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Indian retail sector: An appraisal of marketing strategies

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Abstract

The Retail Industry is the sector of economy which is consisted of individuals, stores, commercials, complexes, agencies, companies and organizations etc. involved in the business of selling or merchandising diverse finished products or goods to the end-user consumers directly and indirectly. Goods and Products of the retail industry or sector are the finished final objects / products of all sectors of commerce and economy of a country. Retailing has emerged as one of the most dynamic industries in the country with several players trying to establish themselves in the market. The right experience and customer service does induce customers to spend more and enhances the loyalty also. Against this background, a modest attempt in this paper has been made to elaborate on different marketing strategies adopted by players of Indian retail sector in the present digital era.

Keywords: Behaviour Marketing, Indian Retail Sector, Loyalty Marketing, Mobile Marketing, Neuro Marketing, Social Media Marketing

Introduction

From past many decades retail has given importance in attracting new customers to their business. As the retail market is one of the most matured markets, the retailing companies have gradually shifted their focus from recruiting new customers to retaining old ones. Have shown in their research that a company can double its profitability by increasing customer retention rate by 5 percent. This is why companies everywhere are attracted towards the concept of CRM and formulate suitable marketing strategies to harness the benefits. Companies develop a database to get customers information such as their buying behaviour and other items of their interest. Knowledge is power, and this helps in earning potential profits as business gather information about the customers from the loyalty database in order to sell them other products.

Retail is all about knowing your customers thoroughly in order to serve them better. It is an age old philosophy that if you know your customer better, you can enjoy a better competitive position in the market. The Indian retail sector is beginning to evolve in line with the transformation that has swept the other large economies. The liberalization of the consumer goods industry, initiated in the mid- 80 and accelerated through the 90s, has begun to impact the structure conduct of the retail industry.

The concept of retail which includes the shopkeeper to customer interaction, has taken many forms and dimensions, from the traditional retail outlets and street market shops to upscale multi-brand outlets especially stores and departmental stores. The retail industry is India's largest industry, and accounts for over 10 percent of the country's GDP and around eight percent of employment. Retailing has emerged as one of the most dynamic industries in the country with several players trying to establish themselves in the market. The right experience and customer service does induce customers to spend more and enhances the loyalty also.

Indian Retail Sector: Present Position

The Retail sector of India has huge potential for growth and development as the majority of its constituents are unorganized. The retail sector of India handles about \$ 250 billion every year and has crossed to \$ 660 billion by the year 2016. The business in the organized retail sector of India is expected to grow faster at the rate of 15-20 percent every year. Here, it is noteworthy that the retail sector of India contributes about 15 percent of the national

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GDP, and employs a massive workforce after the agriculture sector. India's growing economy with a rate of approximately 8 percent per year makes its retail sector highly fertile and profitable to the foreign investors.

AT Kearney recognized India as the second most alluring and thriving retail destination of the world among thirty growing and emerging markets. At present, other profitable retail destinations of the world are China and Dubai of Asia. Diverse foreign direct investment in Indian retail is greatly cherished by most of the major and leading retailers of USA and European countries including Walmart (USA), Tesco (UK), Metro (Germany) and Carrefour (France). Liberalization of trade policy and loosening of barriers and restrictions to the foreign investment in the retail sector of India have collectively made the FDI in retail sector quite easy and smooth. Today, Retailing is the shining star of the Indian business world, so every business tycoon wants to invest in it. The recent years have witnessed rapid transformation and vigorous profits in Indian retail stores across various categories. This can be contemplated as a result of the changing attitude of Indian retail consumers and their overwhelming acceptance to modern retail formats.

The Indian retail industry is divided into organized and unorganized sectors. Organized retailing refers to trading activities undertaken by the licensed retailers, that is, those who have registered for sales tax, income tax etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, like the local kirana shops, owner manned general stores, paan/bidi shops, convenience stores, handcart and pavement vendors etc.

Indian retail Industry is standing at its point of inflexion, waiting for the boom to take place. The inception of the retail industry dates back to times, where retail stores were found in the village fairs, melas or in the weekly markets. These stores were highly unorganized. The maturity of retail sector took place with the establishment of retail sectors in the locality for convenience, and with Government intervention the retail industry took a new shape. Outlets for public distribution system, co-operative stores and khadi stores were set up.

Growth of retail companies in India exhibits the boom in the retail industry in India over the years. The increases in the purchasing power of the Indian middle classes and the influx of the foreign investments have been encouraging the growth of retailing companies in India. Apart from the retail marketing company like the Nilgiris Bangalore, most of the retail companies are sections of other industries that have stepped in the retail sector for a better business. The retail companies are not only targeting the four metros in India but also is considering the second graded upcoming cities like Ahmadabad, Baroda, Chandigarh, Coimbatore, Cochin, Ludhiana, Patna, Ranchi, Pune, Trivandrum, Shimla, Gurgaon and others. The South Indian zone have adopted the process of shopping in the super markets more vigorously for their daily needs and this has been influencing other cities as well, where many hyper marts are coming up. The emergence of retail outlets are also being seen in the North Indian zone.

The major Indian retailers are

- Pantaloon Retail India Limited
- Shoppers stop

- Big Bazar
- Spencer's
- Life Style
- More
- Bata India Limited
- Music world entertainment Ltd.

Judging the scope for growth on the retail Industry many global retail giants are also entering the Indian retail market. They are

- Tesco
- Metro AG
- Walmart
- Carrefour
- Tesco
- Marks & Spencer

Marketing Strategies for Retailing

The evolving trend in marketing where marketing has moved from a transaction based effort to a conversation allows customers and prospects to participate in the process of building a brand's image in a certain market or target group's minds. This is called Interactive Marketing. The interactive marketing strategies are being widely used by players of retail industry. Mostly used strategies are:

- **Social Media Marketing**

Marketing done through social media is called as Social Media Marketing (SMM). It provides a low cost way for business to reach large numbers of users and gain brand recognition. It is the process of gaining website traffic or attention through social media sites. In SMM the corporate creates contents in such a way that it attracts attention and encourages readers to share it with their social network. Thus a corporate message spreads from user to user and is trusted as it comes from reliable sources. This form of marketing has the benefits of oral publicity marketing. This results in earned media rather than paid media. The main benefit of social media marketing is that it acts as a relatively inexpensive platform for organizations to implement marketing movement. SMM is a powerful online marketing tool. It is typically used to supplement other online marketing methods rather than replace them.

- **Mobile Marketing**

Mobile Marketing Association has defined mobile marketing as a set of practice that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network. Mobile marketing can be provided to specific location people. So customized message based on location can be done with the help of mobile marketing. The other benefit of this is being its user controlled media. So after getting the acceptance of the individual marketing messages can be sent to them. Mobile marketing can be done through

- **SMS**

Short Message Server is a mobile advertising technique of using text messaging to spread a marketing message.

- **MMS**

Multi Media Messaging services allows for the creation of messages sent from one mobile phone to another that can contain text, pictures, audio and video.

- **In game mobile marketing**

Corporate delivers promotional messages within mobile games or sponsoring entire games to drive customer engagement.

- **Mobile web marketing**

Advertising on web pages specifically meant for way in by mobile devices.

- **Bluetooth**

It is a proprietary open wireless technology standard for exchanging data over short distances from fixed and mobile devices, creating personal area networks with high level of security.

The major advantages of mobile marketing are immediacy, affordability, distribution to very large geographical area is possible, response rate is high compared to other advertising media, message can be personalized, messages reach addressees wherever they are and two way communication is possible.

- **Neuro Marketing**

It is a new field of marketing research that studies customers' sensor motor, cognitive, and affective response to marketing stimuli. Neuro marketing is beneficial as it.

- Reveal the extent to which viewers are processing the information in an advertisement logically and analytically or imaginatively emotionally.
- Indicate the extent to which viewer attention is maintained at the point of branding in a radio or television commercial occurs.
- Track subconscious responses to different package designs, music of ads, colour of new product, new fragrance and aroma or flavor.
- Show whether a target group is more likely to prove receptive to visual or auditory messages.

- **Loyalty Marketing**

Loyalty marketing identifies the loyal customers out of the total customers and thereafter additional services are being provided to keep them loyal. Loyalty marketing maintains sales levels, margins and profits as a defensive outcome to protect the customer base. It increases the loyalty and potential value of existing customer as an offensive outcome to provide incremental increase in sales margins and profits. It induces the cross product duofng buying of existing customer.

- **Behaviour Marketing**

Behaviour marketing is to know about how customer obtain, use and dispose products and making marketing strategies according to that.

Interactive Marketing for Organized Retailing is beneficial to

- Collect information about the customers directly from customers.
- Oral publicity promotion is best of all promotion and this can be done using social media marketing.
- Mobile marketing helps retailer to segment the customer and send them customized promotional messages.

- Neuro marketing can be applied in the pretesting stage of advertisement and during pilot study of products in retailing.
- Loyalty marketing will bring out the loyal customers out of the total customers, so additional services can be provided to keep them loyal.

Every customer is unique

Every customer is unique in itself and the marketer needs to do this difficult job of understanding the customers in order to perform relationship marketing. Every customer has different way of shopping and they have different shopping preferences. Marketer tries to find out the different stages of customers buying behaviour and how customers are influenced to buy a particular product.

One of the most important message managers and marketers should learn that mere great product at great price cannot guarantee customer satisfaction. They need to be treated well in order to have them buy repeatedly. In order to understand how, what, when, where and how much they buy, we have to look for Philip Kotlers five stage model of consumer buying process. In this model one can know the stages the buyer goes through till he reaches a buying decision. This model tells that in every purchase consumer goes through all five stages.

Conclusion

Customers are satisfied when they get from the company what they expected, not every satisfied customer enjoys switching suppliers. Many customers tend not to experiment and stay loyal with the one they are satisfied the most. Customer satisfaction is necessary for a company to survive. Opine satisfaction produces positive attitude towards the brand which leads to greater chance that in the future the same product or service will be repurchased. Whereas dissatisfaction may lead the customer to refrain from repurchase of the product or service with a high chance of bad publicity to 10 potential customers. The only chance to give positive vibrations of the retail supermarket lies at the point of sales, where they get chance to meet people working for the company, they should be knowing that they are representing the company and their words and acts reflect to the people about the company. Growth in retail companies in India exhibits the boom in the retail industry in India over the years. The retail players need to tailor their marketing strategies in such a fashion to tap the immense untapped potential of retail markets of India.

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