

# SMALL SCALE OPERATIONS IN RURAL RETAILING AND RISK ANALYSIS THROUGH A SIMULATION APPROACH

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## ABSTRACT

### Purpose

The purpose behind writing this research paper includes:

1. Developing a "Commodity Based View" towards various items falling under similar utility value following the standardization approach.
2. Raising awareness regarding profit strategy based on standardized view towards retailing in the small scale operations in retail business.
3. Helping the unorganized rural business operations in general in achieving sustainability through profits.

### Design / Methodology / Approach

The subject scope of the paper is only small scale retailing operation in rural environment which covers only locally sourced items. It does not include any item which is carrying 'Maximum Retailing Price' tag.

The researcher has followed standardization approach for creating various Commodity Groups which are nothing but broad based groups involving similar items for merchandising.

The Simulation model employs MS Excel based Monte Carlo simulation which generates profit and loss situations under chosen variables as envisaged by the retailer. This approach will help him designing the item portfolio for achieving the desired profit objective.

### Findings

The standardization approach combined with simulation technique provides ample scope for simulated trials for variety of commodities finding space in rural retailing operation. Also the trails can be run sufficient number of times so that the retailer can be rest assured that the selected variables including buying price, costs and quantity for sales with chosen standard deviation will end into overall profit situation rather than loss.

### Research Limitations/ Implications

The research work is premised within following limitations:

1. This article is conceptual in nature and a pilot study is recommended to explore other possibilities.