sales and marketing. The difference however is prominent in the advertising mechanisms. As compared to FMCG, the banks generally advertise less through media. Hence the regional branches face the problem of communicating the benefits to the customers. Attracting the customers is even more difficult as there is an element of security linked with the banks. So the process of customer dealing becomes very crucial as they have to influence and convince about the banks performance. Also Customer loyalty is very essential for the banks as in case of services publicity through word of mouth plays the most important role.

Table: 5

Problems	Mean
I don't generate enough sales	3.42
I don't know how to get more customers in the door	3.42
I don't know what my sales will be from month to month	3.57
I'm not sure the advertising to do is cost-effective	3
I don't know how to advertise	3
My advertising doesn't work any more	3.14
I primarily use only one type of advertising	3.28
I do all store promotions and the work myself	3.86

Results and Discussion for Management for Service Retailing

The Table 6 shows that the main problem faced by the service retailers is lack of efficient sales staff. Data analysis and study of the demographic factors show that the reasons behind this problem are lack of exposure and experiences in the area of customer relationship, as a result effective training is required for customer relationship management (CRM). Training of the employees plays the most important role in service Industry. All the staff members should be well acquainted with the services offered by the bank. They should be efficient enough to pacify the customer in case of problems. As the number of people accessing the bank facilities is large at a time hence adequate measures should be taken by the staff to cater to all the customers, as a bad service experience can lead to customer loss.

Results and Discussion for Operations for Service Retailing

The Table 7 for Operations shows that key operating problems for the banks is maintaining a cash inventory level in the banks. Also the location of the bank plays an important role. Like a bank situated in a business or industrial area is bound to generate more customer response. Also in case of banks lending loans etc it helps if two or more banks are located nearby. This provides the customers an opportunity to compare the banks.

Table: 6

Problem	Mean
I am the only one who knows how to do the work	3.43
I don't have enough time to accomplish things	3.57
My work is too complex to teach anyone	2.43
I think that I work too many hours	2.86
If I take a vacation — the place would fall apart	3.71
I don't seem to hire the right people	3.86
I can't afford to hire the people I need	4
Training employees takes too much time	2
I don't know how to manage very well	4
My employees seem to take advantage of me	4.14

Results and Discussion for Operations for Service Retailing

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Table: 7

Problems	Mean
I don't enjoy the business any more	4
My overhead and costs are too high	3.86
I can't afford to keep sufficient inventory	4.1
My current inventory is not as fresh as it should be	0
I don't know how much inventory to carry	4
I don't know the exact dollars I have in inventory	4
I don't know how to price for profits	3.4
I'm not sure what my cost ratios should be	3.6
I don't know how to properly set up my books	4
My business location could be better	3
I don't know how to deal with creditors	3.86
My customers complain about my service/Products	3.3
I need to learn how to increase my business potential	2.1

Results and Discussion for Finance for Service Retailing

The table 8 shows that the financial problems include lack of enough cash to renovate the banks. Also the time taken in renovation is large. This leads to increased customer inconvenience

and hence a decrease in business. Another challenging area is that the banks, which are not doing well, are not able to identify the reason for their failure]

Table: 8

Problems	Mean
I never know where I stand financially	4
I am not making enough money	3.43
I can't pay my bills on time	4
I have obtained a small business loan	0
My business has been losing money	3.57
I am tired of not being able to take a paycheck	4
My cash flow situation is terrible	4
I don't generate enough cash to pay my invoices	3.9
I don't have enough money to expand my business	3.9
I don't have enough money to buy new inventory	4
My working capital is tied up in inventory	3.14
I don't know how to identify and correct my financial problems	3.14

Knowledge Management Strategy

The Knowledge Management Strategy is developed to provide the following solutions to the retail firms in the four phases- (i) Identifying the customer expectation, (ii) Managing customer experiences, (iii) Creating customer relationship by developing customer values and (iv) Implementing the Market Intelligent technology.

Tierney, (1999) said, "A company's KM strategy should reflect its competitive strategy." With focus on creating value for customers, turning a profit, and managing people. On the basis of data collection and analysis that has been done we propose the following Knowledge Strategy for Retailing. The basis of the strategy is shared knowledge, context, circumstances and connections in which knowledge is created, shared, stored and utilized. These contexts are shared through physical, virtual and mental relationships (teams, communities, human networks, shared experiences). It emphasizes on Knowledge Creation and Knowledge Sharing.

Business Knowledge strategy guides the knowledge assets for which an effective linkage of resources, culture and Practices is essential.

The enabling dimensions for this strategy are: Knowledge Resources, Organizational Capabilities, Core competencies, Strategic Resources (partners, eternal network, etc) and Customers as a firm's resource. For an effective knowledge strategy of an organization to sustain the business performance it is essential that the strategy is dynamic and adaptable. Its implementation requires

leadership and emphasis on changing the organization to achieve its goals. Traditional management may require education for integrating knowledge into business strategy. The

The Knowledge System processes may be customized according to the need of each organization. Through rapid globalization and shortening of distances, there is no dearth of

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information available to the customers. This has made the world of retailing undergone a sea change. Retail development is undergoing a revolution that is defining the way people shop. With modern places to shop and play they are evolving from traditional retail concepts into an entirely new experience of changing lifestyles and Consumer demands.

In the race to succeed only those organizations have been able to make a name for themselves that have coupled their traditional modes of retailing with modern techniques. These involve gathering information about the essential features of customer behaviour, their needs, preferences i.e. real knowledge about different types of customers from a plethora of internal and external data, figures, and surveys. A logical solution for this is to build a data warehouse. However, it is essential to build a knowledge framework instead of just accumulating the information. Knowledge Management has the potential to give an organization a strategic advantage in design and implementation of the Customer Relationship Management Solution for a retail chain.

The scope of this study involved designing a knowledge strategy for the retail firms in India. India offers great opportunity to retail sectors and there is a lot of scope of further development. Further, the retailers generally follow the old ways like gathering information, recording figures in sales books etc. There is very less use of IT techniques.

The knowledge strategy proposed to involve the customer knowledge with ways of analyzing the same for increasing the business performance and sustaining it in long run. It lays emphasis on Knowledge creation, Knowledge acquisition (Customer Knowledge, Knowledge of sales data, information on financial resources etc), and Knowledge sharing between different franchises and retailers to help increase the business.

Conclusion

The Knowledge Strategy suggests the following solutions to the key problems faced by the retailers -

- **Understanding the opportunities**
It is important for the retailers to understand the opportunities, which exist in the market, and to determine the areas where they can excel.
- **Attracting the customer**
Attracting the customer to the showroom solves one fourth of the problem of the retailer because it gives him an opportunity to advertise its benefits directly to the customer.
- **Customer acquisition**
This includes converting the window shoppers to buyers.
- **Customer Retention**
It includes making the first time buyers as regular buyers. Retention of customers is fifty percent times more expensive and difficult than attracting the customers. Customer retention needs skills like offering effective sales and after sales services.
- **Sales Management**
This involves keeping an account of the customers, actual purchasers, one-time buyers, loyalists etc.
- **Demand Forecasting**
This involves projecting the sales for the future on the basis of past sales, success in the competition, customer response and other demographic features.

- **Understanding the Competition**
A know how of the prevailing competition in the market to differentiate oneself from others. This can also offer opportunity to change strategies on the basis of the success parameters of the competitor.
- **Inventory Management**
This is based on maintaining adequate inventory in the outlet in accordance with the demand projections.
- **Effective Advertising**
Advertising should be effective not only in terms of attracting the customers but also in terms of cost. Giving occasional discounts is generally not preferred as it does not buy long term customers.
- **Resource mobilization and Managing Cash**
Allocating proper resources to different divisions like Sales department, Advertising, Inventory management is essential for any firm's success.
- **Financial constraints**
Mostly the franchises are in shortage of cash reserves. Hence it is essential to manage resources well, have creditors who can help in terms of needs and provide financial stability.
- **Management Practices**
All the above features can only be implemented under the guidance to able leadership. It is very essential for any firm to manage its resources well: manage inventory, manage cash, manage employees, train them, and work within constraints.

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Annexure-I

Questionnaire for Retail Firms

Sales & Marketing

- I don't generate enough sales.
- I don't know how to get more customers in the door.
- I don't know what my sales will be from month to month.
- I'm not sure the advertising to do is cost-effective.
- I don't know how to advertise.
- My advertising doesn't work any more.
- I primarily use only one type of advertising.
- I do all store promotions and the work myself.
- I don't know what my customers want.

Management

- I am the only one who knows how to do the work.
- I don't have enough time to accomplish things.
- My work is too complex to teach anyone.
- I think that I work too many hours.
- If I take a vacation — the place would fall apart.
- I don't seem to hire the right people.
- I can't afford to hire the people I need.
- Training employees takes too much time.
- I don't know how to manage very well.
- My employees seem to take advantage of me.

Operations:

- I don't enjoy the business any more.
- My overhead and costs are too high.
- I can't afford to keep sufficient inventory.
- My current inventory is not as fresh as it should be.
- I don't know how much inventory to carry.
- I don't know the exact dollars I have in inventory.
- I don't know how to price for profits.
- I'm not sure what my cost ratios should be.
- I don't know how to properly set up my books.
- My business location could be better.
- I don't know how to deal with creditors.
- Most suppliers will only sell to me C.O.D.

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- My customers complain about my service/products.
- I need to learn how to increase my business potential.

Financial

- I never know where I stand financially.
- **I am not making enough money.**
- I can't pay my bills on time.
- I have obtained a small business loan.
- My business has been losing money.
- I am tired of not being able to take a paycheck.
- My cash flow situation is terrible.
- I don't generate enough cash to pay my invoices.
- I don't have enough money to expand my business.
- I don't have enough money to buy new inventory.
- My working capital is tied up in inventory.
- I don't know how to identify and correct my financial problems

Rate the problems on ranking of 1-5 where:

1. Always
2. Often
3. Sometimes
4. Rare
5. Never