

## Chapter 2

# Retail Business Management From a Sustainability Perspective

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### **ABSTRACT**

*Retail businesses are the type of businesses that sell their goods individually or in small quantities rather than in bulk, mainly to individual customers. The retail business is one of the most important economic sectors in the world, with its capacity to create jobs and generate revenues, as well as its potential to act as a gateway to sustainability. Retail businesses are under increasing pressure from customers, stakeholders, and governments alike to take on more responsibility for their environmental impact. In that sense, it has become increasingly important for businesses to be aware of their environmental footprint and develop strategies to ensure they progress toward sustainability goals. This chapter will discuss how retailer businesses can adopt sustainable practices within their operations and management practices and the benefits of adopting them.*

### **INTRODUCTION**

Retailers are not simply businesses where goods are bought in bulk and sold in small quantities to customers. Instead, it is part of an ecosystem in which value is created and delivered to customers, owned by all related industries and consumers (Sorescu et al., 2011). Each component of this ecosystem—from suppliers to manufacturers to distributors to customers—contributes to the retail industry's success, and their collaboration can ensure a smooth and efficient supply chain that benefits all parties.

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Despite the industry's significant challenges, the retail sector is progressively gaining prominence in today's global economy. According to various studies, the retail sector is one of the most complex businesses to manage (Gang et al., 2008; Schuler et al., 2011) due to its fragmented nature, which includes many small and medium-sized businesses. With the rise of online shopping and the globalization of the marketplace in the twenty-first century, retail businesses must compete on a global scale (Bosona, 2020; Reinartz et al., 2019), keep up with the latest trends and technologies to remain in this highly competitive environment (Costa & Castro, 2021), and thus be equipped with a different set of skills and knowledge compared to the past. Notwithstanding these challenges, the retail industry has a vast potential for growth and profitability, especially with the increasing demand for online shopping and personalized customer experiences (Tyrväinen et al., 2020).

The retail sector's success is highly dependent on a thorough understanding of retail business management that requires a grasp of the various aspects of the retail business, such as supply chain, inventory, and customer relationship management. Having a strong digital presence and utilizing technology to improve the customer experience (Koetz, 2019; Tyrväinen et al., 2020) enables retailers to stay ahead of the competition and be well-positioned for success in the future. Since the core constructs of online customers' experience are based on their interpretation of online stores' stimuli from both the cognitive and the affective perspectives (Rose et al., 2012), hence, retail business management should involve developing and implementing and maintaining strategies and processes to improve customer experience, which will lead to customer satisfaction, loyalty (Tyrväinen et al., 2020) and maximize sales, and profit. One of the key responsibilities of retail business management is to ensure that the business has sufficient inventory to meet customer demand while avoiding excess inventory, which can tie up capital and lead to waste. It analyzes sales trends, forecasts future demand, and manages supplier relationships. Effective retail business management also involves giving customers a positive and engaging experience in the store, using effective marketing strategies, and using technology to improve customer service and streamline operations (Giao et al., 2020). Retailers who prioritize these areas will be able to foster strong customer loyalty (Pappas et al., 2014) and see sustained growth for their businesses (Gupta et al., 2006).

Retail, one of the most significant economic sectors in the world, has an enormous potential to open doors to sustainability as well as its capacity to generate income and jobs. In the current retail environment, businesses are under increasing pressure from stakeholders, customers, and governments to be more accountable for their environmental impact (Erez, 2019; Vadakkepatt et al., 2021). Hence, it is now more crucial than ever for companies to be aware of their environmental impact and create plans that will help them achieve their sustainability objectives. Retailers must adopt sustainable practices to stay competitive and profitable in today's market.

## **RETAIL BUSINESS MANAGEMENT**

A customer will typically buy a product for personal use from a retail store or another retail marketing channel, for retail is the last link in the supply chain. Retail businesses typically purchase goods in large amounts from suppliers like wholesalers and manufacturers and then resell them to individual customers in smaller quantities at a higher price. Therefore, retailing can be defined as the sale of small quantities of goods or commodities to final consumers. There are different types of retail businesses, which include

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