Journal of Informatics Education and Research
ISSN: 1526-4726
https://doi.org/10.52783/jier.v3i2.73
Vol 3 Issue 2 (2023)

Measurement Criteria and Metrics of Retail Store Performance: An Empirical Study

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ABSTRACT
In this work, we analyze the need for evolution in conventional decision support techniques while keeping in mind the complex and ever-changing requirements of the corporate environment. The goal is to make integrated performance assessment and management more crucial to improving the current decision-making tools, which are now dependent on historical data. It is regarded as a suitable application scenario due to the nature of the difficulties and developments in the retail sector. A framework is also suggested, and a case study is provided as evidence for our claim. Measurement of retailer productivity is necessary to comprehend performance entirely. There are far too many metrics that rely on accounting and financial metrics. Nevertheless, these metrics do not consider the underlying factors influencing bottom-line success. This article examines the idea of productivity concerning retail businesses, emphasizing input and output components and parametric and non-parametric productivity measurements. Furthermore, given are a research agenda and managerial implications.

Keywords- Measurement criteria, retail store, retail productivity, financial metrics, parametric measurement, managerial implications

INTRODUCTION

Business intelligence is a group of tools and applications created a few years ago to collect, store, analyze, and make accessible company data for use in decision-making. Data warehousing, online analytical processing, information visualization, statistical analysis, and data mining are some of the components of BI. Naturally, performers at various levels require various types of information. The "large picture" of the business condition is what the top management seeks to understand. It typically favors dashboards with Key Performance Indicators (KPIs) that display organizational trends. Middle managers desire access to sophisticated, dynamic reports. Since it prefers aggregated data over raw data, OLAP cubes and patterns discovered using data mining algorithms are extremely helpful to them. Why should we worry about productivity, and what is it? Productivity is simply the proportion of output to input. More specifically, the ability to increase production with a given input or sustain work with a reduced amount of information is called productivity growth (Griffin et al., 2008). The firm with the greater output is considered more productive if two firms use the same quantity of input but generate different output levels. Studies in business and marketing management demonstrate that keeping up with consumer transactions is crucial for long-term expansion. More data and information must be gathered and analyzed when a firm expands. For physical stores—often referred to as "offline stores"—this aspect can be crucial (Jap, 2001).

With the world population growth and industrial and technological advancements occurring quickly, new needs are created. In such a dynamic environment, commerce has a place and is continually expanding. The retail sector clearly shows signs of the changing nature of commerce. Performance measurement is the process of methodically gathering, examining, and reporting information to track the resources used, goods produced, and services a company offers. "business performance measurement" has achieved significant prominence in the corporate world. This is even more true during economic downturns when businesses are motivated to measure everything that can be measured to cut back on unnecessary spending and operations (Keiningham et al., 2007). Business performance measurement is applicable for a reason and by whom it is utilized, despite its status as corporate jargon. When performance assessment is used correctly, a comprehensive picture of the organization's performance is generated, aiding management in making informed choices, modifying plans, and attempting to reduce risk. However, there has been an ongoing discussion in both the academic and practical worlds about organizing an organization and its actions best to maximize corporate performance. The "retail shopper empowerment" concept is relatively new in the retail industry. It emphasizes a technique to guarantee that retail customers are actively involved in their purchasing decisions. As a result, it makes it possible for customers to actively participate in the design and the self-distribution of goods and services in any retail setting. In this essay, we emphasize the importance of RSE in the retail industry since it involves customers in shop management decisions (Ganesan et al., 2009). As a result, the customer experience in the store would be enhanced, consumer involvement would rise, and the possibility of superior loyalty would consequently rise.

LITERATURE OF REVIEW

Rapp et al. (2015) said that accounting continues to be the dominant category for consumer behavior and intermediate, trade customer, competition, and innovativeness indicators. Although brand equity is frequently measured, formal evaluation systems rarely incorporate it. Between measurements and orientation, it discovered consistency. We found 19 indicators that fit within these areas that may be considered primary and serve as a shortlist for initial selection. However, the sector plays a significant role in moderating that choice, not least because comparable indicators must be provided for competitive benchmarking. Control, orientation, and institutional theories influenced the selection of measures, whereas agency theory was likely absent due to the study methodology used in this paper. It ends with a few formal statements that examine the assumptions underlying the choice of measurements.

Bonus et al. (2008) found that to do the necessary benchmarking, the various online retail service providers have been assessed considering the crucial success factors. Thus, FAHP benchmarking has been carried out to meet the specified performance requirement. Both users and online retail service providers benefit from the benchmarking process. Clients may use the technique of benchmarking to find potential online retailers and to optimize their needs. In contrast, online retailers can use it to discover and improve their weak performance areas. The study's primary limitation is sampling. Many extensions of the current work should be made in further research. By adding the influence of the enablers to the crucial success indicators for online retail, the benchmarking process may be further expanded.

Burns et al. (2015) proposed that in retail establishments, salespeople serve as the primary point of contact for consumers and are in charge of communication, store management, sales activities, customer service, and assisting with purchasing decisions to close sales and generate money. As a result, sales managers and academics sometimes need help assessing the sales success of retail salespeople. Hence, assessing the performance of sales representatives under their supervision is one of the most challenging responsibilities for sales managers. The project aims to provide a comprehensive assessment system to assess retail salespeople's effectiveness.

Wathieu et al. (2002) said reducing risk is still a management concern. According to research, business performance assessment is a well-liked risk-reduction tool, even though various firms use it in different ways. The study attempted to evaluate how market-driven firms' organizational size affected performance assessment. Managers responded to a web-based survey asking about their satisfaction with performance measurement procedures, the frequency of performance measurement collection, and the significance of the data collected. Regardless of the firm's size, respondents were generally satisfied with the performance metrics in place. There was no discernible relationship between respondents' perceptions of the importance given by senior management to performance measurement and the size of the company.

Santos and Bourn, (2005) said the classic, complex concept of consumer empowerment known as measuring criteria has been updated for implementation in the retail sector. We provide an empirical basis for the store strategy using retail shopper empowerment ratings. We propose an assessment of retail customer empowerment with suitable psychometric elements as a focused-on customers and non-financial success metric. Employing the retail customer empowerment statistic would provide the merchants an understanding of the client preferences about the store experience. We contend that by implementing and adapting the retail shopper empowerment The structure it is possible to improve consumer satisfaction and, as a result, the store's bottom line.

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Barger and Labrecque (2013) proposed that Businesses today employ the relatively contemporary idea of regularly measuring organisational performance using KPIs. KPIs are financial and non-financial measures that assist organizations in determining their level of company success. One of the prerequisites for developing an effective and efficient system for performance measurement is a process organization that has already been established and uses all standard procedures.

Grewal et al., (2009) said that the aim of management is to maximize each unit's performance. It can be difficult to understand what it means and how to gauge store success. With the advent of bar codes, modems, microchips, and other information technology advancements, the difficulty for managers today is to derive meaning from the data. To find out how one variable is influenced by the others, one can investigate, and contrast stores based on their outputs, inputs, crucial ratios, and even use econometric tools.

Mintz and Currim (2013) said that despite the abundance of studies and research connected to marketing performance, the experts' differing points of view tend to cause more confusion than they do clarity. While there is a distinction between the two, some authors presume that marketing metrics and marketing performance measurement imply the same thing. Utilizing metrics in marketing is undoubtedly a part of measuring marketing performance. It is clear that everyone agrees that marketing analytics and financial metrics should be used in concert.

Objectives of the study:

1. To find the measurement criteria and metrics of retail store performance

Research Methodology:
This study is empirical in nature. In this study 220 respondents were contacted to give their viewpoints on the measurement criteria and metrics of retail store performance. The data analysis was done with the help of the frequency distribution and pie charts were used to present the data.

Data Analysis and Interpretation:

Table 1 Number of customers/Customer traffic in the store

Particulars	Agree	Disagree	Can't Say	Total
Respondents	178	26	16	220
% age	81.0	12.0	7.0	100

Table 1 presents that with the statement **number of customers/Customer traffic in the store**, it is found that 81.0% of the respondents agree with this statement.

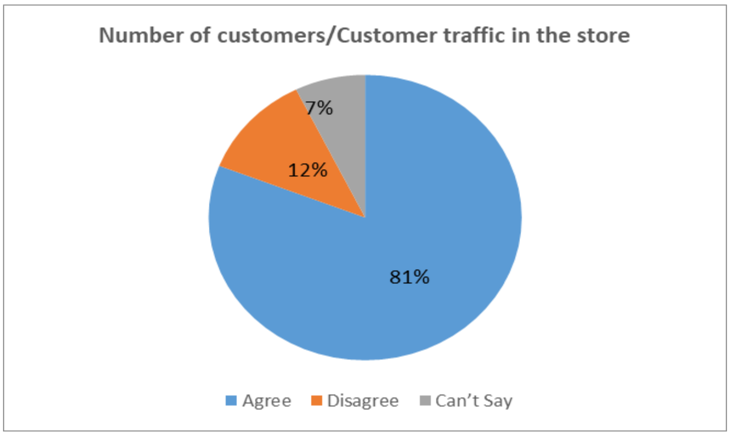

Figure 1 Number of customers/Customer traffic in the store

Table 2 Ratio of customer visit to their purchase

Particulars	Agree	Disagree	Can't Say	Total
Respondents	167	35	18	220
% age	76.0	16.0	8.0	100

Table 2 presents that with the statement **ratio of customer visit to their purchase,** it is found that 76.0% of the respondents agree with this statement.

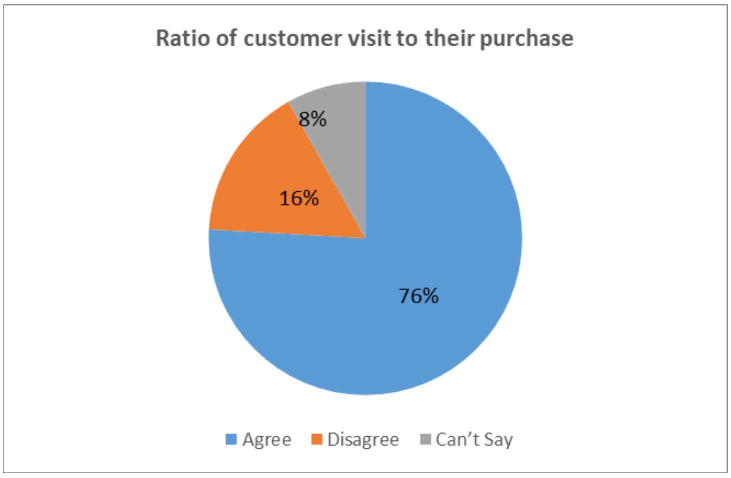

Figure 2 Ratio of customer visit to their purchase

Table 3 How much average money spent by customers on checkout.

Particulars	Agree	Disagree	Can't Say	Total
Respondents	183	23	14	220
% age	83.0	11.0	6.0	100

Table 3 presents that with the statement **how much average money spent by customers on checkout,** it is found that 83.0% of the respondents agree with this statement.

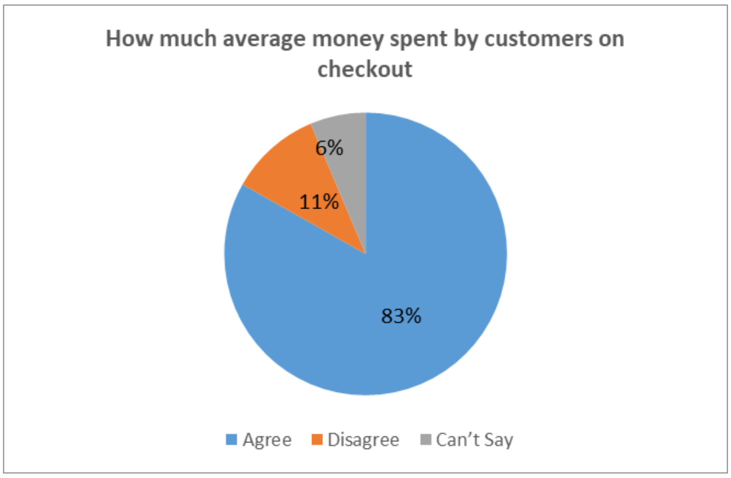

Figure 3 How much average money spent by customers on checkout

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Table 4 Size of an average shopping cart

Particulars	Agree	Disagree	Can't Say	Total
Respondents	189	20	11	220
% age	86.0	9.0	5.0	100

Table 4 presents that with the statement s**ize of an average shopping cart,** it is found that 86.0% of the respondents agree with this statement.

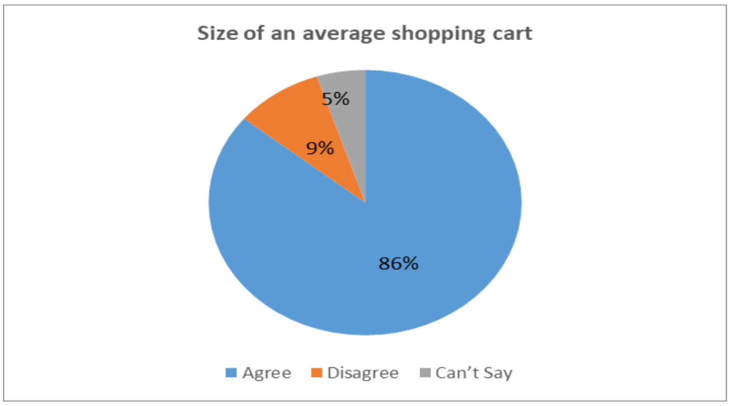

Figure 4 Size of an average shopping cart

Table 5 Gross Margin/Sales Profit Before Costs

Particulars	Agree	Disagree	Can't Say	Total
Respondents	172	31	17	220
% age	78.0	14.0	8.0	100

Table 5 presents that with the statement **Gross Margin/Sales Profit Before Costs,** it is found that 78.0% of the respondents agree with this statement. Considering all the responses of the statements, it was found that to a good percentage, the respondents have agreed which means that above mentioned measurement criteria and matrics plays an important role in retail store performance.

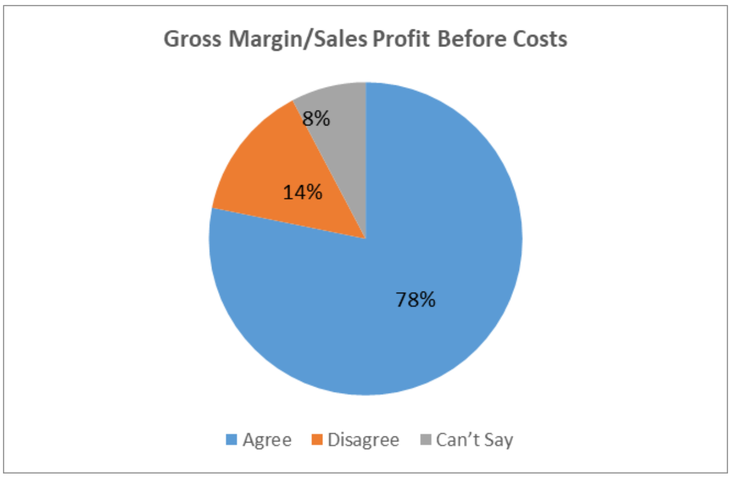

Figure 5 Gross Margin/Sales Profit Before Costs

CONCLUSION

It is evident that analytical analysis should consider current obstacles and patterns in the demanding and complicated retail market while taking into account immediate information rather than merely historical data, as the old methodologies have utilised up until now. In this article, we offer a methodology for converting conventional business intelligence into an integrated platform for controlling performance. As was said earlier, measuring is crucial for managing, controlling, and improving processes. The framework is composed of many modules that provide combining business and operational intelligence capabilities. It includes resources to give each level of decision-making the right knowledge at the right time. Because there are so many marketing measures, it is thought that there is no one method or framework for measuring marketing performance. The marketers are in a challenging circumstance. It is advised to include a manual that details the standards or procedures for choosing metrics.

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