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RETAIL STRATEGIES OF NOTTINGHAM FOREST
FOOTBALL CLUB. [Dissertation (University of
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**UNIVERSITY OF NOTTINGHAM
BUSINESS SCHOOL**

**RETAIL STRATEGIES OF
NOTTINGHAM FOREST FOOTBALL
CLUB**

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2008

**A Management project presented in part
consideration for the degree of**

General MBA



ACKNOWLEDGEMENTS

We would like to take this opportunity to thank all those wonderful people who have supported us with this Management Project. A project of this nature would not be possible without others giving their time and assistance. Firstly, our supervisors Professor Ken Starkey and Dr. Thomas Chesney, whose valuable comments, feedback and guidance helped us immensely to research and write this project.

We are also greatly indebted to Mr. Brandon Furse to provide us with an opportunity to undertake this project with Nottingham Forest Football Club and providing us with all the assistance and research data required. A special mention also goes to Mr. Kevin Jackson for his support and assistance throughout the course of the project.

We are also very grateful to all our interviewees, particularly Mr. Graeme Currie, who provided us with valuable insights for our research. We also wish to acknowledge the fans of the Nottingham Forest Football Club who were patient and helped us with the questionnaires and their honest feedback. Finally, we would also like to take the opportunity to thank the MBA office particularly Kathleen for their unrelenting support throughout the duration of this project.

Great appreciation goes to the many professors, lecturers within the business school who provided us with the education and knowledge that are needed to conduct and complete this project.

ABSTRACT

As football fans and also business students with particular interest in retail strategy, the opportunity to work with Nottingham Forest in that capacity was appropriate.

Nottingham Forest Football Club is concerned with the level of sales and revenue it makes from merchandise sales, across all retail channels.

In tackling this issue, it was important to understand the shift in football from being just about entertainment but more about a business which not only pays for itself but also makes profit. Key to this shift is the knowledge that although football's (and sports in general) offering is intangible (i.e. it provides entertainment and a sense of belonging and attachment); it is this very intangibility that provides the basis for tangible cues. Tangible cues are physical signs and signals use to represent or direct to a non tangible service. The success of these tangible cues is dependent on the value attached to the club by the fans; that is, the loyalty of the fans to the brand.

It was also pertinent to note that in retailing, it is important to incorporate the various channels available. Most effective retail organizations have incorporated successful multi-channel retailing. These channels include the retail store, the online store, catalogues and telephone. If any of the channels is viewed uncharitably by customers (in this case the fans), it could and does affect the rest of the channels. Channel conflict is not tolerable in present day retail strategy.

Based on these, the report will serve to explore how NFFC can address issues like capitalizing on the brand Nottingham Forest which is very pertinent when looking how to utilize multi-channel retailing. Staffing is also an important aspect for any retailer which is trying to improve on its sales, which have been addressed in the report.

The outlined issues should prove useful in finding out the key problem areas and then making recommendations based on and this research was able to locate areas that needed addressing. These include the store quantity and locations, the brand leveraging and the various partnership deals, employee motivation and multi channel retailing strategies.

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CHAPTER 1 INTRODUCTION

Sport has been able to change and transform the thinking of the people around the world. It has for some time acted as the one common healing factor between two nations and has united the entire world to an extent. "Sport appears to offer fertile ground to study the complexities and contradictions of global processes. Mega-events like the Olympics games and men's football World Cup graphically illustrates both the globalizing proclivities of sport and its importance in providing succor to a range of ethnic particularisms." (Maguire, 1999)

However, there is a lot of evidence to show that sport is no longer just a past time activity for entertaining people. The commercialization of sport has given many an opportunities to the people to earn a lot more and make money for the people who invest in it.

1.1 SPORTS AS A BUSINESS

Giulianotti & Robertson (2004) states that sport, in particular football, constitutes one of the most dynamic, sociologically illuminating domains of globalization. However, more than that, sports has become heavily commercialized.

The journey of sport has since moved from being just a game but instead it is now viewed as a viable business prospect by commercializing though retaining the entertainment factor that it presents. According to Mullins (2007), "the competition for sports... dollar is as heavy as ever". They were of the opinion that sport is a competitive business that involves not only front office strategy but also risk and discipline. Mason (1999) asserts that sport has over the years emerged as a lucrative business option. He went on to say that, "while originally relying on gate revenues to maintain financial viability, professional sports... now generate income from ... other revenues". Indeed, the industry has grown to such heights that organizations have formed just to oversee the business of sports. Agencies, representatives, managers, memorabilia are just a few businesses that have sprung up to handle the spill from sports. On the back of these is the broadcasting, sponsorship, advertising and branding rights available to this industry.

Shannon J.R. (1999) put it this way "The growing interest in professional sports has continued this focus on sports as big business. With multi-million dollar payrolls, newer and more extravagant facilities, and the costs of sports franchises escalating into the hundreds of millions of dollars, there is no doubt that sports is, truly, a business venture. Television contracts for professional sports now run into billions of dollars".

As observed by Mason (1999), “professional sports leagues provide a unique environment for marketing decisions and processes to occur, in a number of markets and at a number of levels, and should continue to be a growing segment within the broader, global, entertainment industry.” This has proved to be the case as sports is attracting all manner of investors into the market. Indeed football has proven to be one of the biggest markets in this industry as earlier noted. Club sides have become attractive businesses with investors coming in to cash in on the opportunities available.

1.2 FOOTBALL CLUBS AS A BUSINESS ORGANIZATION

Prior to the inception of professionalism, football clubs were all membership clubs, usually run by committee. But following the change from amateur to professional, and soon after the first enclosed football stadiums began to be built, football clubs began to reform themselves into limited companies. This was a defensive measure and was to protect the members from becoming personally liable for the expenses of the wage bill and the cost of building the grounds. Most football companies remained clubs in character, and were concerned purely with playing the game as successfully as possible. However, it is totally mistaken to assume that the culture was only philanthropic. As time went by, it became more important that these clubs find a way to sustain themselves, so they can meet the various demands on the club. The popularity of the professional football game attracted entrepreneurs who were interested in football as a commercial venture. Some of the examples that illustrate this are Chelsea FC, Liverpool FC and most recently Manchester City. (Hamil, Michie, & Oughton, 1999)

Football has continued to grow in status as one of the top sport in the world. The last FIFA World Cup final held in Germany in 2006 boasted of large viewership from all the countries. Apart from the World Cup which is for all countries that are member states (countries) of FIFA, clubs also take part in different competitions at national and international levels. Achievements in these competitions bring not just trophy and glory to these club sides but also bring in revenue to them in terms of rewards from the organizers and also the benefit are also extended with the ever increasing fan base when the clubs become more popular.

“The Beautiful Game”, though retaining most of its aesthetic qualities has since shifted to a more businesslike approach. While still concentrating on the game, they have also aligned themselves to different business strategies in order to survive.

Unlike most other businesses, the sports product is not largely tangible. It is more of a service as compared to a product. Ziethaml et al (1996) is of the opinion that because services are largely intangible and process oriented, they are difficult to describe and communicate. Berry (1980) tried to give a more concrete definition by describing a service as a deed, act or performance. In his book, Jobber (2007) draws inspiration from Crowell's statement that what is significant about services is the relative dominance of intangible attributes in the make-up of the "service product". Most service offerings are a combination of tangible and intangible. (Jobber 2007)

A football club's main offering is emotional attachment and a sense of belonging to that club. "Professional Sports team product is produced to provide entertainment for the fans", Mason (1999). Madrigal (1995) put it this way, "...the fan experiences sporting events as a hedonistic experience in which the event itself elicits a sense of drama". Whannel (1992) description sums it up perfectly-"Like other forms of entertainment, sport offers a utopia, a world where everything is simple, dramatic and exciting, and euphoria is always a possibility ... Sport entertains, but can also frustrate, annoy and depress. But it is this very uncertainty that gives its unpredictable joys their characteristic intensity."

In essence, the basic product offered by sports and by extension football is not tangible. It cannot be seen or felt; only expressions related to it can be tangible. It is this intangibility that has made it a good sell and attractive, not just to the customers (in this case the fans) but also to the owners and investors.

Football has continued to grow in status as one of the top sports in the world. The success of a football club as a business is linked with both how well it does on the field (with respect to playing the game and participating in competitions) and how it manages its income and expenditure. A good number of clubs have failed or become bankrupt because they were not able to match this. Clubs like Leeds United in England and Parma F.C. in Italy have gone into financial quagmire because their expenditure did not match the income coming in.

What makes football a vibrant business is not just the income the club receives from participating in the national or international scenes (although it is based on their participation in these competitions) but a totality of income accruing from reaping the benefits of the club's brand. This also forms the income they receive from different partnerships they form. As earlier discussed, because the sports product is intangible and rather intrinsic (Madrigal, 1995), it means that other organizations can take advantage of the fact that fans seek to identify themselves with the club. Partnering with a football club means that the partners can take advantage of the brand association to provide a service to the club which would in turn link

them to the club. This is the reason even the national, continental and international competitions are branded.

The onus lies on the club sides and their management to be able to find out the best partnerships and deals which would help the club to prosper but it is certain that fans loyalty to the club and their association with its brand would have to be analyzed and understood while forming partnerships. Another factor would be the country and its relationship with football.

1.3 FOOTBALL AS A BUSINESS – INCREASED OPTIONS

Media has been at the fore front when it comes to expanding and developing football as a global sport for e.g. in UK “the purchase of exclusive rights for the live broadcast of Premier League matches gave BskyB the lever it needed in the marketplace, and the number of subscription increased from under 2 million in 1993 to over 6 million in 1998” (Hudson).

The increased money in the system lead an increase in the wage level of the footballers and which meant that the top clubs would have more to spend on the potential transfers for the top players and have a well paid squad and therefore forcing them to look at other streams of income to remain competitive and thus four key routes were identified by Hudson:

1. Clubs introduced a huge increase in ticket prices.
2. Clubs became more professional in exploiting their fan base, with merchandising – particularly the sale of replica team kits – being given an increased prominence and many clubs opening up expanded club stores.
3. Sponsorship opportunities were pursued more vigorously, particularly kit sponsorship and pitch side advertising.
4. A number of clubs were also subjected to stock market floatation’s.

Ownership by institutional or multi-national corporate investors is on the way to becoming the norm as private owners sell out. In the last five to seven years, a number of premier league teams in England such as Manchester United FC, Liverpool FC, Aston Villa FC, West Ham FC, Chelsea FC, Newcastle United and Manchester City FC have been bought by such investors. The large clubs have been transformed into highly profitable source of full range of leisure-related product lines, attracting an increasing number of customers from across the full range of income groups. For example, a club like Manchester United FC has a large range of product line such as

MUTV, which is a pay television channel that is dedicated to the club. Also there is MU MOBILE, which as the name suggests is the club's mobile services such as ring tones, wall papers etc. MU FINACE provides its customers with credit cards, loans, mortgages and insurance. The club also has a MEGASTORE, which sells the entire merchandise.

This is buttressed by the fact that most fans wish to display their allegiance through purchase of the clubs product. This also then serves to further strengthen the brand and therefore its brand equity. "Football's strongest brand has longstanding association with quality (eg: Real Madrid – nine time European champion). Also, other contribution to the brand equity includes recruitment of star players and coaches (eg: Real Madrid's Galacticos such as Zidane, Figo, Beckham and Ronaldo) and the promise of a spectacle (Eg: Manchester United's Old Trafford being repackaged as Theatre of Dreams)" (Giulianotti & Robertson, 2004).

The options for extra income have also been boosted with the growth of the Internet which has allowed the clubs to look at the Multi Channel Retailing option, which is turning out to be another profitable venture for most of them. It has the potential of opening up a totally new stream of income for the clubs if used properly and efficiently.

1.4 RETAIL STRATEGY OF FOOTBALL CLUBS

Key to a successful retail and market strategy employed by football clubs to encourage merchandising is image/branding. How the fan views the club will influence their relationship with the club and thus their willingness to purchase merchandise. According to Ferrand A & Pages M (1999), "Image differentiates and positions the sports organization". They went on to say that "it can thus assist in decision-making in the face of a plethora of alternatives in the sports services offering". For them, "this symbolic and socio-emotional dimension can also offer extension and partnership opportunities within the marketing domain. Some football clubs such as Manchester United, Juventus and FC Barcelona reflect images which can sustain support of a broader nature". "The images of each of these clubs support merchandising activities which reinforce their communication and are also extremely profitable" Ferrand A & Pages M, 1999. Image can also be used to identify profitable sponsorship opportunities. In this process of identification of sponsorship opportunities, the sponsor attempts to align itself to one or more of its products with the image dimensions of the sport organization. The sports organization, in turn, has to assess the value of such a "marriage" with a prospective commercial partner. The Manchester United model and its strategy are further discussed in the literature review.

This encourages line and brand extensions but it is important that there is some consistency between the brand and the extension or a degree of similarity between the brand and the extended product/services (Chadwick, 1998).

1.5 BACKGROUND OF NOTTINGHAM FOREST FOOTBALL CLUB

Nottingham Forest Football Club is an English professional football club based at the City Ground in West Bridgford, a suburb of Nottingham, England. They are currently playing in the Championship, which is the second tier of English league football. Nottingham Forest has an illustrious history which encompasses winning two consecutive European Cups, along with the domestic title, two FA cups and four League cups. (Nottingham Forest)

During the successful years of Nottingham Forest they had numerous fans willing to identify with the club. Led by Brian Clough, the club was living its best moments. Following his retirement and a number of other wrong decisions taken by the management, the club was to have a total reversal of fortunes and were also relegated to the third tier of English Football. Fans were no longer wishing to identify with them or they did so with a feeling of long suffering. (Nottingham Forest)

Everything had gone downhill and it was a vicious cycle. Lack of first flight football was eroding the brand and in turn the fans had no reason to celebrate either.

Recently, however, after putting up impressive performance, the club has been promoted to the 1st division, one division away from the top league. There appears to be a light at the end of the tunnel. Fans are feeling encouraged and there is an air of expectancy. They are however, still facing difficulties with their fans not wanting to associate with them which can be seen from the revenues that they have received from their retail store. Therefore, the club is trying to leverage further on its retailing options available to them.

(Nottingham Forest)

1.6 THE CASE

This report aims to examine the history and brand of Nottingham Forest and their subsequent failure to effectively capitalize on this. It will also look at their various retailing channels and how they are working in improving their sales and consequently revenue.

The main challenge was to do a thorough research and analysis of their retail channels and strategies, and come up with recommendations. Key to this was find ways to capitalize on the brand of Nottingham Forest to increase their sales and effectively align it with their retail strategies.

It will involve looking at how NFFC can address issues like:

- Making its multi-channel business models (Retail shop and online) more efficient.
- Capitalizing on the brand “Nottingham Forest Football Club”.
- Staffing issues.

This would help in identifying the areas which can be improved upon and give our recommendations accordingly.

CHAPTER 2 LITERATURE REVIEW

A proper research into this case would involve looking at the retail marketing mix which retailers should consider when focusing on their retail business especially retailing in the football industry. It also looks at the strategies that are prevalent in the retail industry. It further studies various models looking at the internal and external environment of the retail business also focusing on the Location strategies that retailers can employ. A brief review on the commercial strategy of one of the most successful English Clubs, Manchester United FC is also mentioned. The advantages of multi-channel approach are also highlighted in this chapter.

2.1 RETAIL STRATEGIES

Football has captured the mind of people across the world. “Rupert Murdoch, part owner of Britain’s largest satellite broadcaster (BSkyB) believes that sport overpowers film and everything else in the entertainment genre...football of all sports is number one” (Rosson, 2001) It has not only been efficient in the manner in which the game is played but also how the organizations that manage it have been able to make money for themselves by utilizing the retailing options that are available to them.

“Retailing includes all the activities associated with the marketing of goods and services to consumers. These activities involve obtaining products from manufacturers and suppliers from all over the world and selling these goods to people who will use them,” (Samson & Little, 1993). Retailing has been a very instrumental factor in the success that the clubs have started to enjoy because it is able to provide an opportunity for the fans to have an association with the club. They have been able to get money into the system thus helping the club to be able to spend on its betterment.

There has been a lot of literature written on retail strategies employed by various organizations but not much has been written about how these can be successfully duplicated in football stores. However, clubs like Manchester United, Real Madrid, AC Milan, Liverpool etc. have enjoyed huge success in their domestic leagues and across Europe. They have been able to capitalize on their brand value and the appeal of their star players to successfully launch merchandise, kits and other items which are cherished by the fans as a means of bonding with the clubs.

This success has however eluded medium size clubs or clubs which are on the fringes of their respective leagues in which they participate. “Moreover, football clubs face growing commercial

pressures and must seek to utilize their assets more efficiently and effectively,” (Chadwick & Clowes, 1998). However, this can only be done if there is a proper awareness programs and strategies employed by these clubs. A lot of this is achieved by line and brand extension strategies. These brand extension strategies are commonly successful in businesses outside sports. “Thus in sectors such as football, there has been little consideration, or application, of the principles established by line and brand extension research,” (Chadwick & Clowes, 1998).

The research has been further strengthened by the fact that football clubs are trying to break out of their traditional activities on the pitch and look at other money making avenues. This has resulted in their customers demanding more security because if “consumers can use a brand as an assurance or quality they will purchase the new product with greater confidence and certainty”, (Chadwick & Clowes, 1998).

Manchester United for example has been able to leverage with brand extension as mentioned previously and retailing strategies. In six month up-to 31 January 1997 they generated a total turnover of GBP 50.1 million while merchandising and other contribute to around GBP 3.1 million (Harverson, 1997).

Brand extension can help in achieving product awareness and increase the retail and the distribution channels and can have positive effect on the brand name. The most common example that we can think is of the soft drink product like Pepsi, Coca Cola etc. They have successfully launched derivatives like diet, low calorie, cherry etc (Chadwick & Clowes, 1998).

The biggest disadvantage about the brand extension can be the over reliance on a particular product or rather its brand strength (Loken & Roedder John, July 1993). It can lead to a loss of faith among its customers and is not able to “offer advantage over its rivals, in terms of price, status or image” (Chadwick & Clowes, 1998).

Big clubs have also been able to successfully exploit the overseas and vast markets of Asia and Africa and become a truly global brand. This has been further facilitated by big name players like David Beckham who have enjoyed a great fan base all over the world. Fans want to relate with their star players by wearing the jerseys, items that are worn by them. “Top teams already have a fan base around the world and with increased coverage of English Premier Games on local TV networks; these supporters were able to follow their team and favourite player from anywhere. Geographical market expansion such as these opened up major possibilities for merchandising and sponsorship growth”, (Rosson, 2001). In this sense Manchester United has been able to gain advantage over its rivals through initiatives such as the identification of and

entry into new market segment with differentiated products and enhanced distribution channel. (Chadwick & Clowes, 1998).

Known sports manufacturers like Adidas, Nike, Reebok, Umbro etc have seen this as an opportunity to cash in on the popularity and enter into Kit and shirt sponsorship deals with the clubs. "There was a strong market for replica kits among children, teenagers and adults and this had become big business. Children and teenagers wore the kits when playing football and as casual wear. Some adults also wore the replica shirts at home and also to the matches. Typically, about 22.5% of the retail shirt price would flow to the manufacturers and 8% to the club" (Rosson, 2001).

2.2 MULTI-CHANNEL RETAILING

Internet has paved a way forward and opened a totally new medium for the clubs through which they can reach a vast majority of supports without having to put a physical store in that region. It has also helped the big clubs in penetrating the markets and exploring the new avenues. "In all, firms have been seduced by suggesting that e-commerce provides opportunities to access bigger markets at lower costs" (Murphy, 2003). It can be said that the "momentum towards multi channel retailing has increased as internet has further reduced the barriers to entry into retailing" (Dholakia, Zhao, & Dholakia, 2005).

Multi-channel retailing is increasingly becoming a standard approach rather than an appendage of bricks and mortar retailing. Typically, MCR includes the following three sales channels – Internet, store, catalogue (phone), each with its own advantages that can enhance the customer experience (About.com, 2001). This has enabled the consumers to choose from a number of options and do preliminary research before purchasing, thus encouraging long term loyalty (McGoldrick & NatalieCollins, 2007). Adding another chain to the already existing store only enhances the stores competitiveness in the marketplace. It enables the shopper to look and choose from the entire list of items which is sold in the store and place the order from the convenience of their homes. Thus, helping in "yielding many benefits for the retailers involved, producing more connections with customers and increasing the share of customer" (McGoldrick & NatalieCollins, 2007).

Multi channel retailers stand to gain most from the new channels as they already have the advantage of making use of the existing brand, their merchandising skills and multiple point of customer contact and distribution expertise (Dholakia, Zhao, & Dholakia, 2005). However, it is

very important for a company to understand what drives its consumers or what will drive them to buy from one or more multiple channels (McGoldrick & NatalieCollins, 2007).

There is not much literature about the multi-channel options used by the football clubs. They are however only trying to cash in on the clubs popularity and their customers who are not able to associate themselves with the clubs merchandise through the stores. Also it could be because “together with various reports regarding the growing number of consumers who now have access to the internet and use it for purchasing. It is therefore seen and understandable that ecommerce is seen as an attractive way forward for many firms” (Murphy, 2003).

There is however a chance that if an adequate business model has not been developed the new model can become a failure. It could also be because of the lack of foresight in calculating the total operating cost or an overestimation of the size of the online market (Murphy, 2003). Merchandise return is also one of the most important challenging factors. As with a store examination of a particular product can become easy but with an online this is not a possibility (Dholakia, Zhao, & Dholakia, 2005).

2.3 THE RETAIL MARKETING MIX

2.3.1 PROMOTING THE STORE

Promotion is one of the main aspects of retail marketing. Some of the important features of a promotion strategy are given below (Newman & Cullen, 2002):

IMAGE COMMUNICATION

Finding and converting consumers into customers require a selection of methods to promote the retailer and its stores. The retailer communicates its messages to customers and other interested parties like stakeholders that affect consumer buying through advertising, publicity, sales promotion and personal selling (Levy & Weitz, 1992, McGoldrick, 1990). The retailer aims its promotion strategies at consumers to improve and increase store loyalty, increase store visits, to increase product purchases and awareness on ethical concerns (Newman & Cullen, 2002). Retailers also use promotional activities to generate a favourable public image among suppliers and they promote themselves to the community to generate public esteem and finally they also promote themselves among its staff to enhance their roles and their pride in the jobs

they do (Newman & Cullen, 2002). Appendix 7 shows the classification of store image components (McGoldrick, 1990, pp. 126).

Retail promotion also aims at communicating with customers in such a way that they will form a particular view of the retailer (Levy & Weitz, 1992). They ensure that the customers get the correct message. For this retailers need to ensure that they understand how people receive and interpret messages, particularly in retail purchases.

The producer or retailer's promotional efforts have to take the consumer from ignorance of a product or offering to purchase (Refer appendix 6) where the Zikmund and d'Amico (Zikmund & d'Amico, 1993) model suggests that the retailers should use different promotional strategies at different stages.

PROMOTING THE RETAILER AS A BRAND

A brand is more than just a name; it is a complex of ideas that includes factors such as quality, price and location that make it easy for the customers to differentiate the product from other products (Newman & Cullen, 2002). Brands have certain elements like the brand name, the logo, the trademark and distinctive packaging that make them easy to recognize.

A good brand adds great value to the business. Consumers are prepared to pay significantly more than the cost for these product brands. A good brand gives a customer satisfaction of the quality of the good and some other benefits (Newman & Cullen, 2002). The brands that consumers recall easily are producer brands and they are well established for several reasons like their presence, quality, availability, customer interaction and investment in the brand.

A retailer can build its brand in various ways such as by developing a reputation for stocking quality branded products, it brands its stores on their comprehensiveness and price and by developing a range of own branded products.

Retailers often use a brand to develop other activities and products. Once a retailer has managed to build a high level of trust in the brand, it can exploit the opportunities provided.

THE PROMOTIONAL MIX

Promotion depends on communicating messages to customers and other interested parties. These messages are appropriate to the target markets when they take account of the social and cultural context of the intended audience and take account of what target customer segments believe about the store and convey what the retailer wants them to believe about the store.

Advertising, publicity, sales promotion and personal selling are the 4 methods of promotion (Berman & Evans, 2004). Retailers need to choose an appropriate mix of methods to promote the store in the best possible manner (Newman & Cullen, 2002). There are 4 main factors a retailer needs to take into account in planning the mix of promotional activities:

1. The retailer's goals, which in turn affect promotional goals.
2. Other channel promotional activity, including in-channel promotion.
3. The relative cost-effectiveness of the different methods.
4. The budget available.

ADVERTISING AND SALES PROMOTION

Advertising and sales promotion are predominantly different though they have some common aspects. A retailer pays a third party (advertising) for time and space which puts across the message to the customers in such a way which persuades them to spend more in the store (Berman & Evans, 2004). Sales promotion uses various forms of inducement to the customer to pay more visits to the store and to buy more products (Kumar & Leone, 1988, Newman & Cullen, 2002). Advertising in a way pushes customers into stores and sales promotion pulls customers into stores.

The impact of the advertising campaign can be determined mainly by two things – one the message it gives and two the medium that it uses (Levy & Weitz, 1992, McGoldrick, 1990). Advertising objectives are decided by the retailer based on their promotional strategy. By answering simple basic questions of any enterprise a retailer can develop its advertising strategy (refer appendix 8). Simple questions like why do we want to advertise, who are we aiming our adverts at? Need to be answered.

The selection of media is another important aspect of an advertising strategy. There are 2 main types of advertising media – mass market and specific market media (Newman & Cullen, 2002). Television and newspapers come under mass media for their size of audiences or readership (Berman & Evans, 2004). Internet and direct marketing come under specific market media as they are more targeted to specific customers. Setting advertising budgets are often a tricky problem. (Levy & Weitz, 1992). One approach is the objective and task method (Lusch, Dunne, & Gebhardt, 1993, McGoldrick, 1990). Often the tasks to be done are dictated by the competitor's behavior and financially the required budget is generally more than the retailer wishes or can afford.

Sales promotions are of various kinds. They can be price reductions (reduced prices, money-off items, coupon or linked price reductions, vouchers that may be redeemable against next purchase, loyalty card holders) free gifts, contest and competitions and in-store sampling (McGoldrick, 1990) (Newman & Cullen, 2002). Sales promotions are very important for the recognition of the retailer (Berman & Evans, 2004). Many customers are promotion oriented who are always on the lookout for special offers, so sales promotions are an integral part for any retailers strategy (Levy & Weitz, 1992).

PUBLICITY, PERSONAL SELLING AND RELATIONSHIP MARKETING

Publicity is generally of two types – proactive publicity and reactive publicity. Proactive publicity occurs when retailers undertake planned activities to improve their public perception (Newman & Cullen, 2002). It includes events such as sponsorships or passing news to the media (Berman & Evans, 2004, McGoldrick, 1990). Reactive publicity is when retailers have to respond to any unplanned event that threatens to affect their reputation (Levy & Weitz, 1992). An event such as food scares or stores about child labor, etc. is when retailers need to use reactive publicity.

Personal selling is another important part of the sales process. If the staff is effective it can go long ways in making the customers feel important (Newman & Cullen, 2002). The effectiveness of the staff depends on whether they are order getters rather than order takers (Berman & Evans, 2004). The role of the staff can become even more important if the price of the purchase is high, or the product is technically complex, or if the product can be tailored to the customer's requirements, or if the price has to be negotiated (Levy & Weitz, 1992).

Berry and Gresham (1986) believe that 'relationship retailing' is extremely relevant in today's environment because it simultaneously increases sales to current customers and reduces the chances of losing those customers to competitors. Many different authors have suggested that loyalty is a relational phenomenon (Jacoby & Kyner, 1973) (Sheth & Parvatiyar, 1995). However, Dick and Basu (1994) argue that most of the research on customer loyalty has focused on measurement and segmentation issues, and that more emphasis should be placed on integrating loyalty into the larger body of marketing theory (Macintosh & Lockshin, 1997).

2.3.2 LOCATING THE STORE IN THE RETAIL ENVIRONMENT

The location of a retailer tells the customers a lot about the retailer (Berman & Evans, 2004). Retailers of all sizes must make correct decisions while locating their store in the right environment (Nelson, 1958). Location is about positioning, target market, image, pricing strategy and access (Newman & Cullen, 2002).

DEVELOPING A LOCATION STRATEGY

Retail management goes a long way in helping the organization increase its profits by selecting the right location (Berman & Evans, 2004). On the other hand selecting a wrong site for opening up of a retail store can lead to poor results and in some cases also insolvency and closure. While formulating decisions about location, the retail strategic plan must be referred to by the retail management (Newman & Cullen, 2002). This plan generally contains all the strategic goals that the organization plans to achieve in the future (Jones & Simmons, *The Retail Environment*, 1990). Smaller independent retailers take an informal approach to their decision making as compared to the larger retailers, but even they must take the decision from the customer's point of view, apart from issues like trends in retail location, planning, restrictions, infrastructure and competitive positioning (Jones & Simmons, *Location, Location, Location*, 1987). But for smaller businesses there are likely to be numerous restrictions in place, which limits the options available to them (Newman & Cullen, 2002). For instance, the cost of either renting or buying premises will be higher in districts that attract the more affluent consumer groups. It may be that the retailer wishes to sell a particular type of merchandise and this requires a certain location (Newman & Cullen, 2002).

Before retailers formulate their location strategy they should undertake a research of their market positioning and who their customers are. Failure to do so can result in selection of a poor location and can result in closure of stores. Independents often locate in areas as they like the 'feel of the place'. This may follow a period of time walking around the area of location, chatting to local people and watching the patterns of daily life. This method is also done by market research companies on their behalf. Market research is also undertaken to establish the profiles of customers in the proposed locations. There should ideally be a perfect match between the types of customers in the area, their likes and dislikes, and the merchandise on offer (Newman & Cullen, 2002). Price is also important and the retailers pricing strategy will also help to determine whether the location is suitable or not. Every store has loyal customers and often local stores in a neighborhood are popular places to meet and the owners often have informal contracts about which merchandise to stock for regular customers. These attributes

form part of the brand image that customers identify with. (Jones & Simmons, Location,Location,Location, 1987) The location of the store is just as important and must fit into the customer's mental image of the retailer (Newman & Cullen, 2002).

EVALUATING THE TRADING AREA

Evaluating the profitability of a proposed site is very important for all types of retailers as it converts to the bottom line of how much business can be generated (Newman & Cullen, 2002).

Location strategy is making sure that:

- Customers are close to the store or at least can access the store in some convenient way.
- The store feels right for the customer and the retailer.
- The store fits in with the local environment and does not clash.
- The site is able to provide a competitive and profitable position for the retailer.

Accessibility to the stores is also extremely crucial as there is no point in locating stores in regions where customers find it hard to reach (Berman & Evans, 2004). Retailers also need to look for market areas where the population is likely to spend money in their stores (Newman & Cullen, 2002, Jones & Simmons, 1990). For this researching generally published data on household income, consumer expenditures, business growth or population growth is important (Jones & Simmons, 1987). Examining the profile of the population in the areas of interest is very important to establish the ability of the population to buy merchandise (Newman & Cullen, 2002).

LOCATING: A PRACTICAL GUIDE TO ALL RETAILERS

Many factors that influence decision-making are tied to the economic benefits of locating on a particular site. For example decisions may be taken about the rents and leases that a particular site has to offer Appendix 9 presents a number of factors that retailers should consider when making location decisions. Government planning authorities plan economic and regional developments several years in advance, which is a good source of information about what may happen in the future and can provide valuable insights to help with potential retail locations (Newman & Cullen, 2002). When a retailer decides to locate in a region, decisions have to be made about whether to rent the property or to purchase it (Levy & Weitz, 1992) (Jones & Simmons, 1987). For the independent retailer a major factor in this decision may be whether or not the business is to operate in the location indefinitely or whether to try the location out for a certain period (Newman & Cullen, 2002).

RESEARCHING THE PROPOSED TRADING AREA

To ensure a high level of certainty, retailers need to think about the type of merchandise sold in the area and whether or not the location has the capacity for the retailer's particular product area (Levy & Weitz, 1992). For the small independent the nature and relative position of the competition is highly significant.

DEFINING THE CATCHMENT AREA

There are a number of ways to measure the tendency for customers to use a specific location using gravity or spatial interaction models. These models presume that customers will travel a distance to shop based on the population of the shopping area and the distance between the areas. Here we look at 2 gravity models – the Reilly's Law and the Huff's Model (Jones & Simmons, 1987).

“Gravity models measure the pulling power of competing locations, whether cities, shopping centers or towns, and the influence this has on the customers that reside within the boundaries. Models identify a boundary line, called the breakpoint, at which customers will be attracted to either one side or the other of the line” (Newman & Cullen, 2002).

REILLY'S LAW

To calculate the trade boundaries between two shopping areas Reilly's Law is a useful method to use. It is possible to calculate the major breakpoints between two shopping centers by using the simple rule that population centers attract retail (Newman & Cullen, 2002). The breakpoint is the point at which customers are no longer likely to be attracted to the shopping centre in question (Berman & Evans, 2004). Figure 1 shows the major breakpoints between Centre A and Centre B. The following is how the formula for calculating the breakpoint is applied (Newman & Cullen, 2002). (Levy & Weitz, 1992).

$$\text{The breakpoint from A} = \frac{\text{Distance from Centre A to Centre B}}{1 + \sqrt{\frac{\text{population B}}{\text{population A}}}}$$

Though Reilly's Law is useful it has quite a few shortcomings, it relies on distance and population size to calculate breaking points in the catchment area (Newman & Cullen, 2002). The size of the population in a town is not necessarily a reflection of the shopping facilities available. Pull factors may be created by large multiples in an area stocking diverse product ranges (McGoldrick, 1990). Sometimes because of the popularity of a location, the relative density of retail businesses is high when compared with locations with less of a reputation as a

place to go shopping (Levy & Weitz, 1992). Another major drawback of the Reilly model approach is related to the distance, and the way it is measured (Berman & Evans, 2004). Several miles across a busy town or city can take a very long time, and may be considered quite daunting regardless of the time of day. In contrast, if the consumers just need to take the nearest motorway entrance and cruise along the next exit, this may be far less time-consuming and stressful (Newman & Cullen, 2002). In Europe the distances to shops tend to be less than in the USA or Canada, and this raises issues about the accuracy of the model. Consumers have been spoiled with the large selections and easy availability of products. Choice and variety seeking are good reasons to shop around, or engage in out shopping (Newman & Cullen, 2002).

HUFF'S MODEL

Like Reilly's model, Huff's model can be used to define a store's trading or catchment area. It however recognizes that not everyone within a catchment area will travel to the store (or shopping centre) (Berman & Evans, 2004, Ghosh & Craig, 1983). Instead it measures the probability that consumers will do their shopping at the store rather than travel to a different one (Newman & Cullen, 2002).

In simple terms Huff's approach is to think of it as a geographical map showing contours of demand round a central location or store (Levy & Weitz, 1992, Jones & Simmons, 1987). The figure illustrates these contours or demand layers that stretch out from a central location like the contours of route map (Newman & Cullen, 2002).

Huff's model considers the pulling power of the Store A relative to the total pulling power of all other stores within the region (Levy & Weitz, 1992). The pulling power of the store depends on size - the size of the stores in the region, a larger store has greater attraction for consumers, because they are more likely to find what they would want, distance - the time taken to travel to each store, a store further away is less attractive than one close by, because of the time lost and inconvenience caused by travelling, and types of products on sale - the type of produce the customer is shopping for (Berman & Evans, 2004). People are willing to travel further for some products such as quality furniture than they are for other types of merchandise (Newman & Cullen, 2002) (Jones & Simmons, 1987).

However the Huff model has been criticized as it does not include a retailer image factor. The main contribution of Huff's model is that retail managers will be able to make more accurate estimates of the potential of the proposed retail sites, hence reducing the number of new store failures (Stanely & Sewall, 1976).

2.3.3 PRODUCT

Selling the right merchandise is crucial to the success of the business. Also how the merchandise is displayed is equally important. Merchandising is a key factor in attracting the customer and encouraging repeat business. Getting the right merchandise for the store's image involves careful planning which must be related to the direction which the retailer wishes to follow. The types of customers help to formulate a merchandising strategy.

MERCHANDISE STRATEGIES

The game plan for most retailers is a closely guarded secret, as it determines the success or failure of their business. *"A MERCHANDISE STRATEGY IS ALL ABOUT TARGETING THE RIGHT PEOPLE, WITH THE RIGHT MERCHANDISE AT THE RIGHT TIME IN THE RIGHT PLACE"* (Newman & Cullen, 2002). Here right people refers to the customers the retailer wants to target, and right place means that the store must have a suitable quantity of floor space and appropriate merchandise for the area it is located in. Each retailer has a different merchandising strategy determined by the sector they operate in (Newman & Cullen, 2002). High street retailers and small local stores tend to offer more customer service as part of their strategy. In part this makes up for the lack of assortment depth and width (McGoldrick, 1990). For successful merchandise strategy service is an important part because the two are in many ways intertwined. The merchandise on offer is tied in with the location of the store, the logistics of delivering the goods, and in-store arrangements and displays, and the way the customer is served (Newman & Cullen, 2002). Type of merchandise also affects stockroom management and the service employees who work to accomplish stock replenishment (Newman & Cullen, 2002).

Merchandising is not just about laying out items on shelves; it is also concerned with planning, sourcing, buying and arranging of these products and services (Newman & Cullen, 2002). The term merchandising is used to describe many aspects of planning and presenting of stock. It also refers to the intermediate stages, through which the products pass from the original source to the end consumer. These stages are planning, sourcing, buying, arranging and displays and space management (Newman & Cullen, 2002).

PLANNING

Retailers plan for the types of goods they would like to sell to their customers. For this they need to think about the image of the retail business and the requirements of the customer. These two objectives in fact run in tandem with each other (Newman & Cullen, 2002). For e.g. retailers need to keep the customer happy by selling the right merchandise. However, before the retailers can attract customers in the first place they need to display the type of retailer image that attracts the customer into the store. There is a functional side of planning, which involves obtaining regular supplies of merchandise from suppliers (Newman & Cullen, 2002). This involves making decisions about selection, turnover, replenishment of stock and relationships with suppliers.

An important part of the retailers function is to sort the merchandise into manageable quantities. Before the merchandise can be placed on the shop floor it must first be sorted or subdivided into similar categories. Stock rotation is an important function and has a significant effect on the bottom line (Newman & Cullen, 2002). The speed of the delivery system from the producer to the shelves can make the difference between profit and loss.

Constructing the right mix of products or services to satisfy the target customer at the same time as producing the projected sales and profit levels is a science (Newman & Cullen, 2002). Most retailers manage to do this effectively by using an assortment plan. Assortment plans include the number of stock keeping units, projected quantities to be delivered and the costs of all merchandise destined for the store over a particular time period.

It is very important for organizations to understand that the assortment plan follows, rather than directs, the overall retail business strategy (Berman & Evans, 2004). Revising and adding merchandising details is necessary to reflect business trends, product-sourcing problems and changes in customer preferences, all help retailers tailor their offering to meet customer needs, tastes and expectations (Newman & Cullen, 2002). Retailers must assess the risk of the assortment plan and develop ways that minimize that risk. Having the right type of items or merchandise for customers is not enough; they also need to turn up in the right quantity and at the right frequency (Levy & Weitz, 1992). The issue of stock turnover is very important.

Merchandising budgets are tied to the retailer's planned assortment and therefore the individual retailer's strategic goals (Levy & Weitz, 1992). This data will also include estimates of the quantity of merchandise from the prior season that will be carried over to the next season. Merchandising budgets may have very simple or complex calculations (Newman & Cullen, 2002). The degree of investment will depend on the type of retail business.

Planning and control optimizes the performance of the retail business. Good planning and control helps the retailer to:

- Balance customer expectations and the business's financial objectives.
- Manage changes in consumer tastes, preferences and demographics.
- Manage the variety of merchandise.
- Manage the assortment of merchandise.
- Allow for the flood of new products and more intense competition.
- Account for changes in the consistency and maturity of the market(s).
- Respond to merchandise life cycle and sales variability.
- Expand their stores across geographical areas.
- Expand into international markets.

(Newman & Cullen, 2002)

SOURCING

Sourcing is all about obtaining the merchandise retailers wish to sell at the right price, quantity, and quality in a timely manner (Newman & Cullen, 2002). The sourcing process is normally undertaken in four stages:

- The retailer has a need for a product.
- The need is clearly defined.
- The product specifications are agreed.
- A suitable supplier is found (sometimes with outside help).

The retailer then agrees to the quantity, date of delivery, target price, packaging weight and volume, mode of transportation and payment terms. Once all the terms and agreements are clearly established, the retailer then tries to find the best product and the most competitive price. Outsourcing has some benefits over in sourcing (Newman & Cullen, 2002).

- More efficient sourcing of a broad range of products.
- Streamlined transactions.
- Access to more trading partners.
- Direct and continuous communication.
- Potential for enhanced profit margin reductions in sourcing costs.

Every retailer has to buy stock in a cost-effective and managed manner (Newman & Cullen, 2002). Small retailers cannot afford dedicated buying departments, so often the owner takes the role of buyer and they rely on wholesalers or buying co-operatives to provide a suitable selection of merchandise. There are a number of identifiable steps in the buying process, and the buyer must follow this route to ensure success. Buyers have significant influence over factors like sales volume, gross margins, markdowns, & stock levels. Appendix 10 shows the buying process which should be followed by buyers (Newman & Cullen, 2002).

ARRANGING AND DISPLAYS

The manner in which merchandise is arranged will also have a great impact on sales and customer perceptions, apart from stock replenishment. Open merchandising is one of the tricks employed by retail merchandising teams to attract the attention of their customers (Newman & Cullen, 2002). *“OPEN MERCHANDISING ALLOWS THE CUSTOMER TO INTERFACE WITH DISPLAYS AND PHYSICALLY TOUCH THE PRODUCTS THEY MAY WISH TO PURCHASE. MORE TRADITIONAL METHODS OF MERCHANDISING DO NOT ENCOURAGE CUSTOMER CONTACT WITH DISPLAYS”.*

In-store visual displays are used to attract the customers. Stained softwood, white oak and a mix of Hessian and wooden flooring capture images of conversation while sparkly lighting gives a more high-tech atmosphere (Berman & Evans, 2004). This is designed to make outdoor pursuit merchandise look attractive and encourage customers to impulse purchase (Newman & Cullen, 2002). Displays vary considerably and may be based around themes. For example in the fashion world, retailers may wish to emphasize an international flavor with colors and national emblems from distant places (Newman & Cullen, 2002). Products are generally grouped together, and then by manufacturer. It benefits consumers as it is a lot easier to find all the alternatives. There is however another motive which is the complementary merchandise strategy (Levy & Weitz, 1992). Displays play an important role in a retail store; an attractive and informative display can help to sell goods. Some guiding principles that help to ensure the effectiveness of displays are given in the appendix 11.

The psychological effect of color is important to retailers and used to draw attention to displays e.g. yellow is used to emphasize Easter and Mother's day, and creates a warm and familiar holiday atmosphere. In-store lighting is also used with color schemes to extract the maximum effect from displays and visual merchandising (Newman & Cullen, 2002). Though store lighting is expensive and consumes 60 % of the utilities used by a retail store, it is crucial in retail design and is an integral part of the stores interior. It should complement rather than detract from the

merchandise (Newman & Cullen, 2002). Exterior lighting should match the mood the retailer is trying to create and complement the rest of the store's design features (Berman & Evans, 2004). Networks of ceiling light clusters are used to identify goods and specific areas within most stores. Floor coverings suggest the nature of the offering, and deep pile carpets feel warmer and generally suggest higher-priced merchandise. For the retailer the arrangement of stock has another important function linked to the replenishment system, or re-stocking of shelves (Newman & Cullen, 2002). The type of in-store fixtures or shelving must be easy for the customers to access, and for the staff to replenish. Appendix 12 gives a list of different fixtures and their purpose.

Storage, and above all space, is crucial for most retailers (Newman & Cullen, 2002). In some sectors, such as grocery retailing, space is probably the single most important aspect of chain store or supermarket design (Berman & Evans, 2004) (Levy & Weitz, 1992). Accommodating the large volume of items requires significant amounts of space in the store. Space management is concerned with placing merchandise within the store in the most profitable manner (Newman & Cullen, 2002). The most significant factor in planning merchandise layout is that space varies in value.

When considering the layout of stock, retailers have to take into account the available space and the best location for their stock. There are several methods of planning the amount of space a store department or product range requires (Newman & Cullen, 2002). These may be by one or a mixture of historical sales, contribution to profit, gross margin or industry average.

2.3.4 PRICING

In retail decision making price is one of the most important variables. It is also the easiest and quickest variable to change (Newman & Cullen, 2002). Price is often a major reason for shopping in a particular store. However the lowest price is not always the best strategy to follow, it often suggests low or even poor quality merchandise. Therefore, it is essential for the retailer to know the implications of its pricing decisions (Newman & Cullen, 2002).

PRICING OBJECTIVES

A retailer has to answer 'what should I charge for this product?' for each product in the store. Prices should not be fixed in an arbitrary manner as this can lead to a number of problems that impact the image of the retailer (Newman & Cullen, 2002). A retailer to be successful needs to

set the prices of various products in line with clear pricing objectives (McGoldrick, 1990). Small retailers have a lot of constraints on their pricing strategy as they lack buying power and often aim to get higher margins. The figure below the different stages of a pricing strategy:



Source: (Newman & Cullen, 2002).

Pricing objectives usually are specific to the retailer and the sector and environment in which the firm operates. Though there are some general motives that guide retailers and other businesses when they formulate pricing objectives. For some retailers survival maybe the key reason for altering prices and for small retailers lowering or raising prices may help to generate badly needed cash flow (Newman & Cullen, 2002).

PRICING FOR MARKETS

Identifying various customer groups is an important stage in the steps of pricing decision-making (Newman & Cullen, 2002). Different markets warrant different pricing strategies, however the overall objectives of the retailer will influence this decision. Fashion retailers such as Selfridges and Harvey Nichols use price as a lever to encourage market segments to shop. High prices and expensive brands encourage higher socio-economic groupings into their stores (Newman & Cullen, 2002). For e.g. The Next brand targets the higher end of the mass market. Next has established a market position based on individual style, quality and value for money.

Geography of a retailer has a strong influence on pricing. In some cases it maybe the major determinant. For instance, in an area with high unemployment a store may be forced to stock only certain types of merchandise, charge lower prices and adopt a particular store layout and design (Newman & Cullen, 2002). On the other hand some retailers may raise prices to meet the expectations of customers residing in certain areas (McGoldrick, 1990). Niche markets are areas where pricing varies considerably because of the location, merchandise and type of customer they serve (Newman & Cullen, 2002). Retailers such as Tie-Rack offer a single-line range of merchandise, which is priced according to the market they wish to target. Their customers are usually seeing a special purchase such as a gift from stores that are accessible and convenient.

Ethical issues are an important feature of pricing strategy in most retail sectors. Ethical issues are strong determinants of strong patronage. Customers shop where they feel comfortable with the policies and ideals held by a particular organization (Newman & Cullen, 2002). Customers are willing to pay extra for products that are perceived to be healthier or in accordance with environmental principles, or are considered fair to suppliers or workers further back it up with their supply chain.

Retailer's particular price position in the market depends on the general level of prices for the products they sell and the degree of customer acceptability and price sensitivity under different situations. They also take account of various price movements that offer over periods of time in the market (Newman & Cullen, 2002). These price movements reflect changes in the underlying supply and demand conditions and include the effects of technical innovation, social change and customer attitudes, and the diffusion of a product or lifestyle among consumers. Personal computers and mobile phones are a good example of these changes.

Long-term inflation or deflation can affect the general level of prices (Newman & Cullen, 2002). Consumers and businesses have become accustomed to continuing changes in the price level.

PRICING POLICIES

Each retailer has an individual approach to pricing, which is determined by factors such as the market, the consumer, cost structure and the positioning in the marketplace. It is critical that pricing strategy reflects the pricing policy; otherwise customers are likely to become confused (Newman & Cullen, 2002). For instance, when a retailer establishes a high-quality image with prices to match, continuous sales and markdowns in store make the customer think standards have altered. Regular customers may become reluctant to use the stores due to the ambiguous nature of the offering. This demonstrates the importance of establishing a clear pricing policy and sticking to its framework. To develop a pricing policy retail management needs to make careful decisions about the company's strategic direction, in the following areas (Newman & Cullen, 2002):

- Which market segments to target?
- Which merchandise to sell?
- What type of promotions to employ?
- Which geographical locations to focus on?

Retailers in the same sector have very different pricing policies that are suited to their particular markets and target groups (Newman & Cullen, 2002). For e.g. discount fashion

retailers may approach their market in diverse ways. The first retailer may be selling seconds, overruns and special purchases of designer wear to young female consumers. And the second retailer may be targeting its merchandise specifically at young families.

Some markets determine the level of pricing of a retailer can charge and remain competitive (Newman & Cullen, 2002). However, it is the customers in the marketplace who determine the price that retailers can charge for their merchandise (Newman & Cullen, 2002). Sometimes the merchandise itself can be a major determinant of pricing. For e.g. branded jeans will not be offered for too much discount, as the customer may think the garments are faulty or are 'not the real thing'.

In-store promotion is probably the most important ways in which the retailer can use prices to influence sales. Special offers and seasonal promotions are effective ways of generating additional sales. These create an image of value without sacrificing the image of quality (Newman & Cullen, 2002). Regular in-store promotions may be a part of the pricing policy, for instance 'two for the price of one' offers.

PRICING STRATEGIES

Most retailers identify with a specific market or markets and focus their energies on maximizing market share (Newman & Cullen, 2002). The location, store format and merchandise dictate the most appropriate price position for a retailer. There are three basic price positions (Newman & Cullen, 2002):

- **Above the market** – a retailer can safely sell their merchandise at a price greater than their competitors.
- **At the market** – a retailer lowers risk by selling at the same price as surrounding stores.
- **Below the market** – a retailer is ready to sell merchandise at less than the average price.

Once the market position has been chosen a retailer needs to set the band or range in which they wish to set prices (Newman & Cullen, 2002).

Some general guidelines that can be used to determine the price of merchandise include (Newman & Cullen, 2002):

- High prices tend to suggest high quality.
- High prices tend to suggest exclusivity.

- Prices can be used to reinforce the image of the store.
- Price can be used to increase the customer base.
- Price is a very useful way of moving discontinued lines.

Price and customer service is inter-linked but the linkages are often difficult to determine (Newman & Cullen, 2002). Usually, customers expect lower prices to yield lower levels of customer service.

Leader pricing is the practice of offering high-demand items at a low price (McGoldrick, 1990). These are then advertised heavily to stimulate demand (Newman & Cullen, 2002, Berman & Evans, 2004).

Bait pricing is a technique retailers employ to lure customers into the store. This is widely used during sale and holiday periods. Retailers bait customers by heavily advertising products such as sofas, video recorder or television, at a special low price (Newman & Cullen, 2002). When customers visit stores they may find that the products are unavailable and the sales staff may convince them to purchase higher priced alternatives (Berman & Evans, 2004).

Price lining is the practice of creating lines or points for each group of merchandise, so that customers can purchase goods within a certain price bracket (Berman & Evans, 2004). A shoe retailer may sell casual walking shoes in the following categories: £ 29.99, £ 39.99 and £ 49.99 (Newman & Cullen, 2002). In general, retailers will opt for lines that have the greatest customer demand and display a meaningful difference between lines (Lusch, Dunne, & Gebhardt, 1993).

Of great benefit to both the customer and the retailer, multiple unit- pricing is the practice of bundling items in packs at a markdown price (Newman & Cullen, 2002). For e.g. in supermarkets foodstuffs such as beverages and dairy products like cheese and milk are commonly sold in multi-packs (Berman & Evans, 2004). A pack of four costs the customers the price of a pack of three. This method encourages the customers to purchase a greater quantity of goods and benefits the retailer with increased sales.

At store level, there are various constraints on pricing and price displays. When goods are advertised at sale prices the normal or higher price must also be displayed (Newman & Cullen, 2002). The retailer must also state when those higher prices were charged, which must be for a minimum of 28 days and at which stores (Berman & Evans, 2004). Existing stock cannot be re-labeled at a higher price unless the lower price was specifically advertised for a limited period (Newman & Cullen, 2002).

2.4 BALANCED SCORECARD

To have a successful and committed workforce, it is important for every retailer to successfully and correctly evaluate their employees as per set criteria. Balanced Scorecard is being successfully used by many companies for employee evaluation on the basis of a set metrics.

Balanced Scorecard is a concept that is used to measure the performance of the business units. The scorecard has four perspectives- financial, customer, internal business and learning and growth. It provides a balanced picture of current operating performance as well as drivers of future performance (Kaplan & Norton, 1996). It is a very useful tool which is able to provide the managers with a fast and a comprehensive view of the business. This scorecard helps in tracking the key elements of the company's strategy (Kaplan & Norton, 1992).

Balanced scorecard enables the managers to view the performance of the employees in many areas simultaneously. It is able to provide a detailed report to the management about the performance of its employees as a whole in every aspect of their responsibility "thus enabling them to link the long term strategic objectives with the short term actions" (Kaplan & Norton, 1996).

Balanced Scorecard meets several managerial needs:

- 1) The scorecard brings together in a single report the disparate elements of a company's competitive agenda.
- 2) The scorecard guards against sub-optimization, by forcing the managers to consider all the important operational measures together. It lets the managers to see whether there is an improvement in an area at the expense of the other.

(Kaplan & Norton, 1992)

"It is different from other strategic measurement systems in that it is more than an ad hoc collection of financial and non financial measures. It contains outcome measures and the performance driver of outcomes, linked together in cause and effect relationships and thus aims to be a feed forward control system. Furthermore, the balanced score card is intended not only as a strategic management system but also as a strategic control system which can align departmental and personal goals to overall strategy" (Norreklit, 2000).

The four perspectives of the scorecard permit a balance between short terms and long term objectives.

- 1) **FINANCIAL**: The Financial Performance measures define the long term objective of the business unit. The financial objectives within each stage of the company are different. We have found that companies use three financial themes to achieve their business strategy: Revenue Growth and mix, Cost Reduction/Productivity Improvement and Asset Utilization/Investment Strategy.
- 2) **CUSTOMER**: In the customer perspective of the scorecard, managers identify the customer and market segments in which the businesses will compete. Also, the measure of the performance of the business units in these segments.
- 3) **INTERNAL BUSINESS PROCESS**: These specify the business processes in which the company must excel.
- 4) **LEARNING AND GROWTH**: It tells us about the infrastructure that one must build to create the long term growth and improvement.

(Kaplan & Norton, Linking the Balance Scorecard to Strategy, 1996)

2.5 THE FIVE FORCES THAT SHAPE STRATEGY

Most successful organizations regularly update a comparative profile of all their direct competitors. This profile includes what the competitors are doing, what products are they offering and also how and why they are performing and any other relevant information. Marketing is related to the future activities of an organization and therefore it is important to develop a feel for what competitors are likely to do in the future. SWOT analysis and Porter's 5 Force analyses are used to highlight the strengths and weaknesses of competitors, as well as study the internal and external environment they operate in (Adcock, Halborg, & Ross, 2001).

In 1979 a young economist and associate professor Michael E. Porter published an article "How competitive forces shape strategy?" and it started a revolution in the strategy field (Porter M. , 1979) (Porter M. E., 2008). The main job of a strategist is to understand and cope with competition. The extended rivalry that results from all forces defines an industry's structure and shapes the nature of competitive interaction within an industry. According to Michael Porter managers should define competition more broadly. Currently many managers define it too narrowly as if it occurred only among today's direct competition (Walker Jr., Mullins, & Larreche, 2008) (Porter M. E., 2008) (Dobson, Starkey, & Richards, 2004).

2.5.1 FORCES THAT SHAPE COMPETITION

The configuration of the five forces differs by industry. In the commercial aircraft industry, there exists a fierce rivalry between dominant producers Airbus & Boeing and the bargaining power of the airlines that place huge orders for aircraft are strong. However, over here the threat of entry, threat of substitutes and the power of suppliers are quite low (Porter M. E., 2008) (Aaker, 2001). Often the strongest competitive force determines the profitability of an industry and becomes extremely crucial for strategy formulation and even the most salient feature is not always obvious. For example even in industries like the commodity industries where the rivalry is fierce, the profitability may not be limited by the fierce completion (Porter M. E., 2008) (Aaker, 2001) (Brandenburger & Nalebuff, 1995).

THREAT OF ENTRY

When new entrants decide to enter an industry they bring along with them new capacity and a desire to gain market share that puts pressure on prices, costs, and the rate of investment necessary to compete. The threat of new entrants puts a cap on the profit potential of an industry (Porter M. E., 2008) (Mintzberg, Bruce, & Joseph, 2005) (Dobson, Starkey, & Richards, 2004). For example in the specialty coffee retailing relatively low entry barriers mean that Starbucks must invest heavily in modernizing stores and menus to get an advantage over the new entrants. The threat of new entrants mainly depends on the height of entry barriers that are present and the reaction that the new entrants can expect from the established players in that industry (Porter M. E. 2008). If entry barriers are low and newcomers expect no retaliation from the entrenched competitors, the threat of entry is high and industry profitability is moderated. It is the threat of entry, not whether entry actually occurs, that holds down profitability (Porter M. E., 2008) (Walker Jr., Mullins, & Larreche, 2008) (Aaker, 2001) (Jenkins & Ambrosini, 2002) (Coyne & Balakrishnan, 1996).

There are seven major sources of entry barriers (Porter M. E., 2008):

- a) Supply-side economies of scale.
- b) Demand-side benefits of scale.
- c) Customer switching costs.
- d) Capital requirements.
- e) Incumbency advantages independent of size.
- f) Unequal access to distribution channels.
- g) Restrictive government policy.

(Porter M. E., 2008) (Dobson, Starkey, & Richards, 2004)

How potential entrants expect incumbents to react will influence their decision to enter or stay out of an industry. Newcomers are likely to fear expected retaliation if (Porter M. E., 2008) (Dobson, Starkey, & Richards, 2004) (Grant, 2005):

- a) Incumbents have previously responded vigorously to new entrants.
- b) Incumbents possess substantial resources to fight back.
- c) Incumbents seem likely to cut prices because they are committed to retaining market share.
- d) Industry growth is slow so newcomers can gain volume only by taking it from incumbents.

(Porter M. E. 2008).

THE POWER OF SUPPLIERS

Powerful suppliers capture more value for themselves by charging higher prices, limiting quality or services or shifting costs to industry participants. Powerful suppliers can squeeze profitability out of an industry that is unable to pass on cost increases in its own prices. For example Microsoft has contributed to the erosion of profitability among personal computers by raising prices of operating systems (Porter M. E., 2008). PC makers who compete fiercely for customers, who can easily switch among them, are not in a position to raise their prices accordingly (Porter M. E., 2008) (Aaker, 2001) (Dobson, Starkey, & Richards, 2004) (Jenkins & Ambrosini, 2002) (McGahan, 2004).

A supplier group is powerful if

- a) It is more concentrated than the industry it sells to.
- b) The supplier group does not depend heavily on the industry for its revenues.
- c) Industry participants face switching costs in changing suppliers.
- d) Suppliers offer products that are differentiated.
- e) There is no substitute for what the supplier group provides.
- f) The supplier group can credibly threaten to integrate forward into the industry.

(Porter M. E., 2008) (Aaker, 2001)

THE POWER OF BUYERS

Powerful customer can capture more value by forcing down prices, demanding better quality or more service and generally playing industry participants off against one another, all at the expense of industry profitability. Buyers are powerful if they have negotiating leverage relative

to industry participants, especially if they are price sensitive, using their clout to ensure price reductions (Porter M. E., 2008) (Dobson, Starkey, & Richards, 2004) (Hunger & Wheelen, 2003).

A customer has negotiating leverage if:

- a) There are few buyers, or each one purchases in volumes that are large relative to the size of a single vendor.
- b) The industry's products are standardized or undifferentiated.
- c) Buyers face few switching costs in changing vendors.
- d) Buyers can credibly threaten to integrate backward and produce the products themselves if vendors are too profitable.

(Porter M. E., 2008) (Dobson, Starkey, & Richards, 2004) (Aaker, 2001) (Jenkins & Ambrosini, 2002)

A buyer group is price sensitive if:

- a) The product it purchases from the industry represents a significant fraction of its cost structure or procurement budget.
- b) The buyer group earns low profits, is strapped for cash, or is otherwise under pressure to trim its purchasing costs.
- c) The quality of buyers' products or services is little affected by the industry's product.
- d) The industry's product has little effect on the buyer's other costs.

(Porter M. E., 2008) (Walker Jr., Mullins, & Larreche, 2008) (Dobson, Starkey, & Richards, 2004) (Aaker, 2001)

THE THREAT OF SUBSTITUTES

A substitute performs the same or a similar function as an industry's product by a different means. Videoconferencing is a substitute for travel. Plastic is a substitute for aluminum. E-mail is a substitute for express mail (Porter M. E., 2008) (Walker Jr., Mullins, & Larreche, 2008) (Aaker, 2001). Sometimes, the threat of substitution is downstream or indirect, when a substitute replaces a buyer industry's product. For example, lawn-care products and services are threatened when multifamily homes in urban areas substitute for single-family homes in the suburbs. Software sold to agents is threatened when airline and travel websites substitute for travel agents (Porter M. E., 2008) (Dobson, Starkey, & Richards, 2004).

The threat of substitutes is high if:

- a) It offers an attractive price-performance trade-off to the industry's product.
- b) The buyer's cost of switching to the substitute is low.

(Porter M. E., 2008) (Walker Jr., Mullins, & Larreche, 2008) (Dobson, Starkey, & Richards, 2004)

RIVALRY AMONG EXISTING COMPETITORS

Rivalry among existing competitors limits the profitability of an industry as it takes many familiar forms, including price discounting, new product introductions, advertising campaigns and service improvements. The degree to which rivalry drives down an industry's profit potential depends on the intensity of the competition and the basis on which they compete (Porter M. E., 2008) (Dubois, Alain, & Muhlbacher, 2007) (Dobson, Starkey, & Richards, 2004) (Walker Jr., Mullins, & Larreche, 2008).

The intensity of rivalry is greatest if:

- a) Competitors are numerous or are roughly equal in size and power.
- b) Industry growth is slow.
- c) Exit barriers are high.
- d) Rivals are highly committed to the business and have aspirations for leadership, especially if they have goals that go beyond economic performance in the particular industry.
- e) Firms cannot read each other's signals well because of lack of familiarity with one another, diverse approaches to competing or differing goals.

(Porter M. E., 2008) (Walker Jr., Mullins, & Larreche, 2008) (Dubois, Alain, & Muhlbacher, 2007)

The strength of rivalry reflects not just the intensity of competition but also the basis of competition. Price competition is most liable to occur if:

- a) Products or services of rivals are nearly identical and there are few switching costs for buyers.
- b) Fixed costs are high and marginal costs are low.
- c) Capacity must be expanded in large increments to be efficient.
- d) The product is perishable.

(Porter M. E., 2008) (Walker Jr., Mullins, & Larreche, 2008) (Dobson, Starkey, & Richards, 2004)

Competition on dimensions other than price - on product features, support services, delivery time or brand image is less likely to erode profitability because it improves customer value and can support higher prices (Porter M. E., 2008) (Aaker, 2001). As important as the dimensions of rivalry is whether the rivals compete on the same dimensions. Rivalry can be positive sum, or actually increase the average profitability of an industry, when each competitor aims to serve the needs of different customer segments with different mixes of price, products, services, features, or brand identities (Porter M. E., 2008) (Walker Jr., Mullins, & Larreche, 2008).

2.5.2 CRITICAL ANALYSIS OF PORTERS 5 FORCES

Brandenburger (2002) suggests that two factors account for the longevity and extent of Porter's influence:

1. His thought "gives a clear image of the essential activity of business. It depicts the whole vertical chain of economic activity running from suppliers (i.e., owners of resources) through businesses and on to the customers. It highlights the central role of business in creating value but also emphasizes how businesses are interdependent with their suppliers and customers".
2. The very limited number of generic strategies that he advocates (differentiation and domination by costs) is another element of clarity that attracts the attention of decision makers, consultants and teachers to Porter's.

2.6 SWOT (STRENGTHS, WEAKNESS, OPPORTUNITIES, THREATS)

SWOT Analysis is an extremely simple and well structured approach to evaluating a company's strategic position when planning, to identify the company's strengths and weaknesses and to compare these to opportunities and threats in the environment (Piercy & Giles, 1989). The process of SWOT analysis is one of the simplest techniques for summarizing information about the marketing environment and guiding the direction for strategy. Information used in the development of strategy is either external (outside environment) or internal (relates to the organization itself). External information can be classified as either an opportunity or a threat and internal information can be classified as either strength or a weakness (Ennew, 1993) (Baker, 1999). Thus any piece of information can be classified as follows:

STRENGTHS

Strength of an organization refers to any particular skill or distinctive competence that will help them achieve their stated objectives. The strength can be anything – it can be experience in specific type of markets, specific skills possessed by employees either in relation to production, R&D or marketing. It can also include aspects of corporate culture/image. E.g. P&G's reputation for quality and McDonald's reputation for great customer service both can be regarded as strengths (Ennew, 1993).

WEAKNESSES

Weaknesses of an organization refer to any aspect of the organization which can hinder the achievement of specific objectives. Weaknesses may include limited experience of certain markets/technologies, organizations reputation, the financial resources available, staff skill, etc. E.g. companies such as KwikSave and Superdrug with a reputation of high-volume, low-price retailers might constitute a weakness should either organization consider moving into high-margin, low volume retailing (Ennew, 1993).

OPPORTUNITIES

Opportunities of an organization refer to their external environment that creates conditions which are advantageous to the organization, given the objectives it wishes to achieve. External environment consists of those factors that are broadly outside the control of the individual company and includes political, social, economic and technological forces (Lancaster & Massingham, 1999). E.g. the rise in price of petrol is an opportunity for manufacturers of full-efficient cars or petrol/ oil substitutes or if there is a growth of environmental concern among consumers it is an opportunity for the manufacturers of environmentally friendly products (Ennew, 1993).

THREATS

A Threat is any environmental development that will create problems for an organization in achieving its specific objectives. Some organizations threats will almost invariably constitute a threat to others (Ennew, 1993). E.g. long-term forecasts of world oil reserves suggest major profit opportunities for the developers of alternative energy sources and major threats to those oil exploration companies that do not diversify (Lancaster & Massingham, 1999).

SWOT analysis has come to be so widely known is because of its inherent attractions (Piercy & Giles, 1989). These are:

- The technique is simple enough in concept to be immediately and readily accessible to managers- no computer or management expert is needed.
 - The model can be used without extensive corporate or MIS systems – but is flexible enough to incorporate these where appropriate.
 - SWOT analysis provides us with a device to structure the awkward mixture of qualitative and quantitative information of familiar and unfamiliar facts, of known and half-known understandings that characterizes strategic marketing planning.
- (Piercy & Giles, 1989)

2.6.1 SWOT FOR DYNAMIC RESULTS

Piercy & Giles (1989) propose the following use of SWOT analysis to produce dynamic results.

1. **Focused SWOTs**

Piercy & Giles (1989) suggests that the analysis is likely to be more productive if the area that has to be evaluated is properly defined. By focusing on a particular issue and excluding non-relevant material bland and meaningless generalizations can be overcome.

2. **Shared vision**

Because of its simplicity and ease of communication, SWOT analysis is an excellent vehicle in working with planning teams or groups of executives. There is little or no barrier created through executives having to learn complex and analytical tools. Piercy & Giles (1989) further add that pooling of ideas and information from a number of sources produces richer results, and SWOT analysis also provides a concrete mechanism for expressing team consensus about important issues and finally producing a SWOT analysis has the effect of pushing a team towards agreements and flushes out potentially harmful disagreements (Piercy & Giles, 1989).

3. Customer orientation

The first requirement is that in evaluating our strengths and weaknesses we can only include those resources or capabilities which would be recognized and valued by the customer with whom the organization is concerned (Piercy & Giles, 1989).

4. Environmental analysis

Opportunities and threats in the environment should be viewed on the basis of the environment relevant to the point of focus of the organization – the specific market, customer issue, etc. Here the goal is to list those things in the relevant environment which make it attractive or unattractive to the organization and the search for ideas should be as thorough and widely informed as possible (Piercy & Giles, 1989).

5. Structured strategy generation

After the completion of the SWOT matrix and all the items have been ranked in each category in terms of importance. The matrix then acts as a generator of strategies. Some of them are:

- a) **Matching Strategies** – The central focus is on matching the strengths of an organization to the opportunities in the outside world. The main purpose of doing this is to find out if there is any strength which does not match any known opportunity. Therefore, it is of little immediate value, while organizations can discuss highly ranked opportunities for which there are no strengths (Piercy & Giles, 1989).
- b) **Conversion Strategies** – The main aim here is to convert the highly ranked weaknesses and threats into strengths and opportunities. Sometimes this can be fairly straight forward and other times it may not (Piercy & Giles, 1989).
- c) **Creative Strategies** – The creative ideas which are discarded because of their unusual nature should be paid a special attention. They should be added to a creative box if they do not fit anywhere in the SWOT matrix (Piercy & Giles, 1989).

2.7 OTHER FOOTBALL CLUB STRATEGIES – MANCHESTER UNITED FOOTBALL CLUB

The choice of analyzing Manchester United Football Club commercial strategy is informed by the fact that it is arguably the richest club not just in England but in the world.

Using the research by Shaw, D. (2007) as a key reference point, it studied the business processes of Manchester United Football Club and goes on to examine the way Manchester United has united its brand with their business process to improve their business and win more fans.

One basic assumption made is that Nottingham Forest can successfully duplicate Manchester United's Business Model. Another assumption is that they have a similar business objective to that of Manchester United since it is believed that the business objective influences the strategies which in turn influences the process level. However, this is mitigated by the fact that Nottingham Forest wants to increase revenue and remain a profitable and viable organization a position that Manchester United is now.

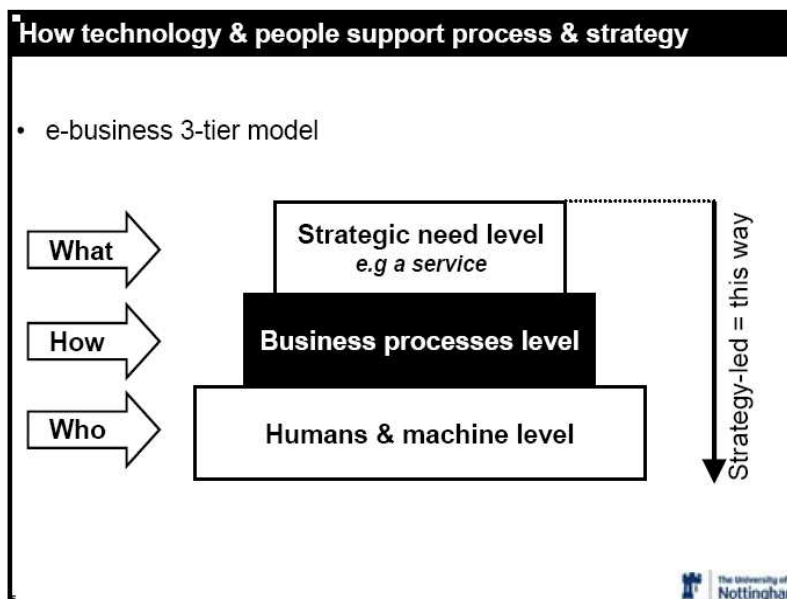


Figure 1: E-Business 3 tier Model (Shaw, 2007)

The above model by Shaw, D. (2007) tried to show how IT and people move the business process towards achieving company objectives. The organization decides the strategy it wants to adopt in order to achieve its business objectives. It is assumed that most businesses are

interested in making profit. To achieve these objectives, it has to initiate processes which are run by humans and machines. If the strategy is not clear, then there will be no clear outline of the processes and so efforts put in the human and machine level might not meet company objectives.

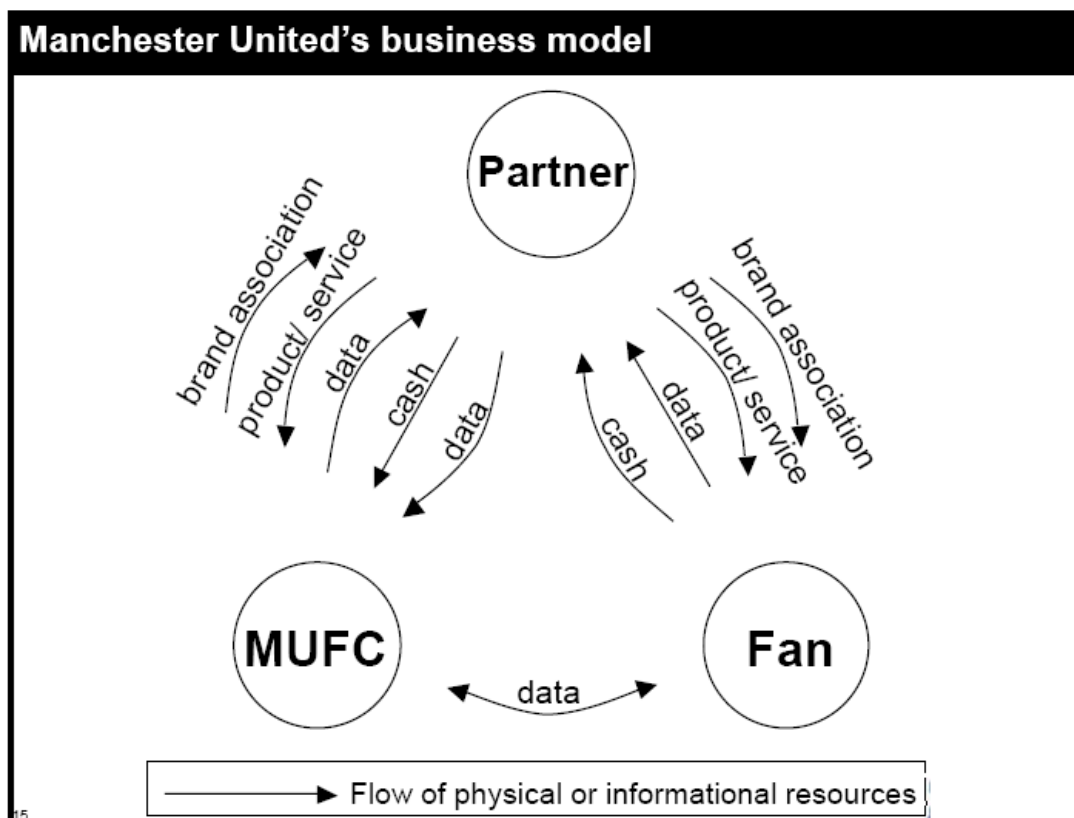


Figure 2: Manchester United's Business Model (Shaw, 2007)

In examining this model, Shaw, D (2007) was able to show how Manchester United engages the services of its various partners to gain value, not just to the club but also to the fans which is then channeled back to them also. An effective partnership proves beneficial to all the parties involved. However, it is pertinent to note that the brand of Manchester United was such that it could negotiate on a higher level.

Shaw, D. (2007) analyzed the model above as an organizational relationship with other organizations partners. The single supplier pyramid represents many suppliers. It shows how each supplier's service is composed of various other services to meet the customer's specific need and then how it goes on to supply each of its customers. Note the cascading and enabling levels of enactment and meta-property composition in the diagram which represents activities within a firm' business processes.

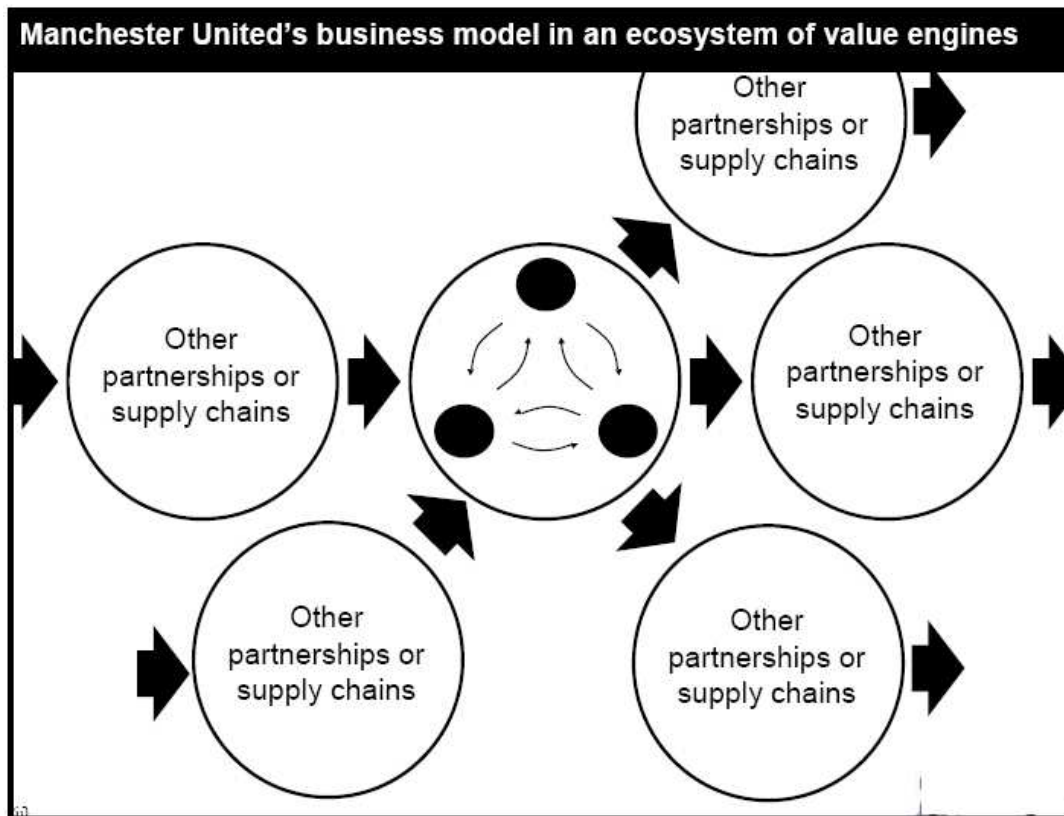


Figure 3: Manchester United's Business Model in an Ecosystem of value engines. (Shaw, 2007)

Shaw, D. (2007) notes in this Model that even though United have a direct relationship with the partners and fans, it is also part of an ecosystem and that other "external" factors not immediately touching the club could still have an effect on them.

Organizations relates not just to customers but also other businesses in various capacities. Shaw, D. (2007) confirmed that the linking of firms via business processes is a business-to-business (B2B) interaction that occurs on multiple 'levels'.

Attention must be drawn to the fact that the services provided by a business process also serves as a requirement for the output of another business process. As a firm operates on its business

process level to help in achieving its business objectives, it produces service needs that are needed by other firms.

Partner	Accelerant services	Description
Vodafone	T, E, I	Developer of mobile services such as live match and news alerts; and affinity mobile games, images, and screen savers in a £36m deal over 4 years (Keynote, 2005)
Nike	T, E, I	Produces United replica kits, training wear and all other United merchandise operations. Manages the stadium's 'Mega Store' at the Old Trafford football ground in a £303m deal over 13 years
Terra Lycos	ID, U, E, I	Website partner provision and development services (1.2m unique website users per month as of late 2004)
Ladbrokes	T, I	Stadium and online betting services
Dimension Data	ID, U	ICT systems such as the fan relational database
Fujifilm	T, I	Global media rights manager and developer of branded imaging products
BSkyB	ID	Satellite and terrestrial television broadcasters supporting MUTV
Granada	ID	Terrestrial television broadcasters supporting MUTV
MBNA, Barclaycard, Endsleigh, The Britannia Building Society, Halifax Bank of Scotland	T	Credit card services, insurance services, personal financial services
Audi UK	E, I, T	Official car supplier, e.g. personal transport for senior team executives and high profile players
Pepsi	ID, U	Global brand, e.g. a ring pull competition generates customer data and engagement
Budweiser	ID, U, E, I	Association with Budweiser's supply chain in China gave visibility and fan data
Wilkinson Sword	ID, I, T	Created a licensed male grooming range that gave United visibility in China, a royalty from each sale and fan data
Century FM	E	Regional UK Radio station that attracted fans to interact with United
Key: ID = identify U = understand E = engage I = interact T = transact		

Figure 4: Manchester United's partners and their services (MUFC, 2004, 2007: Keynote 2005) (Shaw, 2007)

This table shows the various relationships between Manchester United and all their partners. All these associations are to gain advantage and keep the fans and increase their commercial gains.

CHAPTER 3 METHODOLOGY & RESEARCH

The previous chapter delved into what other researchers have written regarding the various aspects believed to be pertinent in this case. This chapter will now introduce the methods used conducting this research.

3.1 RESEARCH OBJECTIVE

The theoretical framework of this assignment revolves around the retailing strategies employed by the Nottingham Forest Football club (NFFC). The research objective is to find out the reasons NFFC has low sales and revenue with relation to its merchandise, especially as compared to similar size clubs. It is to analyze the retail strategy of the club and make suggestions and recommendations on the way to improve this, the path they can take and the new strategies they can employ based on our research. Marshall & Rossman (1999) clearly says that the purpose of highlighting the objectives is to describe the primary focus of the research- the topic and its purpose.

This chapter presents the methodology used in the internship specifically in relation to the data collection process. It focuses on how the research is conducted and the challenges and limitations in collecting the data.

3.2 INFORMATION SEARCH

“Without rigor, research is worthless, becomes fiction, and loses its utility. Hence, a great deal of attention is applied to reliability and validity in all research methods”, Morse J.M et al (2002). A lot of effort needs to be put in to conduct a good research. It is necessary to sieve for information from the data already available. “All research involves both deduction and induction in the broad sense of those terms: in all research, we move from ideas to data as well as from data to ideas”, Hammersely (1992).

3.3 PRIMARY RESEARCH/ FIELD WORK

The primary research was based on analyzing information sourced from both the club and those that have a relationship or affiliation with them.

Many research methodologies have been developed over the years. There are basically two types of research methods- qualitative and quantitative. This primary research combines both quantitative and qualitative research. Although some researchers argue about the superiority of each method and that they cannot be used together (Smith and Heshius, 1986), this research combines both. Hammersley, (1992) explained that since “there appears no stark contrast between the 'verbal' and the 'numerical' data treatment, or even between 'precise' and 'imprecise', the decisions about what levels of precision, structure and context are appropriate in relation to any particular study should depend upon the nature of what is being described, the purposes, and the resources available and not upon ideological commitments to one methodological paradigm or another”. According to Roberts A. (2002), “For any research design, a methodologically aware eclecticism may result in a principled deployment of both quantitative and qualitative methods in a complementary fashion based on the following principles:

- No more than a rhetorical link exists between method and epistemology.
- The 'distinctions' between quantitative and qualitative methods are often erroneous and do not always reflect differing paradigmatic assumptions. More often, they reflect the personal choice of the researcher.
- Both methods may be employed within the same paradigm.
- Both quantitative and qualitative method may be used within a single research design”.

3.4 QUALITATIVE METHOD

Qualitative research is about the socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry (Denzin, 1994). Miles and Huberman (1984) say that qualitative data consists of words rather than numbers although Morse J.M. et al (2002) point out that most quantitative data is ultimately accounted for in words. Guba & Lincoln (1981) proposed that the criteria in the qualitative paradigm to ensure "trustworthiness" are credibility, fittingness, auditability, and conformability. These criteria were quickly refined to credibility, transferability, dependability, and conformability (Lincoln & Guba, 1985).

3.5 QUANTITATIVE METHOD

Babie, E. (1992) defines quantitative research as “the numerical representation and manipulation of observations for the purpose of describing and explaining the phenomena that those observations reflect,”. Qualitative research is described as “the non-numerical examination and interpretation of observations, for the purpose of discovering underlying meanings and patterns of relationships”. Quantitative research is normally considered to deal more with numbers, as opposed to words (Miles and Huberman, 1984). Quantitative Research involves sourcing and interpreting numerical and statistical data. “In social sciences, the process of data analysis, regardless of whether the data is qualitative or quantitative, involves an interaction between the analyst and the data”, Kritzer M (1996).

The Quantitative approach involves conducting surveys through questionnaires and archival studies with the objective of gathering information relating to ‘who’, ‘where’ and ‘how much’ while the Qualitative method includes historical accounts and case studies with the emphasis of answering ‘how’ and ‘why’. According to Morgan and Smirchich in Scott (1994), a quantitative methodology is appropriate if the world is assumed to have a concrete structure that accurate definitions can be assigned to measurement take, or else a qualitative method is taken.

Quantitative approach could be used before the Qualitative approach because through Quantitative approach we could gauge people’s opinion and then build on the qualitative methodology to be more exploratory. The common ideas coming forward from the Quantitative approach could then be evaluated. Qualitative approach could also then be used as a diagnostic approach to delve deeper into the problem.

Looking at the project Quantitative approach has been used to get a general understanding of the supporters about the store and the website. Also, how they are able to relate to the club. The findings from the survey were later fitted against the qualitative approach to delve deeper into the results.

One approach is not necessarily better than the other. They both are different and require understanding of its advantages and limitations. If used properly they both can be used as a tool to better understand the problems.

3.6 SAMPLING

The sample choice was dependant on the unique circumstances of the club. In comparing Nottingham Forest Football Club with other clubs, these clubs were chosen purposely after looking at the country, division, history and expectations of the clubs. The decision to compare the clubs retail performance with those of West Bromwich Albion, Leicester and Birmingham was based on the fact that they are in the same division in the English League. Comparing Nottingham Forest with Manchester United was based on the fact that currently, Manchester United is the biggest and the richest club at present (www.news.bbc.co.uk).

In choosing the samples for the surveys, visits were made to the club's premises and randomly handpicked fans that came in to watch a friendly game against Everton Football Club. Also, key interviews were conducted with some of the professors in the University who are long term fans of the club. They were able to provide information that would help with the research.

3.7 METHOD FOR COLLECTING DATA

The method of data collection and the respondents profile are important parameters to the reliability and authenticity of data collected. Data could be collected by doing surveys on basis of questionnaire and obtaining feedback, conducting structured, semi structured or structured interviews. Also, internet has also emerged as a vast pool of data but the reliability of open source data from the internet could be an issue.

Research undertaken and information analyzed came primarily from the following sources:

- Semi structured interview with senior executives of different departments of Nottingham Forest Football Club right from the director to the shop manager.
- The analysis of the data received from the Nottingham Forest Football Club.
- Interviews conducted with the professors from the university who are supporters of different football clubs to understand the difference in the functioning of both the clubs and their best practices. They also gave an insight of a supporter about what they actually expect from a club.
- The internet was also used very extensively for the research. The websites of the group and the competing clubs have been very helpful when doing a comparison. Even the Nottingham Forest Forum provided us with insight into the customer minds about what they think and what they want.

- Online Journals.
- Questionnaire developed for the supporters of the Nottingham Forest Football Clubs.
- While collecting data care was taken in terms of the profile of the correspondents for questionnaire and interview purpose. The objective was to have an expert opinion both from the external and the internal source.

There was a wealth of information that could be gathered. However, different supporters had different views in respect of the changes that could have been made to the store and the website. The challenge then was to synthesize the information and present in a holistic form to be able to come up with credible analysis and sound recommendations that provide real value to our client.

Pope C. et al (2000) points out that “in much qualitative research the analytical process begins during data collection as the data already gathered are analysed and shape the ongoing data collection”. The primary research data is collected from interviews, surveys, financial reports and other reports sourced from the club, Nottingham Forest. Using sequential analysis (Becker H.S. 1971) or interim analysis (Miles and Huberman, 1984) has the advantage of allowing the researcher to go back and refine questions, develop hypotheses, and pursue emerging avenues of inquiry in further depth. This is the case for both the quantitative and qualitative.

3.8 DATA PROCESSING METHOD

The data is processed by analyzing, comparing and making deductions and inferring. There will be no complex statistical methods used in processing information; rather, all information will follow from reasoning, logic and comparison.

3.9 SECONDARY RESEARCH

Secondary Research was based on the literature review on subjects relating to the topic. This wide review helps in analyzing what other researchers have found out relating to the topic and also points out gaps that need to be filled up. It involves sieving through different literature and finding out theories and examples that would help in supporting, negating and/or moving the research towards another direction.

While conducting an analysis of the data collected, the information gleaned from the secondary research also helps in buttressing and supporting whatever discoveries have been made.

3.10 REPORTING

The research would produce a report using both the primary and secondary research methods, analyze the data available and then show how conclusions were reached and finally make recommendations that should be beneficial to the club and improve their current position.

3.11 ASSUMPTIONS

Whether research is quantitative or qualitative there are always some assumptions that need to be considered about what constitutes a 'valid' research and which research methods are appropriate. In order to conduct and/or evaluate qualitative research, it is therefore important to know what these (sometimes hidden) assumptions are.

The first assumption is that Nottingham Forest Football Club's problems with the sales and revenue has to do with their retail strategy especially considering the fact that football clubs are a service organization and therefore, their main product is intangible. This is mitigated by the fact that like most service organizations, they rely on intangible cues and so there is always a retail side (Jobber, 2007).

The next assumption is the choice of clubs that they are comparing themselves with. Could Nottingham Forest be of a lower level compared to these clubs? This is negated based on the careful research of history, performance, brand and ranking.

3.12 LIMITATIONS IN DATA COLLECTION

While trying to use both the qualitative and the quantitative methods of data collection, there were a number of limitations and challenges. The foremost was the nature of the supporters. As the survey was done in the beginning of the season and just before the start of the league, it may be that the supporters have a positive disposition towards the club and may not necessarily notice any faults or additional/better services the club could offer. The mood of the supporters

could also be affected by the good display of the Nottingham Forest Football team as they had recently being promoted. Therefore, it may not be impossible that a bias may have occurred.

Biases could also occur in the interviews conducted with the clubs workers and the supporters. As the number of participants chosen for the interview was few, it may reflect biases and subjective opinion within the interviewees. Not being able to speak to the more long term supporters of the club is also a constraint in collecting the required data.

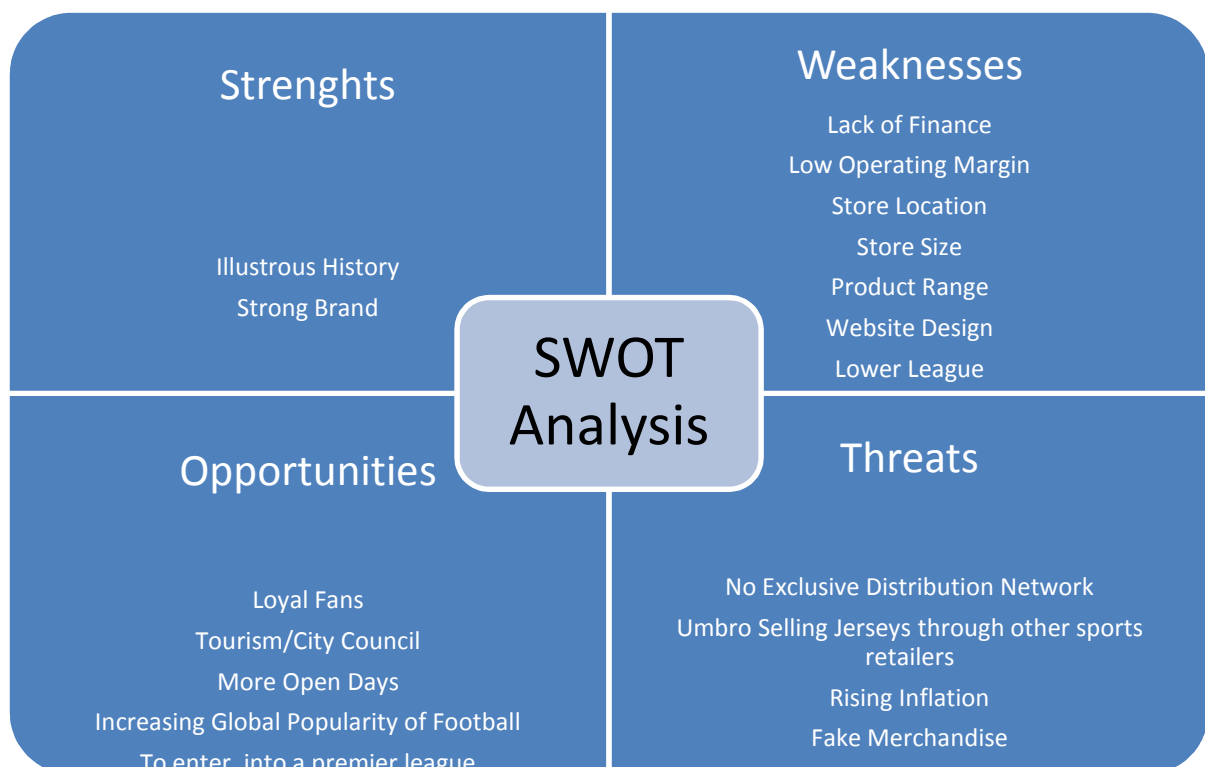
The data collected from the interviews and questionnaires would be used as the primary research for the project, but the amount of data collected may be limited. Also, relying on the secondary data which is collected on the internet and from the material received from the club might not be sufficient enough for reaching to conclusions about the strategy the club currently employs. There is also a case of researcher's bias and preferences that might creep into the project and impose an effect on the researcher.

Most importantly it was the start of the season, a very hectic time, and so it was quite difficult having regular meetings with some of the management staff. Therefore, data limitation and time constraint may compromise this dissertation to some extent.

CHAPTER 4 ANALYSIS

This chapter shows the responses given by interviewees as part of the investigation undertaken for this management project. These responses will be analyzed using the methods detailed in the prior methodology section using the literature mentioned in chapter 2. The information that is presented in the interviews and questionnaires will be used as part of the discussion that will enable this paper to form opinion about the future of the Nottingham Forest retail store, based on the input from all the different sources that have been considered throughout this project.

4.1 SWOT ANALYSIS



To better understand the environment in which Nottingham Forest store is functioning, we can look at the SWOT analysis. Through the SWOT analysis, the organization's internal

capabilities— strengths and weaknesses and external changes—opportunities and threats will be revealed. The SWOT is not only an analytical technique looking at the companies' current situation, but an efficient way to summarize the results of various information (Macmillan & Tampoe, 2000).

The strengths and weaknesses indicate the organization's characteristics and capacities, and also demonstrate its expectation. The interview with the Nottingham Forest staff revealed that they still considered Nottingham Forest to be a good brand and have not utilized this properly. The illustrious history of Nottingham Forest has also not been used as expected to gain an advantage. In their case the ideal strategy should use the strengths to exploit future opportunities, instead of hiding weakness to avoid threats.

The biggest opportunity for Nottingham Forest is to utilize the fan base that they have. It was evident from the questionnaires we conducted that people really supported their team and wanted it to do well. However, this feeling was not transferred when buying the merchandise. Kevin Jackson, the store manager told us that the Open days conducted by the club had an impressive turnout. It was on this day that they always hoped to make huge sales, and which they did. But, again there were no initiatives after that to communicate the right brand image forward to their supporters.

Nottingham being one of the big cities of UK rich in tradition and having an association with Robin Hood sees a number of tourists coming for a visit. This presents an opportunity to the club to cash in on the history of the city and the global popularity of football where visitors might want to know about the club and experience the rich tradition of English football first hand.

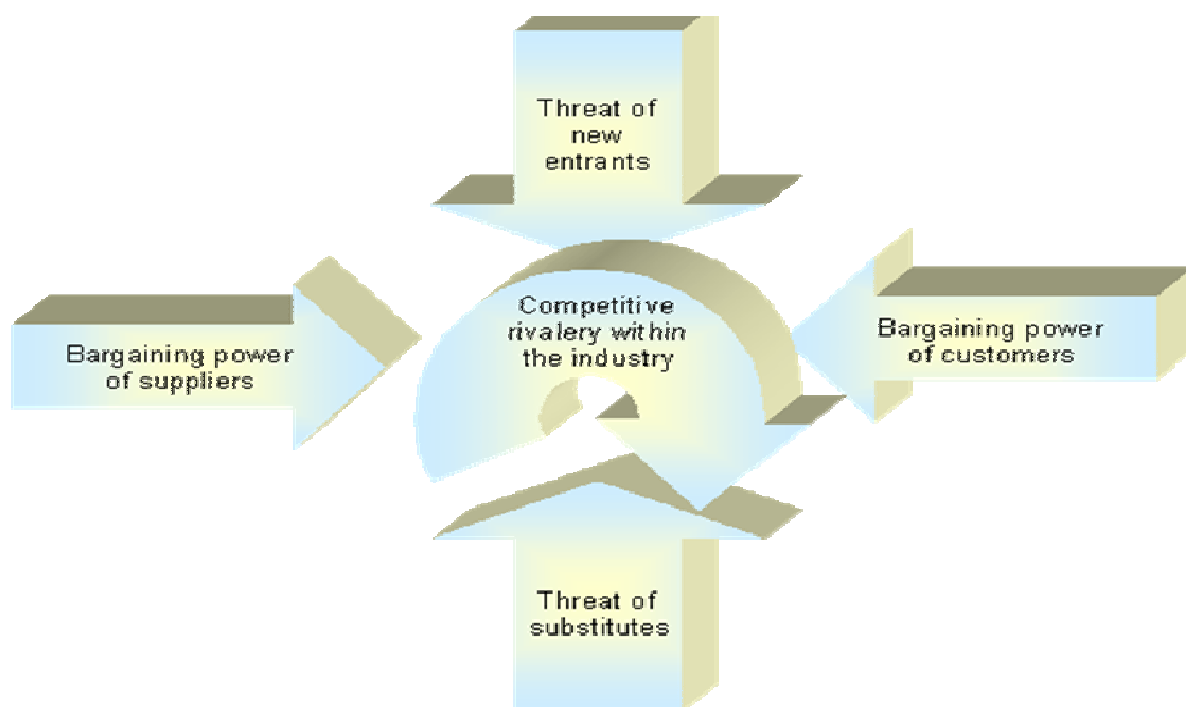
It is important to consider the interrelationship of each determinant. Opportunities and threats should be linked to strengths and weakness which support the organization to deal with external changes. Moreover, in many cases the threat may convert into opportunity— depending on what response has been taken (Macmillan & Tampoe, 2000).

The interview with Kevin and Brandon and the questionnaires with the supporters revealed that store location was one of the biggest factors in the club not doing as good as it should with its fan base. This together with other factors like the store size, product range and the fact that the club was in a lower league were having negative effect on the sales. All these factors also attributed to how popular the club was with its supporters. Therefore, having no exclusive distribution network of its own was proving to be a threat for Nottingham Forest.

Nottingham Forest's Deal with Umbro can also be working against them because; Umbro not having a sports store of their own have agreements with other sports retailers like JJB and Sports Direct to sell their jerseys and the replica kits of the clubs whom it partnered. With Nottingham Forest not having a store in the city centre and the low price charged for the replica kits by these shops meant that supporters started to buy the jerseys from them instead of them buying from the Nottingham Forest store. There is also a threat to Nottingham Forest from fake jerseys which can be found at various locations for very cheap prices. Rising inflation, which can cause the price of the jerseys to rise, is also a threat which needs to be considered by Nottingham Forest Store.

The fans are not aware that such purchased outside store is affecting the club. If these funds were redirected to the club, it would make Forest a better club and then money could also be spent on good players thus helping the club to grow and rise up the league tables. They should raise an awareness program for the supporters.

4.2 PORTER 5 FORCE ANALYSIS



It might seem basic but Porters 5 Force analysis helps break down the industry in the simplest terms.

THREAT OF NEW ENTRY

The threat of new entrants in the case of football clubs merchandising business can be said to be low. Some of the big sports retail stores like Sports Direct & JJB sports have substantial resources to fight the attempts of a new entrant and they are also in a position to cut prices to retain the market share. It is also not very easy for any new entrant to get the distribution rights from the large suppliers such as Nike, Umbro, Reebok, etc. because they may not have the brand value and the big suppliers may not want their brand to get diluted by associating with an unknown player in the market. Nike and Reebok unlike Umbro also have the possibility of selling the merchandise through their stores which are spread across the world. They can also use their muscle power to edge the new entrant out of the market.

THE POWER OF SUPPLIERS

There can be said to be a difference between the power of suppliers when you look at the size of the club and the league it is in. The power of suppliers in case of large football clubs like Manchester United is low or minimal, and is high in case of smaller football clubs like Nottingham Forest. This is because there is a mismatch in the brand value of the parties concerned. Umbro which is one of the biggest sports merchandise manufacturer has a bigger brand recall and worldwide presence than Nottingham Forest. Therefore, it can have a deal favouring them rather than Nottingham Forest. However, when you move up a league the clubs and the manufacturer have similar brand strength so the bargaining power of suppliers would be reduced.

(Porter M. E., 2008) (Aaker, 2001)

THE POWER OF BUYERS

The power of buyers in this industry is also not substantial (Dobson, Starkey, & Richards, 2004) (Hunger & Wheelen, 2003). Football has become sort of a religion in most countries. The fan base has been effectively utilised by some clubs. This is very much evident from the fact that "In England, a merchandise corporation like Nike obviously sells football shirts that are endorsed by local clubs than basketball shirts that are worn by American sides." (Giulianotti & Robertson, 2004). It can be inferred that there is a strong bond between the fan and the club which makes them continue to buy jerseys even if the price is high. Further evidence is that fans still

purchase new jerseys every season even though they bought the preceding season jerseys. Also, the price of jerseys of all the clubs are also similar.

THE THREAT OF SUBSTITUTES

The threat of substitutes is substantial. Any item through which you can have an association or a sense of belonging for the club you support is a substitute for the clubs merchandise or the store. E.g. in the case of Nottingham Forest, a substitute can be a red shirt with forest written on it. It can be sold through any store and though it's not official merchandise it still gives some fans a sense of belonging to the club.

Also because sports product is intangible and fulfills more of an emotional need, any other product which does the same may be a substitute. A substitute can also be said to be a jersey from other teams which also includes the national team's jersey. If a person is only going to afford one jersey a year, and if is the year of the world cup, then the tendency is to buy the jersey of the National team.

RIVALRY AMONG EXISTING COMPETITORS

Rivalry among existing competitors in the football merchandising industry is quite high. There are major retailers like Sports direct and JJB who also sell certain amounts of the club merchandise in their stores, which can affect sales from the club stores. When looking at Nottingham Forest, the sale of its merchandise from other retailer is at a price which is lower than the price in the Nottingham Forest Store.

4.3 MARKETING AND SALES

Out of the 48 fans that visited the store, only 1 person thought that the sales and promotions were excellent, whereas 6 thought that the sales and promotions were good. Of the remaining 41 fans 20 thought that the sales and promotions were fair and 21 thought that the sales and promotions were poor; more than 85% of the fans. They would like to see the store undertaking more sales and promotions activities (Appendix 5).

One of the main challenges faced by Nottingham forest football club was to increase their club retail store sales. Currently the sales through the Nottingham Forest Football club retail chains (store, web & phone) are an extremely disappointing £ 750,000 whereas other sports retailers like Sports Direct and JJB sold Nottingham Forest Jerseys amounting to £ 1.2 m. (Furse, 2008).

Smaller clubs like WBA, Wolves & Leicester City had sales of between £2m-£3m through their club owned outlets. Ideally considering the brand image and the illustrious history of Nottingham Forest they should be doing a lot more (Furse, 2008). Based on the feedback from the fans and the interviews with Kevin and Brandon it was noted that to improve upon their sales they needed to get their promotion and sales strategies right. Kevin Jackson further added that there was a lack of communication between the marketing and the sales team and basically both the departments did their own thing. Getting it right would ensure that they communicate a message to the fans to encourage them to show loyalty to the club by making their purchases at the club's store. He further added that many of the fans who did not visit the stadium regularly did not even know that the club had an official store. However while interviewing a fan Mr. Graeme Currie; he stated a very that he only bought merchandise from the club as he wanted the club to earn instead of the other distributors.

Nottingham forest retail store should aim at building the club's image, which would be testament of the football club's illustrious history. A good image of the store would result in improvement and increasing store loyalty; it would increase customer's store visits, and would eventually lead to increase in sales of products (Levy & Weitz, 1992) (Newman & Cullen, 2002). Nottingham Forest should look at improving their brand as a good brand adds great value to the business.

In the 2008 season, Nottingham Forest on the back of being promoted from Division 1 to the Championship, introduced a new first team jersey (Furse, 2008). Armed with a strategic marketing plan by Brandon they were able to sell a record number of shirts. They ordered their emergency supply shirts from Umbro which was also sold out (Jackson, 2008). However, although this was successful there are no further marketing activities. It is necessary that marketing be a continuous activity instead of just a one off activity.

Advertising, publicity, sales promotion and personal selling are the different options of promotion that Nottingham Forest can use (Berman & Evans, 2004). They need to choose an appropriate mix of methods to promote the store in the best possible manner (Newman & Cullen, 2002). To choose a correct mix they need to consider the following:

1. Their goals, which in turn affect their promotional goals.
2. Other channel promotional activity, including in-channel promotion.
3. The relative cost-effectiveness of the different methods.
4. The budget available.

On the basis of the above points they can plan their advertising and promotion strategy. The impact of the advertising campaign can be determined mainly by two things – one the message it gives and two the medium that it uses (Levy & Weitz, 1992, McGoldrick, 1990). Advertising objectives should be decided by Nottingham Forest based on their promotional strategy. By answering simple basic questions they can develop their advertising strategy. Simple questions like why we want to advertise, who we are aiming our advertisement at, need to be answered. The selection of media is another important aspect that Nottingham Forest needs to consider. There are 2 main types of advertising media – mass market and specific market media (Newman & Cullen, 2002). Based on the data collected, Nottingham Forest should heavily use Internet and direct activities as they target specific customers. Setting advertising budgets are often a tricky problem (Levy & Weitz, 1992), they can use the objective and task method (Lusch, Dunne, & Gebhardt, 1993, McGoldrick, 1990).

Nottingham Forest could use sales promotions to promote their store. Sales promotions like price reductions (reduced prices, money-off items, coupon or linked price reductions, vouchers that may be redeemable against next purchase, loyalty card holders) free gifts, contest and competitions and in-store sampling (McGoldrick, 1990) (Newman & Cullen, 2002). Sales promotions will be very important for the recognition of Nottingham Forest store (Berman & Evans, 2004). Many customers are promotion oriented who are always on the lookout for special offers, so sales promotions should be considered (Levy & Weitz, 1992).

Personal selling is another very important aspect which Nottingham Forest should employ to promote their store. If the staff is effective it can go long ways in making the customers feel important (Newman & Cullen, 2002). The effectiveness of the staff depends on whether they are order getters rather than order takers (Berman & Evans, 2004) (Levy & Weitz, 1992).

Relationship marketing or relationship retailing is necessary because it simultaneously increases sales to current customers and reduces the chances of losing those customers to competitors (Berry & Gresham, 1986).

4.4 PRODUCT

Product has always been at the centre of attraction of any retailer. In case of a Football Club “Product assortment strategy is a central yet complex issue for a retailer” (Kraft & Mantrala, 2006).

Football merchandise is one of the key products that the football clubs offer to its supporters. Almost every Nottingham Forest fan spoken to buys their jersey. “Football Merchandise, means goods held for resale but not manufactured by the Football Club, such as flags and banners, scarves and caps, training gear, jerseys and fleeces, football videos and DVD’s, blankets and pillows, watches, lamps, tables, and signs etc” (Dolles & Soderman, 2005). Most clubs have a store dedicated to selling their merchandise in which case Nottingham Forest is no exception. They have a store selling their replica kits and a mix of other products. They used to have a store in the city centre but was soon closed because the rent had become a problem for them in the long run (Jackson, 2008).

However, the fans felt that the price of the jersey which is the core product is high at the store compared to other stores like JJB and Sports Direct. This further shows the influence of suppliers. It also emphasizes that the clubs strategy should be based on the perceptions of their supporters. Even for the clubs like Manchester United who enjoy the privilege of a big fan base had to understand the consumer preference to make their merchandise successful. Without the buyers, there would be nobody to sell the products to. The threat from substitutes is also a significant factor to consider.

There are a number of issues that stood out from the interview with Kevin. It was clear that apart from the replica kits all the other merchandise in the store was his responsibility. Also, the level of planning, budgeting and forecasting for products design and sales were low. Proper planning is an essential requirement so as to get the right products at the right time to the potential customers (Samson & Little, 1993). It is imperative for the club to be able to adopt these practices if they need to reach the hearts of their supporters. “Careful merchandise planning leads to a healthy and profitable business. Good planning starts with a specific statement of purpose of the particular business. A statement of purpose includes the type of merchandise to be carried, the type of customers to be served and the business image to be projected (Samson & Little, 1993).

To be able to get the right mix within the store and to avoid any bias which can occur due to the choice of a single person, proper surveys can be conducted with the supporters, thus enabling the club to understand the right merchandising mix that can be used in the store because

“successful retailers must know their potential customers wants and needs in order to plan proper merchandise lines in order to plan proper merchandise line and assortments” (Samson & Little, 1993). They can even create customer panels where these customers can provide useful insights and helpful opinion on merchandise, store procedures and services. They can even set up youth forums on their website or have a teen board which can have groups of high school or college students to advise them on youth activities and fashion trends (Samson & Little, 1993).

This should result in the store to become more profitable and also help them to understand the customer, their preferences, their characteristics and even the demographics which can hold them in a good stead in the future where the trends change very often. “The retailer who takes time and trouble to study the customers, to listen to them and to analyze what they have bought in the past has taken first step towards offering merchandise that will sell.” (Samson & Little, 1993).

4.5 UMBRO DEAL

“Commercial sponsorships have become an important element in most sports. This is certainly true in English Football where, since the early 1980’s, shirt and kit sponsorships have generated important revenues for the clubs at all levels” (Rosson, 2001).

Umbro has been the Kit sponsor for the Nottingham Forest Football Club for the last 10 years. The contract was extended this year after expiring last year. Part of the deal is that in order to receive the kits in July, Nottingham Forest places an order with Umbro the previous December, thus having to keep a window of around 6 – 7 months. In case of a stock out situation they have to place an order for a minimum of 600 shirts. Umbro also makes a lump sum payment to Nottingham Forest. Therefore, these structures do not allow for margins in sales of the kits. This emphasizes the power of suppliers in the business.

The division the club plays in also has a huge influence. For Nottingham Forest which is in the Coca Cola Championship just below the premier league the bargaining power of the clubs favourable as compared to the bargaining power that Manchester United will have when dealing with Nike. It is important that the brands complement each other which is the case with Nike and Manchester United but not with Umbro when compared with Nottingham Forest.

Nottingham Forest was very popular but of late with the poor performances on the field and dropping further down the leagues there was a plunge in the brand value for the club. However, it can still be counted as one of its strengths which Nottingham Forest can utilize to rise again.

There were mistakes in forecasting while placing the orders for the shirts in the first instance. The replica shirts and the kits that are sold by other sports shops like JJB is hurting Nottingham Forest turning them into a threat because they are able to sell the jerseys at a much lower prices which cannot be matched by stores for the reasons mentioned above. The 10% discount for the season ticket holders is also not enough for the customers to buy from the store.

This was further buttressed by the research on one of the Nottingham Forest Forums where the fans re-iterated that they were not willing to buy from the store because of the price.

They therefore, need to examine the Umbro contract more closely because other clubs like Wolves have a deal where the replica shirts can only be sold through the club stores. This might be a good option to consider since they are aware that the sales of the replica kits through the other stores was £ 1.25 m which is much more than the sales from the Nottingham Forest Stores which was a meagre £ 750,000 (Furse, 2008).

They also have to guard against Umbro getting a little carried away and not concentrating its full efforts on coming up with new ideas instead of always modelling Nottingham Forest Jersey in a similar fashion as that of the English Football Team Jerseys (Jackson, 2008). This however, can also be termed as positive as fans might get a chance to associate with both their teams.

4.6 STAFFING

“The success of any retail business depends on the performance of its employees. Performance, in turn, is affected greatly by the human resource policies of the store. Therefore, store manager must give much attention to compensation, employee benefits, employee evaluation, scheduling, relocation, labour relations and communication (Samson & Little, 1993).

The Promotion of Nottingham Forest Football Club to the Coca Cola Championship and subsequent roll out of a new jersey has seen resurgence in the interest among their supporters. It should also translate to an increase in the sale of merchandise. Retailing Industry has seen tremendous changes over the last 100 years in the products they sell and the manner in which they are sold. Retailing of lifestyle products like the replica kits have been driven by the changing cultures of the society (Kraft & Mantrala, 2006). Therefore, it is important for the

store to keep abreast with all the latest changes and the mood swings of the people. This is where staffing can act as a mediator between the store and the customer and become a driving factor for the sales. It is a resource which needs to be handled carefully and taken full advantage of their working capacities with providing them with proper incentives.

The NFFC store currently employs around 15 individuals with specified rosters for each individual. However, everyone is required to work on the match days; therefore, people generally end up putting in a lot of hard work after the week (Jackson, 2008). "Retail is a labour intensive industry sector. Therefore, companies are continually challenged to re-organize and adopt their structures to become more efficient" (Kraft & Mantrala, 2006). With movement up into a new league and the launch of the new kit they can expect heavier traffic than usual and so they may be requiring at least 2 more new faces to the team. The selection of a personnel can be made via a number of processes like "job analysis, application form, resumes, personal interview" (Samson & Little, 1993) and also through recommendations. Whatever the process, it should focus on the identifying whether the individual is a perfect fit in the retail environment and how he behaves with the customer staff and other employees. They should also be loyal, show the ability to handle pressure and be able to work with others in different environment (Samson & Little, 1993).

Once right people have been identified for the job, it is necessary for the store to be able to keep their prized asset with proper on target incentives and provide training when necessary to handle different situations and pressures. There should also be regular evaluations to know how everyone is progressing. However, there is no proper incentive for the employees to work in the Nottingham Forest retail store. Also, there are no targets set for them and the store manager which they have to achieve. A retail store without a goal is like a ship without a light. Without a vision of what has to be achieved, the staff can sometimes become handicapped and lose focus. Therefore, there is a need for proper practices that can have an effect on the morale of the people working in the store. These practices also help when scouting for new people. "If a store is to attract competent people, it must have a clear policy of offering wages and salaries that are competitive with similar types of job in non retailing fields" (Samson & Little, 1993) and also incentives to keep their personnel and not giving them a chance to leave.

4.7 RETAILING IN OTHER SECTORS

It is very important to understand the market in which the company competes and operates. This includes the best practices used by the competitors and also non direct competitors in the same sector. This helps the company to better understand what tactics have succeeded and which have failed, providing them with a better chance of successful implementation.

Retailing is at the heart of most businesses. It also establishes a brand identity which can be successfully communicated to the customers. Progressive retail merchandising strategies is one of the most effective ways to create a successful brand (Franklin, 2004). The basic idea for any retail store is to make the target audience have an enjoyable experience. Nottingham Forest can take a cue from some of these practices and successfully implement it to create more revenue streams for themselves.

The competition among the retailers is very intense. "In 2004, more than 80% of the chief executives participating in a survey conducted by IBM said that growth was the main item on their corporate agendas and that they believed innovation through products and services was the key to that growth" (Morrison & Assendelft, 2006).

"Looking at the UK market, the explosive growth of the retailing sector is one of the most important changes to have taken place within the British economy in the post war era" (Morelli, 1997). Britons top retailers like Tesco, Sainsbury's have been successful because they have been able to identify the need for them to be innovative and adjust to the changing demands of the modern consumer. The competition within the industry is mainly on price. However, this approach was combined with a widening of firms product range and developing a niche in specific segments like readymade food and vegetarian segments (Morelli, 1997).

Tesco which is UK's leading grocery chain has been successful in retailing using a customer centric approach with core purpose of creating value for its customers to earn their lifetime loyalty through its loyalty scheme, which has become an industry bench mark (Muller-Lankenau, Klein, & Wehmeyer, 2004) and has been able to align the product offering with the customer demand (Morrison & Assendelft, 2006).

"Achieving customer satisfaction is an important goal for retail business. In all, customers will spend their money on what they expect will give them the most satisfaction and therefore, increased satisfaction will lead to improved profits, positive word of mouth and lower marketing expenditure" (Murphy, 2003). Tesco has also been a very successful internet grocer. The differentiating factor for Tesco is that it enables its customers to buy online from their

familiar local Tesco stores with each store's pricing and inventory system linked to Tesco.com and the food is then delivered by Tesco.com vans (Muller-Lankenau, Klein, & Wehmeyer, 2004). It can be inferred that "business historians recognize these sentiments immediately as conforming to the Lazonick's model of an emergent competitive equilibrium in which adaptation rather than innovation becomes the mode of competition" (Morelli, 1997).

It is a requirement for the retailers to build a supply network which can work on the demands of the consumer as stated. To do this most stores rely on the internal measures like in-store inventory rather than external measures which measure the impact of consumer buying behaviour. One exception to this is Argos which is the largest catalogue retailer in UK. It uses a system of complex algorithms based on the buying behaviour of the consumers across multiple touch points. It then measures the figure with actual sales on a daily basis to produce serviceability index that measures how well it is satisfying its customers (Morrison & Assendelft, 2006).

Nottingham Forest can examine some of these practices closely and then adopt them to meet their needs.

4.8 LOCATION

Presently, Nottingham Forest Football Club has only one store which is in the club premises. Our survey showed that 48% of those interviewed felt the location was poor with 27% thinking it was just fair. The store manager was also of the view that they were losing potential customers because they only had one store and it is not near the city centre and they lose potential customers that may have walked into their shops. As Berman and Evans (2004) pointed out, "for a business that relies on customers, location is the most important aspect. The location of a retailer tells the customers a lot about the retailer". Even though the location of the store at the club premises is necessary, however, the fact that the club site is far from the city means that it is only those who have business at the club that visit the store. There is also not a guarantee that the person visiting the club visits the store. Apart from these, fans that have bought their tickets online or elsewhere and have no reason to come to the Brian Clough stand have no access to the store. There is a mobile store for them but it is not exactly the real store.

4.9 MULTI-CHANNELS

4.9.1 STORE

Kevin, the store manager, also said that the store was not large enough. It cannot contain a large number of people and neither does it have enough space to display a many items. 37% of the survey felt the store layout was poor while another 41% thought it was just fair – i.e. 78% of the total who felt marginally satisfied or less. 45% felt the store was not attractive and another 41% thought it was just fair, a total of 86% who don't think it is good. These seem to echo Kevin's sentiments that the store should be larger. He however disclosed that the club intends to move to a bigger location, though he does not know when. As Newman and Cullen (2002) pointed out, "merchandise on offer is tied in with the location of the store and in-store arrangements and displays".

The layout and the location does not encourage store traffic because first of all, the location seems to only cater for those who are already fans and not potential customers and also because even the tours and programs offered by the club does not direct potential customers to the stores.

4.9.2 WEBSITE

Financial data and sales forecasting showed that the website sales are not high, especially when compared to store sales. While this is not totally alarming, it is quite worrying. Datamonitor (2008) revealed that "online shopping has steadily grown in popularity in the UK and by 2012 "online sales will increase by 32%, to £60 billion per annum and would account for approximately 20% of all retail sales in the UK". That being the case, it is only necessary that Nottingham Forest should be taking advantage of this. The club is aware of the need to harness all their multi-channels and make their website better to stay competitive. Recent views of the online shopping portal in their website showed that they are correcting the initial issues with their websites. The marketing manager had listed out the problems with the website (See appendix 1). Some of the issues like lack of details have been addressed but a lot of details still remain to be addressed which include:

- **Online Shopping is not an option:** Online retailing offers traditional retailers an attractive sales channel that provides high levels of audio and visual content as well as virtually infinite space for products (Stone *et al*:2002). This has resulted in many retailers hastily setting up online sites in an attempt to harness its potential for

increased sales. In reality, many of these sites only account for a small percentage of total company sales and can lead to lost customers if the online and in-store experiences are not consistent with one another. An online shop should not be hastily and shabbily set up.

Retailindustry.com also lists some of the following attributes of a good retailer's online shop, which we believe have not been fully exploited by Nottingham Forest.

- **Convenience:** The website should be arranged in such a way that it is convenient for users to negotiate. Previously, the website was not very convenient and was shabbily displayed. However, it was modified on the 1st of September and has a more professional look to it. Both the club pages and a link on the site takes one to the online shop, which opens in a new page, thus not distracting the fans from viewing club information on the website.
- **Broad Selection:** The details in the site should offer a wide selection to the users and this selection should be consistent with what is also available at other channels. Currently, the website does not offer an out of stock option on advertised products. Instead, the customer only gets to know this when they are near completion of making an order. This is a very frustrating experience and does not bode well for repeat customers.
- **Detailed Information:** Customers should be able to get precise information from the website. Going through the club website assessed on the 1st of September 2008, there was a lot of missing information concerning merchandise customers might be interested in. For example, on the page for club home kit, there was no picture information for the long sleeved adult and child home kit and neither were there pictures for the baby and infant home kit. This is also the case for some ladies and children's wears which are listed but have no pictures.
- **Personalization:** A good website should give the customers a sense of personalized service. There is no email option to reply back a customer's query, for example, when a stock can be expected. The colour choices are also limited. There is no ability to pre-order.
- **Problem-solving information:** A customer should be able to go to the website and obtain clarification. There is no feature for showing an enlarged version of a product, no details on fit of merchandise etc.

- **General Appearance:** Just like physical shops, the outlay of an online shop should be appealing to those visiting it. Also, it should provide visual cues that would keep the visitors interested. The website does not present any such cues presently. The information available is not customer friendly.

4.10 PROMOTIONS AND BRAND LEVERAGING

(Ferrand & Pages, 1999) felt that, “Image differentiates and positions the sports organization and can thus assist in decision-making in the face of a plethora of alternatives in the sports services offering”. It is the image and the brand of the club that would be the spring board for which any organization including football clubs, can use to differentiate their products and expand their market reach. Nottingham Forest has a huge potential for promoting their image and leveraging on their brand, given their history. Even though they did slip into the lower echelons of world football, they were never really forgotten. Now that the club is fighting and climbing its way back to where it rightly belongs, it should also work its brand into consideration.

Looking at the Manchester United model, Shaw (2007) was able to show how Manchester United engages the services of its various partners to gain value, not just to the club but to the fans and channel this back to themselves. An effective partnership proves beneficial to all the parties involved. The United Brand was essential in making this partnership and shows how clubs use their brand to full effect.

NFFC is in a town that has a strong history and is well known. Kevin revealed that Nottingham city council is one of the partners of the club but there really isn't much evidence to show they have both been able to use their rich history to help each other out. Visitors to the city are not directed to the club as a potential tourist spot or if they are, the traffic is low.

CHAPTER 5 CONCLUSION

5.1 INTRODUCTION

The project was undertaken to find out the reasons for low merchandise sales which was in turn affecting revenue and profit. Nottingham Forest, as year ended 2007/2008 was making sales way below other similar size clubs like the WBA, Wolves and Leicester City.

Key to achieving this was to examine the overall retail strategies employed by the club. It was also necessary to examine the brand and history of the club because of the nature of the business. Sports business, like most businesses in the entertainment sector and service line, at large, are built on the intangibles. For sports, the brand and the history are important in creating an image in the mind of the consumer (in this case, the fans). Therefore, image management is also very important.

5.2 RECOMMENDATION

This report was produced after careful highlighting the key pointers mentioned above and an extensive literature review on what others have written on them. Also, further research conducted in terms of questionnaires and interviews was analyzed and together, all these helped to come to a conclusion and then offering recommendations. It is pertinent to note here that apart from examining the commercial strategies of top clubs (in this case Manchester united), the report also benchmarked best practices in the retail sector as a whole.

Below are the recommendations:

5.2.1 LOYALTY CARDS

Nottingham forest currently does not have any club memberships or loyalty card scheme. There is no formal record of customer purchase history and they make no differentiation between regular customers and one time customers. This can be a huge drawback as Jobber (2007) notes that the best business is with repeat customers. If a customer is happy with the service offered to him, he usually comes back. If the club can find a way to reward loyal customers, they will have both a happy clientele base and at the same time, a ready market.

In the recent market scope, organizations and companies are striving to defend or capture market share with the help of a loyal customer base. Customer loyalty has been universally recognized as a valuable asset in competitive markets (Srivastava, Sherwani, & Fahey, 2000) (Kumar & Shah, 2004). Investments in loyalty management are especially important if consumers face low switching costs, because they are not locked in by a contract (Shapiro & Vivian, 2000). Membership to customer loyalty initiatives provides members with rewards and additional value, making it popular among consumers (Liebermann, 1999) who usually seek (Stone, Woodcock, & Machtynger, 2000):

- a. Convenience and easy access to the right person in the company, first time.
- b. Appropriate contact from you and communication from your company.
- c. 'Special', privileged status as a known customer.
- d. Recognition of their history with the retailer.
- e. Effective and fast solutions if and when problems arise.
- f. Appropriate anticipation of their needs.

NFFC has a good fan base (Furse, 2008) so their main challenge lies in making their loyal fans become loyal customers.

Refer to Appendix 13 for steps of implementing a successful loyalty program.

5.2.2 STORE

The club needs more stores especially in the city centre and also needs to increase the size of the present store so as to improve its layout. This is summarized thus:

- **Size/Quantity:** The store is too small. It does not have enough space to display all the items available, especially in a way that should catch the eye of the potential customer. "A merchandise strategy is all about targeting the right people, with the right merchandise at the right time in the right place" (Newman & Cullen, 2002). Here right people refers to the customers the retailer wants to target, and right place means that the store must have a suitable quantity of floor space and appropriate merchandise for the area it is located in. Because the floor space is not enough to hold a large crowd, especially on match days. Also, Nottingham Forest only has one store, which is situated near there stadium. While this is necessary, it is not enough. The club needs to open another shop elsewhere in the town, preferably the city centre, where they can reach fans and potential customers who do not always make their way to the stores.

- **Store layout:** The store arrangement could be much better, so that the merchandise would be made available in the stores and be visually and artistically arranged in such a way as to retain the attention of the customers (Newman & Cullen, 2002). When considering the layout of stock, retailers have to take into account the available space and the best location for their stock. There are several methods of planning the amount of space a store department or product range requires (Newman & Cullen, 2002). These may be by one or a mixture of historical sales, contribution to profit, gross margin or industry average.
- **Store Name:** The club can decide to name the store in a way to call attention to its history. It could run promotions asking the fans to choose a name for the store.

5.2.3 LOCATION

Location of a store is important in reaching to the customers. Currently, these are the issues with the store:

- **Number of stores:** As discussed earlier, NFFC presently has only one store which is near the stadium. Although this stadium caters to fans that come to that vicinity, it does not tap into the potential customers in the city centre. Accessibility to the stores is also extremely crucial as there is no point in locating stores in regions where customers find it hard to reach (Berman & Evans, 2004). The store in the stadium does this. However, having a store in the main city centre would also reach out to the fans who cannot travel all the way to the stadium, especially as most traffic is on match days. It would encourage passer-bys and drop by traffic who can then be converted into customers. Retailers also need to look for market areas where the population is likely to spend money in their stores (Newman & Cullen, 2002) (Jones & Simmons, The Retail Environment, 1990). This makes the City Centre also attractive as most people who are in the city center are likely to spend money.

Therefore, for the reasons mentioned in the Literature Review, they can use the Huff's model to help them determine the prime location for opening of their new store. Also, because Thus enabling them to target more fans.

- **Store Traffic:** Presently, the store's location does not guarantee access to all those that are coming to the stadium. It is possible to go to the stadium to watch a game without passing through the stores. This is because there are different entrances and not all entrances lead to the store.

5.2.4 WEBSITE

In the 21st Century, not taking advantage of the various channels of retailing could be detrimental to the success of any organisation. Multi-channel retailing is increasingly becoming a standard approach rather than an appendage of bricks and mortar retailing. Typically, MCR includes the following three sales channels – Internet, store, catalogue (phone), each with its own advantages that can enhance the customer experience (Retailindustry.com). This has enabled the consumers to choose from a number of options and do preliminary research before purchasing, thus encouraging long term loyalty (McGoldrick & NatalieCollins, 2007). Internet has paved a way forward and opened a totally new medium for the clubs through which they can still reach a vast majority of supports without having to put a physical store in that region. With the increasing importance of proper internet medium, it is vital that NFFC should get it right so as to maximize potentials.

The club is aware of most of the issues with the website as shown in Appendix 1. The issues with the website should be pointed out to the website designer and then find a way to make the changes. If the current designer cannot do this, then they might need to change to another one or pursue the outsourcing option. One thing is certain, the website needs to be improved and immediately. It is imperative that they get it right. In multi-channel retailing, there is no difference in the channels. They all reflect the organization.

5.2.5 BRAND LEVERAGING

One of Nottingham Forest's biggest legacy and selling point is its history. It is one of its biggest strengths and if well leveraged could be a major advantage for the club. A brand is more than just a name, but rather includes complex ideas that make it easy for the customers to differentiate the product from other products (Newman & Cullen, 2002). A good brand adds great value to the business and consumers are willing to pay extra to associate with a brand.

The following activities are recommended for the club as brand leveraging options:

- **Tourists:** Nottingham Forest has a legacy of being past European Cup winners and most people who have a bit of knowledge of football are aware of this. However, it seems obvious that Nottingham Forest has not exploited these opportunities. There is no adequate advertising and link up with hotels, clubs and the city council. There are no organized tours to NFFC, attaching itself to the city tours being offered. Hotels in the area could have fliers and other publicity items telling visitors how to get to the club, what is on offer by the club, etc. Brian Clough is a big legend in England and the footballing world and there would be visitors who would be willing to go to the club to see his legacy. Also, Nottingham is an important University town which boasts of one of the top universities in the country. This town attracts international students who may also be football fans and if encouraged, are willing to throw their support to the club. The club can design activities and programs to absorb this market.
- **Club Tours:** The organized club tours do not drive any traffic through the store. The tour ends outside the stadium grounds and there is no gentle persuasion to lead/drive them to the stores. This defeats the retail strategy of the club. Manchester United club tour ends at the United Mega Store. The tour should be organized in such a way that the tours start at the shop and end at the shops. If it is not feasible, then the tour should at least end at the store. That way, the visitors may buy a few souvenirs to remind them of their visit.
- **Partnership with Nottingham City Council:** Nottingham City council is one of the partners of Nottingham Forest but it also seems the club is not taking advantage of this relationship. There is no link on the council website to Nottingham Forest Football Club, neither is there any mention of the club. The club and the council should have a symbiotic relationship, given the history of both.
- **Open Days/Signing sessions:** Discussions with the shop manager revealed that the club presently has only one open day per year, usually just before the beginning of the new season. On that day, fans come in and get autographs, pictures and general club experience. He disclosed that during those sessions, there is a huge turnout and very high sales. Some fans even leave disappointed because they do not get autographs of their favourite player due to the huge crowd. With that being the case, the club could increase the number of open days they have in a year. Instead of one, they can have between 3-5 sessions, depending on when it is easier to put in the calendar.

- **Current Players:** NFFC currently have some high profile players like Andy Cole and Robert Enshaw and their popularity could be emphasized. They should have displays in the store and on the website with their players wearing the merchandise. There is a possibility that the fans may get attracted to the large displays of their favorite players and sales goes up.
- **History Products:** As said earlier, the history of Nottingham Forest is what makes it attractive to both present fans and potential customers. Brian Clough was a well known man in football circles and there circulates a lot of stories regarding him and his days as Forest coach and the Brian Clough brand is not yet in danger of being over played. The club can still do more to leverage on their relationship with him. Also, Nottingham Forest could add as part of their signing sessions, old players from the championship winning side, it would be a great idea. They could produce DVD's containing footage from the wins and current interviews with members that are still alive. Also, it is important to be sensitive to the environment and prepare for games that may be best sellers when they come out on DVD's. For example, the derby game with Derby County should be a big blockbuster. If NFFC should win, they can quickly make DVD's and other merchandise and make it available as quickly as possible, while it is still fresh on the mind of the fans.
- **Festive Period Activities:** Festive period is normally family time, especially in UK. Also, in England, there is no Christmas break for footballers, unlike the rest of Europe. Instead, there is normally a match scheduled for Boxing Day. There are currently some club activities scheduled for around that time but the club can look into having Christmas promotions and sales, that would add to their bottom line.

5.2.6. THE UMBRO DEAL

It is recommended that the club reconsider the terms of the deal with Umbro, especially as it seems to have direct impact on their sales. This is because one of the biggest problems the club faced was that they did not have the exclusive distribution rights for their merchandise especially the replica jerseys. They have to compete with other large retailers like Sports direct and JJB who were also selling their replica kits and eating into their revenues. This is based on their deal with Umbro which allows other outlets permitted by Umbro to sell Umbro branded merchandise.

However, it is understood that part of the contract stipulates a lump sum payment to the club. This could be to cover for any sales they (Umbro) make through their licensed stores which may not enter into the coffers of Nottingham Forest. This is affecting their margins of the club while selling their own stock and has forced them to increase the prices of their merchandise and replica kits. The higher price does not encourage fans to buy from the club store when they know they can buy cheaper from other sources.

5.2.7 EMPLOYEE EVALUATION – BALANCED SCORECARD

In creating organizational strategies, it is important that there is a method of employee evaluation. Employees should be motivated to meet the company's goals and there should be a way to measure their contribution. It is necessary that employees input and output is measured with relation to the company's goals and objectives. This necessitates having set criteria of which can be objectively measured.

Balance Score Card is an ad hoc collection of financial and non financial information helping in aligning the strategic goals of the department with the overall strategy. An effective use of Balanced Scorecard will be able to deliver value to the companies customers (Norreklit, 2000).

Tesco has been hugely successful with using Balanced Scorecard which they call the steering wheel to evaluate their employees and their managers. Nottingham Forest can probably use it on similar lines and which can help them with their overall goal to become more profitable in the long run. Their steering wheel is divided into four quadrants: Customers, Operations, People and Finance. They are then further divided into several segments each with a set of Key Performance indicators (KPI's) which are based on demanding but achievable targets. Performance is reported quarterly. The remuneration of the senior managers is shaped by the KPI's, with the bonus based on the sliding scale according to the level of achievement on the steering wheel (Tesco, 2005).

Nottingham Forest Football Club can also perhaps work on the same four parameters as Tesco. It is because they (Nottingham Forest Retail Store and Tesco) both are in a retail sector thus the general functioning of both the stores are also almost similar. Nottingham Forest can also develop some KPI's which can be used as sub sections to the four main categories and worked upon further. Customer's can be broken down to the loyalty programs, the right goods at the right time, the courteous nature of the staff etc. Their Finance part can be subdivided into maximization of profit and increased sales. Operations can be divided into the way they operate

and People can be further sub divided into how the people are working together as a team, the nature of the job, how supportive is the management and the opportunities to grow.

The balanced scorecard coupled with the KPI's can be used to evaluate the performance of the team and the remuneration and the incentives of the staff can be based on them thus helping to make people loyal and maintaining the overall goal and objective of the company.

It is also important to know that although Balance Scorecard looks to be for only large organizations, it is possible for Nottingham Forest to adapt this to what best suits their organization. It can still be used as a motivating and an inspiring tool for getting the maximum out of employees.

5.3 LIMITATION

This report was based on literature by others and also on interviews and questionnaires to collect more information. Whilst the literature review was able to cover significant grounds on what has been written, the interview process, although informative, was not able to incorporate a sample that was totally representative of the Nottingham Forest Football Club fan base. The interview process was limited to 50 fans that were interviewed through questionnaires and interviews with the key management staff. Also, interviewed were some members of staff in the University of Nottingham who also is a fan of the club. This proved sufficient to identify patterns in behaviour and thought though it might not have been enough to determine whether these views were an accurate representation of the entire fan base. Whilst there was a slight unequal weighting of male to female participants, 70% to 30% respectively, it does not seem to skew the data in any way.

During the course of the project, the main contact in management was deeply involved in another project with added responsibilities from the club and hence he was not able to give the project as much time as he would like to have given.

5.4 CONCLUSION

The Nottingham Forest possesses a rich history and recognizable brand name in the world of football, irrespective of the position they currently occupy. If Nottingham Forest can leverage on this, while also ensuring that it finally incorporates the multi channels available for retailing

(i.e. online, physical shops, catalogue and phones) they will be able to greatly improve the sales and hence revenues.

It is important to note that commercial success and league success is not necessarily compulsory (Szymanski, 1998). For example, Tottenham Hotspurs currently makes more profit than say Liverpool or West Ham United. However, consistent bad performance can and will lead to a drop in commercial success because the fans will become disappointed and might not want to associate with the club again (though this did not seem to be the case with Manchester United in the 80's when the club was not doing well). Also, it can be a symbiotic relationship where financial success can lead to acquiring better players who then can lead the club to league success.

It is also obvious that football clubs are no longer just entertainment but are now serious business and if not handled properly, will cause the club to go into debt and financial quagmire. Clubs have now become more business minded in the pursuit of their activities. However, the traditional methods of raising money like gate receipts have been fully exploited and now, the clubs are looking at other ways of making profits. They have now moved to other commercial strategies based on sales of merchandise.

Nottingham Forest have noticed that their sales are not good enough and need to correct these. This report has made some recommendations which should help the club to improve this. It may cost a little more money but successful implementation would not just pay back what was invested but also increase the sales and profit.

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SAPPENDIX 1

DATA FROM BRANDON:

Online Shop and Mail Order

Current position:

Total Shop Turnover 05/06	£ 747,269
Online	£ 122,540
Total Shop Turnover 06/07	£ 871,743
Online	£ 159,897
Phone Orders	£ 36,466
Total Shop Turnover 07/08	£ 750,953
Online	£ 118,776
Phone Orders	£ 25,082

Benchmarking against other clubs:

	Ipswich Town	Norwich City	Wolves	WBA	Nottingham Forest
Annual retail/merchandise revenue 2005/06 season	£1,536,393	£1,313,435	£2,260,984	£2,000,000	£747,269 £1,252,558
Number of replica shirts sold direct from Club during 2005/06 season	15,460	20,100	26,442	32,000	9,043 21,030
% of 2005/06 retail/merchandise revenue from online	15%	17%	19%	10%	16.4%
Average value of each online sale for 2005/06	unavailable	£30.00	£35.91	unavailable	£26.22
Annual retail/merchandise revenue 2006/07 season	£1,579,243	£1,376,733	£2,009,416	£2,300,000	£871,000 £1,459,837
Number of replica shirts sold direct from Club during 2006/7season	13,145	18,652	24,518	29,000	11,123 25,867
% of 2006/07 retail/merchandise revenue from online	19%	21%	16%	10%	18.3%
Average value of each online sale for 2006/07	unavailable	£30.00	£34.51	unavailable	£27.93
Annual Home shirt Yes/No if No what	No, 05/06	Yes	No, 05/06		No, 05/06

season had new home shirt sales				Yes	
Do the Club own exclusive distribution of Branded kit? Yes / No	Yes	Yes	Yes	Yes	No
Shop Epos System	ECR concepts	ECR concepts	Medoc	Cybertill	Medoc
Online Shop system	SnowValley	SnowValley	SnowValley	Sportcentric	Medoc
Is the Online Shop integrated with Epos? Yes / No	No	No	Yes	No	Yes
2006/07 cost of online shop system	1.7% £5,000	1.9% £5,512	3% £9,645	1.1% £2,500	1.1% £1,800
Total Number of retail outlets	3	12**	2	2	1

** Includes Carrow Road, The Mall, Pilch Sports Store and 9 other county concessions

Red figures include sales of Forest branded Umbro items not sold through NFFC.

Benchmarking Analysis:

Exclusive kit distribution – Our direct Umbro branded sales represents 43% of the total market. If the assumption was applied to our total turnover then 05/06 would be increased to £1,252,558 and 06/07 would be £1,459,837. These figures then become a realistic comparison to the other benchmarked Clubs.

Replica shirt sales – As stated above Forest direct sales represents 43% of the total Forest shirt market therefore total direct and indirect sales could be considered to be 05/06 = 21,030 and 06/07 = 25,867.

Online Percentage – Forest perform in line with other Clubs in terms of %age of turnover online. This suggests that the online shop is doing its job in terms of satisfying the market that is there.

Value of Shopping Basket – At £27.93 for 2006/07 we are £3 to £7 below the other two Clubs who provided data. There is certainly opportunity to increase this. This basket amount represents 5,707 online transactions and if each one was raised by £7 then = nearly £40,000 of turnover.

Annual home shirt – This certainly has an effect on increasing turnover in a year where a home shirt comes out. Whilst in League One the Club will remain on the two year cycle, only increasing the frequency to annual when back in the Championship.

Exclusive distribution – There is definitely a significant improvement in revenue when the Club is the exclusive sales channel for their own branded items. The assumed revenue and shirt number figures for the market size are not to be taken without understanding that those volumes would have been reached through third party shop marketing, but they are they as an idea of market size as it stands.

Shop systems & costs – There is very little to choose from in terms of online shop costs, but it is assumed that the systems which integrate with the EPOS system have operational efficiencies.

Number of stores – Without further knowledge of what these other stores are it is hard to draw any reasonable analysis from this information. With Norwich having 12 outlets and one of the lowest turnovers, it would be fair to assume that number of outlets has minimal impact on turnover.

In summary – We are underperforming in comparison with other similar and in some cases smaller fan size Clubs. Our League position does not help this but there is definite room for growth.

Potential

Top End Performance – Kitbag use the following equation to define possible size of online shop turnover:

20% of Club website traffic should be going onto the online shop. 5% of online traffic should be converted into sales and the average shopping basket should aim to be £40 in value.

Per month = 20% of 200,000 = 40,000, 5% of them = 2,000 all spending £40 = £80,000 per month = £960,000 per year.

Is this a realistic amount? This would mean we would have to have over 600% growth in our online turnover, a figure that is way beyond our achievable short term level.

Online Shop Comparative Analysis

When comparing various online shops, not just in football but in other areas of retail there are obvious things missing and in need of improvement from Forest shop online pages:

1. No details on fabric or composition.
2. No details on what sizes are in stock.
3. No visuals of items out of stock, for example when you go to nightwear and PJ's the page is empty!
4. No ability to pre-order and be emailed when item is back in stock.
5. There should be examples of all the styles currently in the range with clear product information and the ability to request an email when the item is back in stock.
6. No feature to enlarge and view products close up or at different angles.
7. No colour swatches or fabric swatches.
8. Limited choice of colours and sizes (see example from Liverpool site of one of their popular fast selling lines available in multiple colour options). Both Arsenal and Liverpool offer best selling lines in wide choice of colours in all their fashion and core lines.
9. Limited choice of styles and designs.(see example from Liverpool above the kids PJ's are available in 5 different styles and all styles have colour options so there are over 15 choices).
10. Choice of clothing merchandise very limited, in children's section excluding training and football kit there are 5 options for kids boys and girls in clothing and under some categories like polo and sweat tops and PJ's the pages are empty!. Liverpool offers 24 different designs of casual and leisurewear under children's excluding kit and training. If an item is out of stock it is still left of the site and there is the ability to pre-order etc....see above point 3.
11. Lack of choice and poor styling. There are 2 items available in the clothing section under baby wear and one of these is a booty set. Liverpool have 47 baby wear styles (not including colour ways) available excluding accessories.
12. Photography generally very poor. Still life and model shots are very crude. Some garment photos have not even been ironed! No details on fit, fabric, quality or performance of fabric.
13. Christmas section still online at Forest, this should be seasonal, such as Easter Eggs, etc.
14. Forests postage costs are more expensive than the other two who are both £4.95 flat fee to UK/Eire, Forest Charge £6.00.
15. Arsenal's layout and shop front page very sophisticated but clear. When you click on a section i.e., ladies wear fashion or junior fashion, you immediately enter a landing page

containing all of the product categories available with clear pictures and icons giving full range of choice. This is very consumer friendly. See example in link: <http://onlinestore.arsenal.com/icat/juniorfashion>.

16. The ranges are not only more extensive but far more sophisticated and in line with current fashion trends. See example of 2 pages from Arsenal shop.

Ladies t-shirt: <http://onlinestore.arsenal.com/invnt/a1785>.

17. Both Arsenal and Liverpool offer a wider contemporary selection of branded merchandise that through well designed sophisticated online presentation enhances the quality and overall desirability of the product.

Comparative Analysis Conclusion:

1. The design of the range in general is very uninspired and old fashioned. The choice in colour ways and depth to range is poor.
2. The design, layout and typeface of the Forest online store looks old fashioned and outdated in comparison to others.
3. The site is slow and difficult to navigate.
4. The photography is amateurish and detail of product is very limited.
5. Blank sections and pages where items are out of stock.
6. Best sellers should be available in a wider choice of colours.
7. No product information (i.e. composition, fabrics, performance, fit).
8. No ability to order and view out of stock items.
9. Consistently out of stock on key best selling lines.
10. Design of merchandise, clothing and gifts is both unimaginative and lacking in excitement not reflecting current trends.
11. Outdated and out of season merchandise and sections.
12. No teasers or incentives on what's coming up and what's new into stock.
13. Postage costs higher than other clubs, no delivery choices or gift wrapping services.
14. Editorial needs boosting, needs to draw the consumer in and give them as much information as possible. Clear distinctions and layouts between core lines, training kit and fashion items etc. renaming categories and sections to sound more exciting and clear.
15. Retail pricing comparable to other clubs, although value for money and quality of the product is not.
16. Technical issues of card not being accepted.

Options:

Stay as we are

This is not an option if we want to improve the performance and profitability of the shop.

- Pro's
 - little cost and no risk
- Con's
 - Shop continues to underperform

- Customers continue to be dissatisfied with service which leads to less repeat business

Outsource the online shop and mail order operation

This can move us forward in the short term, but might be less profitable in the medium to long term if we got our 'in-house' option right. This piggybacks expertise and resources that we don't currently have 'in-house' and would be expensive for us to acquire, i.e. design and buying expertise of people who know the latest fashion trends. Measures must be in place to protect our brand, managing marketing campaigns and running the rule over photography and all aspects employed by the 3rd party. Contracts should not be longer than Umbro deal. Perhaps initial two year with KPI's of rolling two year thereafter.

There are three suppliers that operate this option:

Sporta – Arsenal & Liverpool.

After initial discussions we are too small at the moment for them to be interested in taking on our mail-order / online shop.

Kit Bag – Aston Villa, Manchester United, Portsmouth, etc..

Have made an offer to do this for us but they are not 'bothered' about us.

Offering 10% royalty of net sales

Genesis – GB Rugby League, Brownwings.

They are interested, but are as yet to make an offer.

Overall:

- Pro's
 - No financial risk
 - Guaranteed return
 - Reduced costs
 - Uses expertise and skills that would be expensive to acquire 'in-house'
- Con's
 - Not under NFFC control
 - Not capitalising on potential profit
 - Small reward

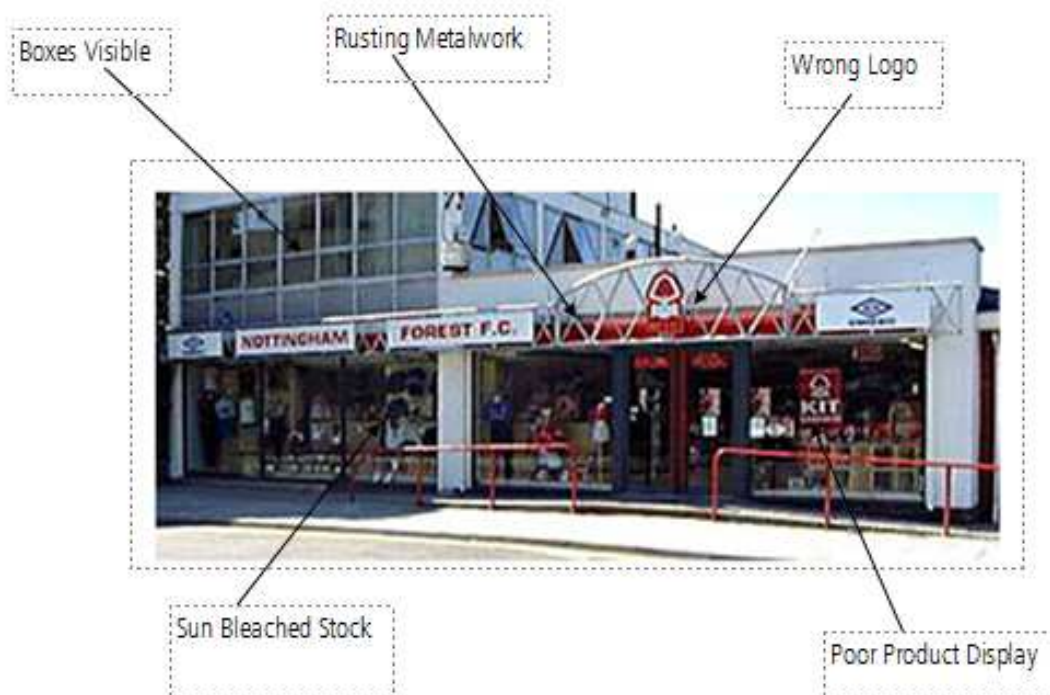
Change online shop supplier, retain integration with EPOS.

- Improve the management of the site with better functionality and easier to use look and feel.
- Faster turnaround of uploading new items and include 'soon to be in' items.
- Improve the product range to be more up to date and create the right image.
- Manage Suppliers better, have less and focus more effort on each one.
- Use the marketing database to create interest in shop merchandise.
- Improve postage rates to UK and overseas, bulky items become more attractive to purchase.

- Improve the level of customer service with quick turnaround of queries, improve the overall experience of buying online and retain customers.
- Exploit 'up sell' and 'cross sell' opportunities.
- Collect customer data for further marketing opportunities.
- An improved Marketing focus across the whole shop, change supporters perception and engage with them.
 - Pro's
 - Increase turnover & Profitability
 - Improve perceived brand of NFFC
 - Improve supporter's experience of dealing with NFFC
 - Con's
 - Increased cost
 - Risk of ROI

Look and Feel of Physical Shop

Exterior:



Interior:

Areas in need of improvement:

Ceiling tiles.

Carpet cleaning.

Replacement shelving racks.

Better product signage, both next to the product and ceiling level section.

Better planning of product position, make customers walk past other products to get to best selling items, whilst being mindful of congestions on match days.

Product range:

Have we got it right? I believe we don't currently have the expertise to maximize this element. Could employ external / internal resource for this.

Customer Service:

Have we got the right personnel? Can they be managed better? Is more resource needed?

Outsourcing:

Measures must be in place to protect our brand, managing marketing campaigns and running the rule over photography and all aspects employed by the 3rd party.

Contracts should not be longer than Umbro deal. Perhaps initial two year with KPI's of rolling two year thereafter.

Can outsourcing only work with exclusivity on kit deal?

Systems:

The EPOS system does an adequate job but doesn't have an acceptable web front end. Other systems can interface real time into our EPOS but that might solve look and feel of customer experience but doesn't solve product range or customer service.

APPENDIX 2

DATA FROM KEVIN:

1. Ordering of new kit 8 months in advance. For July delivery orders have to be placed in December.
2. Umbro is the main supplier plus there are 10 – 15 suppliers for the other products like pens etc.
3. Most popular item:
 - a. Red home shirts
 - b. Away shirts
 - c. Training wear
 - d. Leisure wear
 - e. Accessories
4. On match days staff requirement of 15 people and he looks for experience and passion for sports for the people he hires.
5. No match day targets.
6. No staff incentives.
7. Since the new red shirt has been launched the sales have gone up by 150% through the store and 5% through the mail order.
8. There is no comparison of best practices with other clubs which involves Kevin going and visiting the other club store, shows and exhibitions (eg: Chelsea exhibitions).
9. They have a mobile shop on match days.
10. There was a discussion about expansion plans a few years ago, but nothing has happened so far.
11. Evening match attendance is approx: 14 – 16,000 and Saturday match between 19 – 21,000.
12. Sales of GBP 2,500 on non match day weeks and GBO 2,000 from the web on non match day weeks.
13. Evening match there is sales of GBP 6,000 and day match the sales between GBP 10 – 17000.
14. There was an open day on 3 August where the sale was GBP 26,000. Between 10 – 12,000 people came for the open day.
15. Enquiry box on the website but no suggestions box.
16. There is same stock for web and store.

Date:

1. When match on Sky TV the attendance is low and hence the shop sales are low.
2. Last year's budget was GBP 800,000 and they achieved GBP 750,000. This year the budget is GBP 946, 976.
3. For forecasting they take into account whether there is a new kit launch and which league they are in and they only have a review of the Forecast if they are way below the target.
4. They have a tour which is priced at GBP 4.5 and they do not end the tour at the store.
5. They had a store in the City Centre but because of the high rent they had to close down.
6. Their new shirt got launched this year. They had ordered 5000 shirts from Umbro and it was sold out within a month. They always have a backup option with Umbro which they have called in which is around 2500 shirts of which few shirts remain and Umbro says that it cannot deliver the new stock before December.

7. Club gets a lump sum from Umbro which compensates the margins in the store.
8. They had launched a season review CD of which they have already sold 3000 copies.
9. Employees get a 10% discount.
10. They also print the numbers at the back of the jersey even if it is not bought at the store.

APPENDIX 3

MEETING WITH GREAME CURRIE:

1. Also a supporter of Aston Villa.
2. Sits in the Trent Stand.
3. Has bought jerseys at the club and does not want any other sports shop to get the money therefore, prefers to buy it at the club.
4. Does not like the idea of first purchasing tickets and then queue in to go to the store.
5. They don't do anything for Tourist.
6. No catalogue.
7. Not enough promotion during Christmas or any other festival.
8. Poor range of goods.
9. Poor website.
10. Should have a retail store in the city centre.
11. Price does not matter to buy football merchandise.
12. They should exploit their history especially the Brain Clough era and the European cups.
13. There should be more corporate activity.

8) Quality of Shopping Experience:				
9) Layout of the store:				
10) Location:				
11) Attractiveness:				

12) What would make the shop/shopping experience better:

ONLINE:

1) Choice of goods: High: Medium: Low:

2) Why Online:

Shop is a Hassel: Convenience: Other:

3) Weekly, how much time do you generally spend on the NFFC Website:

0 – 30 min: 30 min – 1 hr: 1 hr +:

4) How often do you visit the online store:

Weekly: Monthly: Rarely:

5) How often do you buy:

	Excellent	Good	Fair	Poor
6) Ease of shopping:				
7) Service:				
8) Good Sales and promotion:				
9) Quality of Shopping Experience:				
10) Layout of the Website:				
11) Attractiveness:				

12) Satisfaction:				
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13) What would make the experience better:

COMMENTS:

APPENDIX 5

QUESTIONNAIRE RESULT

	TOTAL RESPONSES	AGE WISE SEGMENTING				MALE				FEMALE			
		0-15	15 - 25	26 - 50	50 +	0-15	15 - 25	26 - 50	50 +	0-15	15 - 25	26 - 50	50 +
No. of Interviews	50	4	15	25	6	1	10	20	4	3	5	5	2
Bought Merchandise	48	4	15	24	5	1	10	19	3	3	5	5	2
Where do you buy from													
Nottingham Forest Store	24	4	8	7	5	1	6	5	3	3	2	2	2
Website	2		2				1				1		
Others	22		5	17			3	14			2	3	
What do you generally buy													
Jerseys & Training wear	43	4	14	20	5	1	10	16	3	3	4	4	2
Other Shirts	2		1	1				1			1		
accessories	3			3				2				1	
What do you think about pricing													
High	6		1	1	4		1		3			1	1
Medium	42	4	14	23	1	1	9	19		3	5	4	1
Low													
Spend / Visit													
Below 25	3		1	1	1		1		1			1	
25 - 50	40	4	13	20	3	1	8	17	2	3	5	2	
50+	5		1	3	1		1	2	1			1	
STORE													
Choice of goods													
High	3			2	1			1				1	1
Medium	20	1	7	10	2	1	4	6	1		3	4	1
Low	25	3	8	12	2		6	12	2	3	2		
How often do you visit the store													
Weekly	7	2	3	2			2	1		2	1	1	
Monthly	35	2	10	22	1	1	7	18	1	1	3	4	
Rarely	6		2		4		1		2		1		2
How often do you buy													
Per Season	43	2	13	23	5		9	18	3	2	4	5	2
Monthly	5	2	2	1		1	1	1		1	1		
Ease of Shopping													
Excellent	4			1	3			1	1				2
Good	20	1	5	14		1	2	13			3	1	
Fair	16	3	6	7			5	4		3	1	3	
Poor	8		4	2	2		3	1	2		1	1	
Service													
Excellent	5		1	2	2		1	1	1			1	1
Good	19	3	7	8	1		5	6		3	2	2	1
Fair	15		4	10	1		2	8	1		2	2	
Poor	9	1	3	4	1	1	2	4	1		1		
Friendliness of People													
Excellent	8	3	2	2	1			1		3	2	1	1
Good	16	1	7	6	2	1	5	4	2		2	2	
Fair	13		5	8			4	7			1	1	
Poor	11		1	8	2		1	7	1			1	1
Good Sales and Promotion													
Excellent	1				1				1				
Good	6	1	1	1	3		1	1	2	1			1
Fair	20		9	10	1		5	7			4	3	1
Poor	21	3	5	13		1	4	11		2	1	2	
Quality of Shopping Experience													
Excellent	2			1	1			1					1
Good	3			1	2			1	1				1
Fair	20	4	7	9		1	4	6		3	3	3	
Poor	23		8	13	2		6	11	2		2	2	
Layout of the store													
Excellent	3			1	2			1					2
Good	7	1	1	3	2	1	1	3	2				
Fair	20	1	6	12	1		4	10	1	1	2	2	
Poor	18	2	8	8			5	5		2	3	3	
Location													
Excellent	5	1	1	2	1	1		1	1		1	1	
Good	10		5	5			2	3			3	2	
Fair	13	3	5	5			4	3		3	1	2	
Poor	20		4	12	4		4	12	2				2

Atractiveness														
Excellent	1			1									1	
Good	5	1	1	1	2		1	1	1	1	1			1
Fair	20	3	7	10		1	4	7		2		3	3	
Poor	22		7	12	3		5	11	2			2	1	1
ONLINE STORE														
Choice of goods														
High														
Medium	1		1				1							
Low	1		1				1							
Why Online														
Shop is a hassle														
Convenience	2		2				2							
Other														
How often do you visit the online store														
Weekly														
Monthly	2		2				2							
Rarely														
Ease of Shopping														
Excellent														
Good														
Fair														
Poor	2		2				2							
Service														
Excellent														
Good														
Fair	2		2				2							
Poor														
Good Sales and Promotion														
Excellent														
Good														
Fair														
Poor	2		2				2							
Quality of Shopping Experience														
Excellent														
Good														
Fair														
Poor	2		2				2							
Layout of the website														
Excellent														
Good														
Fair														
Poor	2		2				2							
Atractiveness														
Excellent														
Good														
Fair														
Poor	2		2				2							
Satisfaction														
Excellent														
Good														
Fair														
Poor	2		2				2							

APPENDIX 6

Stage	Retailer(product) situation	What to do	How to do it
Brand Ignorance	The retailer (product) is unknown. Potential customers may be aware of the retailer(brand) but have yet to try it	Inform customers by advertising and store promotions. They enter the store with a certain level of expectation	Use various methods such as word-of-mouth, newspapers, television advertising, mail shots and press publicity
Awareness	Customers are more able to identify what brands the retailer stocks (which store(s) stock the brand). Customers are also more conscious of the retailer (product) and its importance	Promotion levels become more important to encourage more than an occasional purchase or visit. Constantly remind consumers of retailer's (product's) presence	Extend the initial four elements of promotion; but now place more emphasis on particular targeted group
Knowledge	Location and market positioning of the retailer (product) are more clearly established in the mind of the consumer. Customers visit the store more frequently. They position the retailer (product) according to its symbolic and functional values: for example, do these jeans have the right image? Do they wear well?	Emphasis must be on establishing the right image, which will be a mix of symbolic and functional values. Match the message to the service offering/ product. Targeted and potential customers must be tuned in to the mix of functional and symbolic.	Personal selling and in-store merchandising. State the right sorts of messages at the right time (Christmas = turkeys and a festive occasion). At a basic level the items the consumer expects to be in stock must be available
Liking	Customers develop a liking for the particular product (store), usually after using it may be the result of the right sort of promotion without any further reinforcement from a store visit, or by word of mouth.	Retailer (producer) must meet customer expectations to obtain repeat business. Anticipate customer needs by ordering in advance. Maintain the standards of service through continuing customer feedback	Use store card information and other means to show customer purchasing patterns. Use information to provide the right products in advance (for instance, during hot spells)
Preference	This becomes established over time and may be changed with persuasive store's image(in-store communications, such as the displays). Other forms of communication take place such as customer-customer and staff-customer interaction	Recognize the consumer through appropriate and consistent displays, as in-store promotion and customer service	Train staff to retain customers by extending high-quality service. Update product ranges in line with changing customer preferences. Ensure relationships with suppliers are maintained and improved
Conviction	Place, time, situation and social group establish conviction. Beliefs and norms	Show retailer commitment to products or services and align with the customers	Ensure appropriate product ranges and visual merchandising

	about fashion and the times we live in drive us		consistent with customers expectations
Purchase	All the above culminate in the purchase decision/high degree of customer loyalty	Use in-store communication provided by the retailer (producer) to persuade customer to buy	Use all these promotion types to convince the customer. Advertising confirms product choice

(Newman & Cullen, 2002, pp 196)

APPENDIX 7

A Classification of store image components

1. Price of merchandise
 - a. Low prices
 - b. Flair or competitive prices
 - c. High or non-competitive prices
 - d. Values, except with specific regard to premiums, such as stamps, or quality of merchandise
2. Quality of merchandise
 - a. Good or poor quality of merchandise
 - b. Good or poor department (s), except with respect to assortment, fashion, etc.
 - c. Stock brand names
3. Assortment of merchandise
 - a. Breadth of merchandise
 - b. Depth of merchandise
 - c. Carries a brand I like
4. Fashion of merchandise
5. Sales personnel
 - a. Attitude of sales personnel
 - b. Knowledge ability of sales personnel
 - c. Number of sales personnel
 - d. Good or poor service
6. Locational convenience
 - a. Location from home
 - b. Location from work
 - c. Access
 - d. Good or poor location
7. Other convenience factors
 - a. Parking
 - b. Hours store is open
 - c. Convenience with regard to other stores
 - d. Store layout with respect to convenience
 - e. Convenience (in general)
8. Services
 - a. Credit
 - b. Delivery
 - c. Restaurant facilities
 - d. Other services (gift consultants, layaway plans, baby strollers, escalators, etc.)
9. Sales promotions
 - a. Special sales, including quality or assortment of sales merchandise
 - b. Stamps and other promotions
 - c. Fashion shows and other special events
10. Advertising
 - a. Style and quality of advertising
 - b. Media and vehicles used
 - c. Reliability of advertising
11. Store atmosphere

- a. Layout of store without respect to convenience
 - b. External and internal décor of store
 - c. Merchandise display
 - d. Customer type
 - e. Congestion
 - f. Goo for gifts, except with respect to quality, assortment or fashion of merchandise
 - g. 'Prestige' store
12. Reputation on adjustments
- a. Returns
 - b. Exchange
 - c. Reputation for fairness

Source: (Kunkel & Berry, 1968)

(McGoldrick, 1990, pp 126)

APPENDIX 8

Ask	Do	Consider following factors
Why do we want to advertise?	Set objectives for advertising that match up with company goals	<ol style="list-style-type: none"> 1. Price advertising – appropriate for discounters. 2. Assortment advertising – suitable for category killers, specialist and designer range retailers 3. Repositioning – showing the new face after realignment or restructuring 4. Customer focusing – to recruit new customers, retail old customers, remind customers 5. Stock turning – promoting sales, stock clearances or roll outs
Who are we aiming our adverts at?	<ol style="list-style-type: none"> 1. Decide target customers 2. Determine beliefs and attitudes we expect to tune into 	<ol style="list-style-type: none"> 1. Are we reaching sales staff? 2. If so, what is the message we are conveying?
What do we want toe customers to believe about the store	Be clear about the attitude to the store it expects its customers to acquire	<ol style="list-style-type: none"> 1. Are these reasonable to expect?
How are we going to present our message?	Express clearly the message it wishes to send. Make sure customers are comfortable about the context of message	<ol style="list-style-type: none"> 1. Based on what it knows target customers are looking for and 2. What is acceptable to them
How much advertising do we do?	Relate the level of advertising to the store’s positioning policy	<ol style="list-style-type: none"> 1. Current position 2. Merchandise 3. Competition
When is the best time to send out these messages?	Be clear about the intended benefits of media scheduling	<ol style="list-style-type: none"> 1. Is prime time on radio/television necessary? 2. Should we advertise in the Monday or Friday newspaper?
Where are the adverts to be placed?	Specify where the messages should be placed, such as on television or on hoardings	<ol style="list-style-type: none"> 1. The larger the market the more general and wide spread the advertising and the greater supporting promotional activity required.

Source: (Newman & Cullen, 2002)

APPENDIX 9

Site Analysis for Retail Location

Social and amusement attractions	Are these nearby or on site?
Population of area	This is critical and will determine site attractiveness
Density of population	This may effect frequency of visit, car parking, etc.
Type of consumer	Is the consumer profile right for our sort of business?
Distance to travel	We need to consider how far they will travel
Lines of communication & transportation	Is there suitable infrastructure for customers and deliveries?
Car ownership	Can customers reach our store? Do they have the means?
Nature of competition	Can we compete? Is a big store nearby? Do we need to relocate near an anchor store?
Direction of the area expansion	Are there any plans for motorways or shopping centre developments?
Nature of planning regulations	Are there any special planning regulations? Is the region known for its planning restrictions?

Source: (Newman & Cullen, 2002)

APPENDIX 10

Steps in the buying process

- Product Information
 - Identify customer requirements
 - Research available range/assortment
 - Consider alternatives
- Identify possible suppliers
 - Testing supplier strengths and weaknesses
 - Evaluate actual merchandise (samples, testing)
 - Determine a short list of suppliers
- Negotiate with preferred supplier(s)
 - Negotiate list of terms and conditions
 - Agree final terms and conditions
- Ordering
 - Placing order
 - Following up order
 - Receiving consignment

Source: (Newman & Cullen, 2002)

APPENDIX 11

Effective use of displays

- When building a display it is important to maintain a balance for the viewer
- Where possible, displays should be designed with a central point that attracts the spectator
- Displays should direct the eyes away from the dominant feature and encourage spectators to scan the remainder of the display
- Merchandise should be arranged so that small items are placed at the front with large items at the rear
- The height of the merchandise is critical and creates the best effect when placed at eye level, as spectators tend to look straight ahead
- It is better to group merchandise together rather than present them in long lines that take up space
- Displays should always show the very best merchandise that the retailer has to offer
- Simple displays are best as too many items in a display will confuse the customer and tend to create a bad atmosphere
- Top shelves are usually reserved for quality items and as the human eye scans from left to right retailers usually place less important merchandise on the left

Source: (Newman & Cullen, 2002)

APPENDIX 12

List of different fixtures and their purpose

Fixture	Location in-store	purpose
Gondola shelving or bins	Commonly in the centre of aisled and walkways	To attract the customers' attention to sale items and promotional offers
Racks	Generally on back walls and divisions between themes or product areas	To hold and display stock and to provide efficient storage space
Hangers	Racks and against wall mounted displays	To display clothing items effectively and protect them
Glass	Acts as shelf in showcase or wall-mounted shelves	Creates a sense of depth and focus on the merchandise
Pegboard	Wall or fixture mounted	Used for mounting displays and featuring products
Counters	Check out and customer service points	Spacious flat surfaces for wrapping and till points
Mannequins	Window displays, lifestyle themes and next to racks and mirrors	Dummies provide a lifelike way of displaying clothing and associated products
Mirrors	Against walls and dividers. Behind displays	Used by customers in clothing stores. Give a sense of depth for displays
Custom fixtures	Anywhere in the store- made to fit	Themed(lifestyle) displays and special promotions

Source: (Newman & Cullen, 2002)

APPENDIX 13

SUCCESSFUL IMPLEMENTATION OF LOYALTY CARDS

Traditionally, customer loyalty has been defined as a behavioral measure. These measures include proportion of purchase (Cunningham, 1966), probability of purchase (Farley, 1964); (Massey, Montgomery, & Morrison, 1970), probability of product repurchase (Lipstein, 1959); (Kuehn, 1962) purchase frequency (Brody & Cunningham, 1968), repeat purchase behavior (Brown, 1952), purchase sequence (Kahn, Kalwani, & Morrison, 1986), and multiple aspects of purchase behavior (Ehrenberg, 1988); (DuWors & Haines, 1990). In the retailing context, following measures of customer behavior are commonly applied by practitioners – share of purchase (SOP) that measure the relative share of a customer's purchase as compared to the total number of purchases and share of visits (SOV) that measure the number of visits to the store as compared to the total number of visits (Magi, 2003). All of these measures help Marketers evaluate behavioral loyalty. That is, loyalty of a customer as observed from the customer's purchase behavior. A majority of existing loyalty programs follow these measures to reward behavioral loyalty. That is, the more you spend with the company, the more rewards you earn (Kumar & Shah, 2004). Dowling & Uncles (1997) pointed out certain benefits of loyal customers.

- The costs of serving loyal customers are less;
- Loyal customers are less price sensitive;
- Loyal customers spend more time with the company;
- Loyal customers pass on positive recommendations about their favorite brands or suppliers.

According to Frederick F. Reichheld (2001) the six principles of loyalty encompass standards of excellence, simplicity, honesty, fairness, respect and responsibility. But they are not idealized abstractions far removed from the routine operations of the workaday world. On the contrary they are embodied in simple, straightforward actions that drive measurement systems, compensation, organization and strategy:

- i. **Play to win/win:** profiting at the expense of partners is a shortcut to a dead end

- ii. **Be picky:** Membership is a privilege
- iii. **Keep it simple:** Complexity is the enemy of speed and responsiveness
- iv. **Reward the right results:** worthy partners deserve worthy goals.
- v. **Listen hard, talk straight:** Long-term relationships require honest, two-way communication and learning
- vi. **Preach what you practice:** Actions often speak louder than words, but together they are unbeatable

Designing the Perfect Program

Whether standalone or cross-company, the design of a loyalty program must take into account the nature of the business, its market position, strategic goals and the competitive landscape. In general, program design requires consideration of four key variables which Nottingham Forest can look at while designing their customer loyalty program (Kadar & Kotanko, 2001):

Program Goals

Will the focus be on customer acquisition and development or retention and loyalty? For example, a company that does not have a large customer base and needs to identify as many potential customers as possible (and collect initial information on their buying behaviour) might take part in a cross-company loyalty program. If, on the other hand, the focus is on the acquisition of a limited number of high-value customers, a more targeted program might be preferred (Kadar & Kotanko, 2001). A program focused on the retention of existing customers will require a different set of products and services (broader, more innovative, and based on analysis of customer buying behavior) than a program designed around customer acquisition. Carefully defined program goals should be used to determine the communications utilized (i.e., type, content, frequency, cost), the overall marketing approach of the loyalty program, the value of incentives, and overall program economics (Kadar & Kotanko, 2001). These goals will not be static, but should evolve in tandem with the lifecycle of the customer base and the competitive situation. Especially in today's fairly dynamic marketplace for loyalty programs, it is very risky not to continually revisit program goals and performance.

Customer Segments

Will the program target a broad cross-section of customers or very distinct niche groups? Both programs, however, are considered highly successful, because they support the objectives of the business and create value for all partners (Kadar & Kotanko, 2001). Depending on a company's business design and value growth strategy, a smaller and more focused program, which concentrates on a company's most valuable customers, may create more value at a lower overall program cost than a larger program which does not discriminate among customer segments.

Partners

Will partner relationships be very broad or highly focused? Which partners will appeal most to the program's target customers? The attractiveness of a loyalty program obviously depends on the incentives, privileges, and services it offers its members (Kadar & Kotanko, 2001). Regardless of the type of program, there must be a fit between partners in terms of positioning, brand, customers, and offering.

Earn vs. Burn/Features

What will be subject to incentives; what types of incentives will be offered? Incentives and promotions can be a powerful tool for directing customer behavior, but will only work if a loyalty program is simple to understand and fully transparent to its members. Additionally, a program must constantly innovate if it is to stay competitive (Kadar & Kotanko, 2001). Program innovation may include offering additional services to the best customers, frequent special offers and promotions, membership tiers (e.g., gold cards), and inclusion of new partners.

After the implementation of a loyalty program based on the above points Nottingham forest can expect to have more loyal customer. The customers will have an incentive to come back to the store for future purchases. It will also help the average sales of Nottingham forest which are at £ 27 (Furse, 2008) and of other clubs it's around £ 35, which is a clear £ 8 difference which Nottingham Forest should look to cover.