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DEPARTMENT OF COMMERCE (ACCOUNTING & FINANCE)

SUBJECT NAME: BASIS OF RETAIL MARKETING (NME)

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UNIT – I Retailing – Definition – Retail Marketing – Growth of organized retailing in India – Importance of retailing

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Introduction to Retail Marketing:

Retailer is the person or institution who delivers goods to final consumer in the channel of distribution. Goods and services are created for consumption and use by people, it is retailer who assumes the role of taking the goods to its final destiny of consumption.

The word retail is derived from the French word Retailer, that is to cut a piece, a break down. A retailer buys in large quantity from the middleman or manufacturer and breaks the bulk in small quantity, sells or markets them in small quantity to meet the needs of customers.

He acts as a link between manufacturer or middleman and consumer. He delivers the product or service in a form, size, that is acceptable to final consumer. Retailer is described as merchandising arm of manufacturers or a neck in the bottle of distribution.

Retail as trade has developed over the period of time, from an organized street vendor or seller like 'SUBJIWALA', PAANAWALA to organized shops like super bazaars, Departmental stores. Today we see revolution in the field of retail business with entry of firms like 'Big Bazar' 'More' McDonald, Walmart that are not just delivering goods, but also satisfying needs and wants of people there by ensuring customer -delight. Retailing has developed as a more organized activity adopting functions of marketing in distribution of goods or service.

2. Concept and Definition of Retail Marketing:

Retail marketing is application of marketing functions in distribution of goods to the customers. Organized retail is not just selling of goods, it embraces activities of marketing like grading packing, promotion and advertisements and show casing variety of goods, at reasonable price with offers like discount, credit. Retail Marketing provides convenience, comfort in shopping in place or medium that is convenient to the consumer.

Retail and marketing are two different concepts, whereas retail is selling in small desired quantity to the people, marketing includes set of functions like transportation banking, insurance, warehousing and promotion. The main purpose is to deliver the goods to the people that can result in customer satisfaction.

Goods are created for consumption and satisfaction and it is made possible through the system of marketing. The present retail business of delivering goods or service to the people is not a mere sale activity, it is a marketing activity, where in there is value addition.

People are given the choice of selecting goods of their desire or dream. It is delivered in style and comfort. One can get the feel and experience of retail marketing by visiting modern shopping malls like Walmart, Big-Bazar, More, Reliance fresh in case of goods or visiting a new generation bank like ICICI, HDFC. The presentation of product, the environment and decoration inside the shop, display of price, facilities inside are an indicator as to how goods are marketed in organised retail.

Definitions:

The concept of retail marketing in WIKIPEDIA is given as “Sale of goods or merchandise from fixed location such as Department store, Boutique, KIOSK or by post in small or individual lots for direct consumption by purchase”

The goods or service delivered for final consumption in convenient lots through different forms of organisations.

AMA:

- American Marketing Association – outlined “Retailing consists of activities involved in selling directly to ultimate consumer for personal or non-business use. It embraces the direct to customers sales activities of the producer, whether through his own store, by house to house counseling or mail order business”.

As per the definition any one i.e., manufacturer or middlemen or retailer selling directly to the final customer through any kind of sales outlet is doing the business of retailing.

- Philip Kotler:
The marketing guru has said all activities in selling goods or service directly to final consumer for personal or non-business use is retailing or retail marketing.

Modern business of retailing or retail marketing means the same. The business of selling goods to final consumer is done in an organized Systematic manner to deliver the goods desired by people.

Retail marketing includes activities of selling goods or service to final consumer for personal, non-business use. Any organization selling to final consumer, whether a manufacturer, wholesaler, retailer is doing retailing. It does not matter how goods or services are sold i.e., by person, mail vending machine, internet, mobile etc., or where they are sold, in store, on street or in the consumer home.

Retail marketing primarily undertakes following activities:

1. Identify the customer and understand his needs
2. Store the needed merchandise or goods.
3. Attractive presentation of goods for easy identification and convenience.
4. Provide necessary comfort in purchase i.e., location, price, service etc.,

4. Importance of Retail Marketing:

Products are created for consumption and satisfaction of the people. They should reach the people for whom they are meant for. It is the retailer who assumes the role of taking the goods to the people and delivers them to their convenience and comfort, Importance retailer is due to following role he assumes in the sale of goods.

1. Link and Communication between Manufacturer Marketing and Consumer:

A retailer functions between the final customer and manufacturer. He not only helps in selling and buying activity, but collects important information about the people, i.e., likes and dislikes of the product and important information regarding market. This will help manufacturer to design and deliver a product to the expectation of people. This will increase sale and profits and ensure higher levels of satisfaction to the consumer.

2. Benefits of a Specialist or Expert in Distribution Network:

Retailer is an expert and experienced person in distribution network. He understands the pulse of people, their likes and dislikes due to his proximity and contact with the people. He stores those products and services that people want and delivers them in size and style which the people expect. Due to his expertise and knowledge about the product and market he helps the customers to make right choice in their purchase.

3. Creates Utility and Value:

Retailer creates time, place and form utility in the distribution of goods and increases value of goods. Goods that are manufactured in bulk and large quantity are purchased in large scale by retailer and he breaks the bulk, delivers them in small packs and quantity that is required by the consumer. In this process he creates form utility. Goods are manufactured in one corner of country and they are consumed in different parts of the world.

Retailer buys goods from different producers and makes them available locally to his customer and thereby creates place utility. There is time gap in production and consumption. A retailer buys in advance from middlemen, stores them and sells through his shelf, whenever it is demanded. Creating these three utilities he increases value of goods and helps. The role of retailer ensures regular and continuous production and consumption.

4. Comfort and Facility of Shopping:

Modern retail houses like Shopping Malls, Chain Stores and Multiplexes make shopping a pleasant experience. The environment and ambience in these Super Bazaars provide variety of facilities like kids play, entertainment, parking, lifts, trolleys to collect the goods, coffee shop etc. Retailing through internet, mobile, mail order will ensure delivery of goods to the doors of customer.

5. Service to Manufacturers and Middlemen:

A retailer provides varieties of services to manufacturers and middlemen by sharing customer information i.e. their likes and dislikes about the product.

6. Provision of Storage and Warehousing:

Buying in advance and storing goods in his premise minimizes problem of warehousing to manufacturer. Retailer undertakes buying in advance and selling out that product. Further display and promotion of the product will increase demand and sale of product.

7. Service to Customer:

Retailer provides variety of services to customers:

- i. Locates retail stores at a place that is convenient to maximum people, near to his locality or in the heart of city.
- ii. Offers variety of goods to choose from.
- iii. Makes attractive presentation and placement of product for easy identification and selection.
- iv. Offers monetary incentives like reasonable price, discount, offers etc.
- v. Provides services like home delivery, quality assurance, offer of sale service etc.
- vi. Gives knowledge and information about the product to utility and thereby helps him selecting right kind of product.

8. Increase in Productivity:

Retailer ensures productivity and efficiency in distribution of goods. He shares market information with manufacturers and ensures production of those goods that have demand. His policies of promotion and placement create demand for product and ensure fast turnover through quick sale.

Proper logistics like transportation, warehousing will reduce damage and loss of value to the commodity. These initiatives will minimize wastage, cut down cost of operation and thereby ensure efficiency and productivity.

9. Increase in Standard of Living:

Standard of living is measured by consumption of comforts and luxury goods. Retailer ensures a higher standard of living by making available variety of goods and service to the

people at reasonable price. Facility, of credit and shopping within reach of common man will increase standard of living.

10. Increase in Employment Opportunities:

It is estimated that retail industry in India provides around 10% of employment. Over populous country like India which has a high percentage of Un-employment is benefited by growing number and size of retail business. Apart from this retail provides and creates job opportunities for women, as women can take better care of customer.

With growing number of educated women who aspire to be economically independent, retail provides a better job opportunity. Retail also can provide part time job opportunities for those who want to work in shifts and also pursue their study or take care of some other home assignment.

11. Increase in GDP:

Organised and developed retail system creates better demand for goods and services. It provides convenient outlet for sales. Increased sales necessitate more production that in turn increases employment of more resources in economic activities. These factors result in a higher GDP growth that is essential for economic development of a nation.

12. Retail as a Separate Branch of Study:

Growing demand for organised retail and revolutionary changes in the retail trade has resulted in retail management and market as a separate branch of study. Universities are offering courses in retail business. These further creating new opportunities in retail education and development.

Emergence of Organisation of Retailing:

Retailing as a separate branch of industry is growing worldwide and also in India. Retail started as early as when barter began i.e., exchange of goods for goods. Surplus goods with one another were exchanged for others goods. Invention of coins and currencies as medium of exchange expanded the horizon of retailing, Various forms coins (Gold, Silver, Copper) were used for exchange of goods that promoted trade of retailing not only domestic, but also international.

Visits of travelers like 'Huentasang' to the Vijayanagar Kingdom' explain the trading activities during those period. Subsequently navigation and geographical tours, discovery of new places by Columbus Magellan, Vasco da Gama took the trade to International level which can be said as first stage of Globalisation.

Peddler street vendors were the first Retailers. Retailing started assuming organised format through 'Bazars (weekly market) and Jatras' where temporary shops were erected to seller to the people who congregate or assemble during thatIndustrial revolution in the 17 and 18 century that invented varieties of machineries changed the system of production. Promotion of factory system resulted in mass production. Production on large scale needed distribution on large scale where in the existing system traditional retailing was not enough. The concept of middleman emerged.

Growing number of middle income family who wanted variety of goods and services to spend their increasing income levels demanded change in distribution system The first departmental store by name 'Bon – Marche' was established in Paris in 1852. This is followed by further stores in the US and Europe.

These departmental stores were catering to the needs of people living in big cities like New York, London, Paris etc. People living in remote areas and villages aspired to consume modern goods. This led to development of mail order retailing. The first mail order business

house was established as Montgomery ward in 1870. This further led to development of Chain stores and mail order relating in Europe and America.

People felt that Departmental stores, Mail order houses are charging high price and are not satisfying their demands. This led to formation of Co-operative societies by consumer that can deliver goods required by consumer at reasonable price in 1900's.

Retailing at economical prices was further popularized by the concept of self – service stores. The first self-service store by name 'PIGGLY – WIGGLY' was started in 1916, in Memphis, Tennessee of the US.

The concept of super market to cater to the needs of Blue – Collar and Elite of people was started in 1938. Discoveries in the field of refrigeration and retail transport system led to promotion of Hyper – Markets that delivered wide variety of goods at reasonable price. 'Carre Four' of France is identified as first hyper-market that was established in 1963 in Paris. Growing wealth of people, increasing education levels culture resulted in formation of large Departmental stores, Super-market and Hypermarket worldwide.

The growth in Information Technology further led to web based training. Amazon.com was promoted in 1995 that is pioneer in e-commerce with further revolution in I-T trading through Internet, mobile or e-shopping is gaining popularity.

With globalisation emergence of MNC's, easy convertibility of currencies of different countries and use of Bit coins for trading, retailing is experiencing revolutionary changes that are trying to meet increasing needs of people. It is creating employment opportunity and contributing to globalisation of retail trade.

Development of Retail Marketing in India:

India is the second largest consumer market in world. It offers enough opportunities for the growth of retail business. Present size of business is estimated at \$450bn with approximate of 5% being in organised retail. Retail in India is overcrowded by small shops which account for around 14mn, which have a per capita floor size of around 260 sq.ft.

Labour productivity is only 6% compared American productivity; business of retailing is controlled by family that has limitation of capital, technology and managerial abilities which are hindering the progress of Indian retail industry. In fact it is not run like a business; it is a kind of family and pass time activity.

There is brighter side to India organised retail. It is expected to touch around \$800 bn by 2020. Right now organised retail is growing at 35% pa. Global retail development Index has identified India as top 5th among 30 emerging economies Empirical studies have revealed that, whenever per capita Income of a nation exceeds \$1200, organised retail starts growing. This is experienced in case of China, South Korea, Japan etc., But in India, with present per capita Income of \$400 is indicating the signs of progress in organised retail. Retail boom is already being experienced in big cities, where 82% of organised retail business is coming from six big cities like Delhi, Mumbai, Bangalore, Chennai, Hyderabad, Kolkata and 12% coming from next four cities. These cities have seen big Shopping Malls, Super Bazars Multiplex etc. There is need of penetration or entry of this organised retail business into 'C' class cities and rural area.

Opportunities and Challenges for Retail Business in India:

Organised retail is poised to take off or prosper in India. Development of organised retail has following challenges and opportunities.

Opportunities for Retail Development:

Retail rating agency called Fitch has predicted stable growth for retail in India. Areas like Apparels, electronics, fashion and Lifestyle, E-commerce along with food and grocery are constantly expected to expand their organised market shares. 'E-tailing' i.e., retail through internet is expected to become popular in India. We are already experiencing web based shopping experience through e-agencies like 'Quickr(dot)com, Myntra(dot)com', etc.,

Opportunity for development is due to following factors:

1. Large Size of Population:

In population terms, India is second largest country in the world with population reaching 130 mn. Within that the size of young population with less 25 years age group is estimated at more than 50% so market will have large number of customers, who have wide range of demands that creates opportunity for growth in organised retail.

2. Diverse Demography and Culture:

India has rich and diversified culture with variety in consumption habits. People belonging to different states like Punjab, Marathi, Tamil, Bengali, have different life styles and consumption habits. Apart from this they celebrate festivals round the year and occasions like Marriage, Birth, Death, each occasion demands expenditure on consumption on Food, Clothing, Jewellery etc. This gives a better opportunity for the growth of retail in India.

3. Rural India and Agriculture:

They constitute more than 60% of India's size and population Indian farmer is exploited by middleman as he gets only 1/3 of selling price for his products. Remaining 2/3 is enjoyed by middlemen, with no value addition to the product. There is no sufficient growth in logistics like Warehouse, Roads and Communication that is essential for Rural Development.

Organised retail has these opportunities of investing and developing infrastructures basic to retail and help the farmer by buying directly from him by offering remunerative price.

4. Increasing Income Levels:

Size of middleclass population is increasing in India. It is estimated that India has around 40 cr. population that can be classified under middle income level. It is the size of population of America. They are the big spenders. The normal income level of every family is increasing with both spouse working, people have more income to spend on their comfort and luxuries. Organised retail can provide avenue for their spending.

5. Nuclear Family:

Joint family system is gradually disappearing. The concept of Nuclear family i.e., Husband wife and kids with everybody engaged either in Job or in education. They do not have free time to go for shopping. Organised retail in the form of Department store Hypermarket can provides them one stop solution to make all their purchase comfortably or conveniently, e-tailing visit to websites like 'Naaptol' Quickr can solve their shopping problems sitting at home.

6. Increasing Consumerism:

Indian customer is described as Tight fist. He does not spend lavishly. There is stress on saving. With growing education, life style is changing particularly young population believes in enjoying comforts and luxuries People are aspiring for a higher living standard. The exposure to TV, Internet has made people to know life style of western people. Consumerism i.e., consumption and satisfaction is catching up in Indian society that is creating new opportunities for organised retail growth.

7. Urbanisation:

Growing urbanisation is creating opportunity for retail marketing. Prospects of getting a job in city and attraction of city life is making rural people to migrate to urban centers. Further town areas are upgrading into cities, with better urban look and infrastructure. People are

becoming urban i.e., sophisticated in their consumption habits that is creating opportunity for retail marketing.

UNIT – II

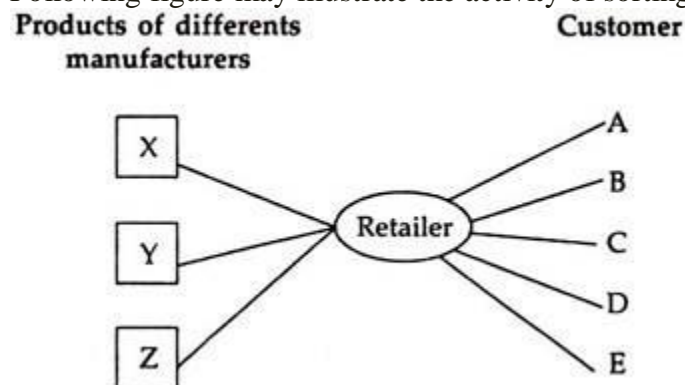
Functions of Retail Marketing:

Retailer undertake following functions:

1. Assembly and Sorting of Merchandise:

Retailer has to meet every need of merchandise(Goods) of common man. He has to keep wide variety of goods and service that may be demanded by the customer. Retailer collects and assembles the goods from different manufacturers or middleman. He undertakes sorting or classifying of the goods to meet the specific need of each customer.

Following figure may illustrate the activity of sorting:



Retailer has wide variety of customers who have different requirements. Retailer collects and assembles these merchandise from different sources, assorts them and keep in his shelf ready for easy identification for himself and customers. He displays product to visiting customers and ensure sales.

2. Breaking the Bulk:

Retailer buys in large quantity “RETAILS’ or cuts into small bulk or pack to match the need of each individual customer. The large bundle or bag or bulk is broken into small units of packs that is convenient for a retailer to buy and carry.

3. Holding Stocks:

Merchandise of adequate quantity is always kept in stores so that it is delivered whenever demanded. By holding ready stock, He creates Time Utility, and increases value of goods. This is an important service that a retailer is offering both to manufacturer and also to customer.

Manufacturers are relieved of creating storage and warehouse facility for the goods he has manufactured, as manufactured product is taken by the retailer. This will minimise the cost of warehousing, damage that may occur in storage period. Similarly every customer is benefited as any commodity he desires is readily available with retailer, Customer need not bother of buying the product in bulk and keeping the stock in his home.

4. Collect Market Information:

Customers come into direct and personal contact with the retailer. They share their opinion and ideas regarding the utility and value of goods and what they further expect from the goods. The retailer will share this information with the manufactures so that manufacturer can design, price and deliver the product to match the expectation of people, Common man may not be having the idea of variety of goods available.

Retailer knows the likes and dislikes of each individual customer; he can guide the consumer to buy the product that matches his taste and budget. Retailer’s knowledge about the market, i.e., types of product available, expectations of people about the product will help retailer sell

those product that matches taste of customer. It helps a manufacturer to produce the product that the customer likes.

5. Marketing Functions:

Retailer will perform marketing functions like transportation, warehousing, promotion and in some cases also grading, packing and labeling etc. In absence of retailer these activities have to be carried out by manufacture themselves. Retailer undertakes the task of transporting goods that are manufactured, keeps them in his warehouse until they are demanded.

During this period he may also undertake grading, packing and labeling if they are not already done. He undertakes sales promotion campaign through various forms of Publicity and advertising to create demand for products and sells them.

6. Promotion of Product:

Promotion is an important activity in selling the product. Retailer undertakes promotion of products by giving publicity and advertisement in the local media. Placement, showcasing and window dressing of the product in his shop and showroom will make the product visible to people and it may attract them to buy it.

Since retailer has personal contact with his customers he can influence their buying behavior by suggesting the product that matches their taste. Retailer will help for demand creation for the product by offering services like free home delivery, after sale service. Discount and other offers which are important sales promotion strategies.

7. Offers Variety of Services to his Customers:

Regular retailer offers variety of services along with the sale. These may include free home delivery, after sale service, credit Retailer is a man of confidence to a regular customer. Long and regular association-ship between retailer and his customer will make them to share their personal and family related issues. Retailer may act as Friend Philosopher and Guide of his trusted customer in his routine life.

8. Risk Bearing:

A retailer by holding large stock of variety of products assumes the following kinds of risks:

- i. Selling risk of all the variety that he has stocked.
- ii. At some point of time some quantity will remain unsold. He has to design strategy like discount sales, offer etc. to undertake stock clearance, or else he has to suffer the loss.
- iii. Damage to goods- when the goods are in his warehouse goods may get damaged due to accidents, fire, earth quake, burglary or goods may lose value due evaporation or any other cause. Every paisa of damage cannot be insured. Retailer undertakes the risk of sharing the burden of such loss.

Characteristics or Features of Retail Marketing:

Retail marketing or organised business of retailing has following feature or characteristics:

1. Sale to Ultimate Customer:

Goods or service in a retail transaction are sold to final customer for consumption. There is no further re-sale of the product or service. Goods and service sold for consumption, may be for domestic or household use or industrial use are classified as retail transaction.

Even sale of spare parts, equipment, machineries etc., to industrial house or business is organised are classified under retail transaction. Once the goods are sold, there should not be further sale of the product or service. It is consumed by the customer or the person for whose benefit he has purchased.

2. Convenient Form (Quantity):

The word retail means cut size 'small piece' or break the bulk. Retailers buy in large quantity from middleman or manufactures, he breaks the bulk and sells in small quantities to match the need of customers. Goods may be repacked or delivered in small packs in convenient form which an individual can carry to his home.

3. Convenient Place and Location:

Retailers deliver goods from a location that is convenient to the customers. In case of physical location. It may be a small store, a shop and multiplex. It may also be over the internet, through mobile or mail order business. Goods/or service are offered to the convenience and comfort of the consumer.

Online shopping through internet, mobile is becoming popular with the growth of I-T and courier service. (Ex- the advertisement of pizza, on the TV is shown delivering within half hour of its order)

4. Last Link in Chain of Distribution:

A retailer is the last link in the chain of distribution. He sells goods to final customer. He connects between middlemen and consumer acting as link between them. He is described as merchandising arm or neck, in the bottle of distribution. He acts as communicator between manufacturer and consumer. Benefits both of them by sharing necessary information that gives profit to manufacturer by manufacturing goods that are liked by the people.

5. Organised Sale:

Retail marketing is organised business of selling to the customer by application of principles and functions of marketing. Un-organised retail like street vendor a Paanwala may not be typically classified under retail marketing.

6. Marketing not Just Sale:

Organised retailing or retailing is not an activity of just a sale. It is a marketing activity. Consumer is offered comfort and convenience and concession in buying goods of his choice. Marketing functions like transportation banking insurance, ware housing are undertaken to create and deliver goods to satisfaction of people. Goods are designed and delivered to match the taste of people and satisfy their desire and thereby ensuring customer delight. Every marketing effort is undertaken in the sale or delivery of goods.

7. Goods and also Service:

Retail marketing is not only connected with delivery of physical goods or merchandise like Grocery Vegetable, Electronic goods etc., it is also engaged in providing services. Now a days marketing of services is becoming an important areas like Insurance, Tourism, Hotel, Investment etc. With Globalisation process, entry of MNC's, development in the field of I-T sector has made marketing of services more popular and developing.

8. Creation of Utility

Retail marketing creates Form, Place and Time, utility. It breaks the large bulk size into small size and changes the form of product. Place utility is created by bringing goods from place of manufacturer to the place of consumer. Goods are stored in advance and delivered when demanded by the customer. A retailer creates these utilities and their by increases value and utility of goods.

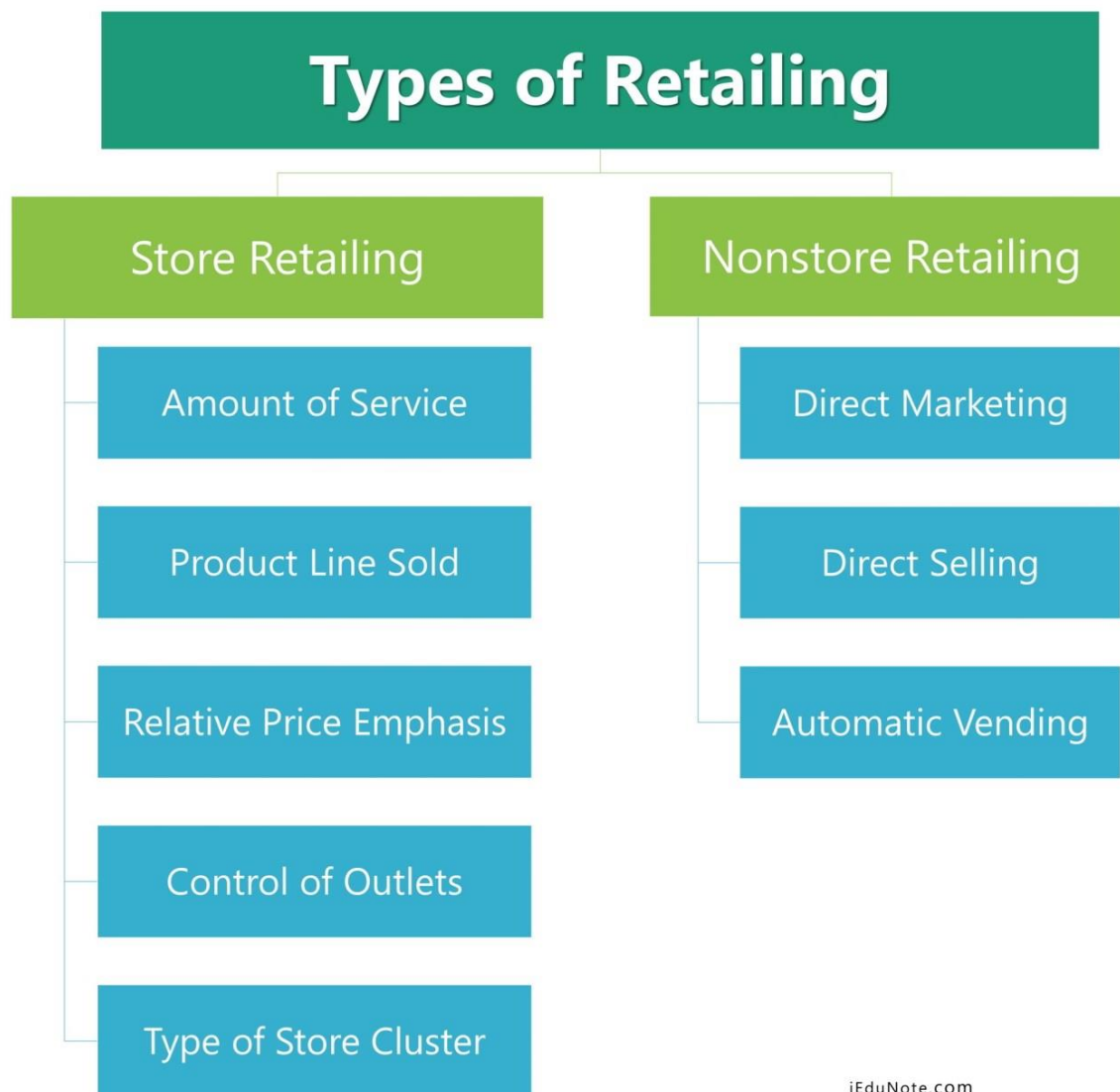
9. Customer Delight:

Retail marketing not only satisfies customers wants, it ensures their delight. It provides more satisfaction than what is expected through its retail network. Retail marketing collects information regarding type of product decide by them, Communicates such information to manufacturer. Product is designed to match the changing taste of customer. Retailer stores and presents such product to the people in size, style, price and other services through his store that increases satisfaction levels of people.

Types of Retailing

Many institutions, including manufacturers, wholesalers, and retailers, perform retailing. But most retail business is conducted by retailers.

Although most retailing is done in retail stores, non-store retailing has developed amazingly in recent years. Nonstore retailing includes selling by mail, telephone, door-to-door contact, vending machines, and numerous electronic means.



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Types of retailing are;

1. Store Retailing
 - i. Amount of Service.
 - ii. Product Line Sold.
 - iii. Relative Price Emphasis.
 - iv. Control of Outlets.
 - v. Type of Store Cluster.
2. Nonstore Retailing
 1. Direct Marketing.

2. Direct Selling.
3. Automatic Vending.

Store Retailing

Retail stores are found in different shapes and sizes. Moreover, new types of retail stores are emerging. Retail stores can be classified by one or more of several features.

For example, amount of service, product line, relative prices, control of outlets, and type of store cluster. The following table exhibits these classifications and the corresponding retailer types.

Different Ways to Classify Retail Outlets				
Amount of Service	Product Line Sold	Relative Price Emphasis	Control of Outlets	Type of Store Cluster
Self-Service Limited Service Full Service	Specialty store Department store Supermarket Convenience store Combination store Superstore Hypermarket Service business	Discount store Off-price retailers Catalog showroom	Corporate chain Voluntary chain and retailer cooperative Franchise organization Merchandising conglomerate	Central business district Regional shopping center Community shopping center Neighborhood shopping center

Amount of Service Retailing

Different products need different amounts of service. Customer service preferences also vary. We concentrate on three levels of service;

1. Self-service retailing.
2. Limited-service retailing.
3. Full-service retailing.

Self-service retailing

Self-service retailers overgrew in the United States during the Great Depression of the 1930s. Customers were eager to locate, compare, and select the products by themselves.

Today, self-service provides all discount operations and is primarily used by sellers of convenience goods such as supermarkets and nationally branded, fast-moving shopping goods such as catalog showrooms.

Limited-service retailing

Limited-service retailers offer more sales assistance because they carry more shopping goods. Customers need information about these goods. The operating costs of these retailers are high, which results in higher prices.

Full-service retailing

Full-service retailers, such as specialty stores and first-class department stores, employ salespeople who assist customers in every shopping process phase. Full-service stores generally carry more specialty goods, and customers are ready to spare more time for shopping.

They provide services like liberal return policies, various credit plans, free delivery, home servicing, and extras such as waiting rooms and restaurants. Services provided by full-service retailers push up their operating costs, which eventually increases prices.

Product Line Retailing

Retailers can also be classified by the length and breadth of their product lines. Types of retailers under this classification are;

1. Specialty Store.
2. Department Store.
3. Supermarket.
4. Convenience store
5. Superstore
6. Combination Store
7. Hypermarkets.

Each of the different types of Retailers can be stated as under.

Specialty Store

A specialty store is a retail store that carries a narrow product line with a deep assortment within that line. Examples of specialty stores are shops selling furniture, books, electronics, flowers, etc. The narrowness of their product lines can further classify specialty stores.

For example, a clothing store is a single-line store, a women's clothing store is a limited-line store, and a women's "Jamdani" saree store is a super-specialty store. In recent times, specialty stores are growing for several reasons.

The increasing application of market segmentation, market targeting, and product specialization has generated the need for stores that concentrate on specific products and segments. Specialty stores attract customers because they provide quality products, convenient locations, suitable hours, highly satisfactory service, and quick entry-exit.

Department Store

A Department store is a retail organization that carries a wide variety of product lines. Typical of these products are clothing, home furnishings, and household goods. Each product line is operated as a separate department and managed by specialist buyers or merchandisers.

Examples of well-known department stores include Bloomingdale's, Marshall Field, Hudson's, and Filene's. Specialty department stores carry only clothing, shoes, cosmetics, luggage, and gift items – examples are Saks Fifth Avenue and I. Magnin.

Department stores flourished through the first half of this century.

However, after World War II, they competed with other retailers, including discount stores, specialty store chains, and “off-price” retailers. Changes in urban areas like heavy traffic, inadequate parking, and general decaying of central cities, where many department stores were located, made downtown shopping less popular. Consequently, many department stores went into liquidation or merged with others.

Most department stores nowadays operate in suburban malls. Many of them have introduced bargaining facilities to counter discount threats.

Others have remodeled their stores for competing with other specialty stores. Many are even resorting to mail-order and telephone selling.

Service remains a critical factor for differentiating department stores from other types of retail stores. Many department stores are renewing their emphasis on service to keep old customers and win new ones.

Moreover, many large department store chains have joined instead of fighting the competition through diversification into discount and specialty stores.

Supermarket

Supermarkets are large, low-cost, low-margin, high-volume, self-service stores that carry a wide variety of food, laundry, and household products. Most supermarket stores are owned by supermarket chains.

The earlier supermarkets had introduced the concepts of self-service, customer turnstiles, and checkout counters. Supermarkets emerged in the 1930s and grew fast for several decades. Most supermarkets in the USA, however, today are experiencing slow sales growth because of declining population growth and an increase in competition from convenience stores, discount food stores, and superstores.

Thus, supermarkets are trying to find out new ways to enhance their sales.

Most supermarket chains now run fewer but larger stores and carry many nonfood items such as housewares, toys, appliances, videocassettes, sporting goods. Supermarkets expect that they would be able to earn higher profits by adding high margin lines.

In their pursuit of more customers, supermarkets also are improving their facilities and services. Examples of such improvements are better locations, improved decorations, longer store hours, cheque cashing, delivery, and even child-care centers.

Finally, to draw more customers, many supermarket chains are starting to organize their stores to best suit the locality in which they operate. They decide on store size, product assortments, prices, and promotions to local markets' economic and ethnic needs.

Convenience Store

The convenience store is a small store near a residential area that is open extended hours, seven days a week, and carries a limited line of high-turnover convenience goods.

Although convenience stores charge high prices to cover higher operating costs and lower sales volume, they fulfill an important consumer need.

Consumers go to convenience stores for purchases at off-hours or when they do not have enough time. With the changes in buying habits and increased participation of women in shopping, convenience stores redesign their stores and tailor their marketing methods to meet the customers' needs.

Through such moves, convenience stores hope to remain strongly differentiated from other food stores while adapting to today's fast-paced consumer lifestyles.

Superstore

A superstore is a store almost twice the size of a regular supermarket. Superstores carry a large assortment of routinely purchased food and non-food items.

They offer such services as dry cleaning, post offices, photo finishing, lunch counters, etc. Superstore prices are usually 5 to 6 percent higher than conventional supermarkets because superstores carry a broader assortment.

Combination Store

A combination store is a combined food and drug store. They average about one and a half football fields in size, which is about twice the superstores' size. Some renowned combination stores in the USA are AZP's Family Mart, Wal Mart's Supercentres, and Kmart's Super Centres.

Hypermarkets

Hypermarkets are massive stores that are a combination of supermarket, discount, and warehouse retailing. Besides food items, they carry furniture, appliances, clothing, and many other goods. Hypermarkets have many checkout counters, and they operate like warehouses.

Products in wire "baskets" are stacked high on metal racks; forklifts move through aisles during selling hours to restock shelves. The store gives discounts to customers who carry their heavy appliances and furniture out of the store.

Relative Price Emphasis Retailing

Retailers can also be classified based on the prices they charge. The majority of the retailers charge regular prices and offer normal-quality goods and customer service. Some charge higher prices and offer higher-quality goods and services. The retailers that are characterized by low prices are discount stores, off-price retailers, and catalog showrooms.

Types of relative price emphasis retailing are;

1. Discount Store.
2. Off-price Retailers.
3. Catalogue Showroom.

A brief discussion on each type can be presented as under:

Discount Store

A discount store is a retail institution that sells standard merchandise at lower prices by accepting lower margins and selling at a higher volume. Stores that offer occasional discounts are not discount stores.

A typical discount store regularly sells products at lower prices. The early discount stores reduce expenses by operating in warehouse-like facilities in low-rent, heavily traveled districts. They cut prices, advertise heavily, and carry a reasonable width and depth of products. In recent times, many discount retailers are facing competition from other discounts and department stores.

To cope with this competition, they have redesigned their stores, added new lines and services, and opened suburban branches, increasing cost and prices.

On the other hand, many department store retailers have improved their stores and services to remain competitive with improved discounters.

Off-price Retailers

Off-price retailers are retail institutions that buy at less than regular wholesale prices and sell at less than retail. They usually carry a changing and unstable collection of higher-quality merchandise. These are often leftover goods, overruns, and irregulars procured at reduced prices from manufacturers or other retailers.

Off-price retailers have been most successful in clothing, accessories, and footwear. But they are operating in diverse areas, from food stores to electronics.

Off-price retailers are mainly of three types. They are; factory outlets, independents, and warehouse clubs.

- Factory outlets are owned and operated by manufacturers, which normally carry the manufacturers surplus, discontinued, or irregular goods.
- Independent off-price retailers are either owned and run by entrepreneurs or are divisions of larger retail corporations.

- Warehouse clubs are off-price retailers that sell a limited selection of brand name grocery items, appliances, clothing, and a mix of other goods at discounts to members who pay annual membership fees.

Although off-price retailing has flourished during the 1980s, competition has intensified as more off-price retailers entered the market.

The growth of off-price retailing retarded recently due to effective counter-strategies by department stores and regular discounters. Nevertheless, off-price retailing will exist as a growing and vital force in modern retailing.

Catalogue Showroom

A catalog showroom is a retail institution that sells a wide selection of high markup, fast-moving, brand name goods at discount prices.

These include jewelry, power tools, luggage, small appliances, and sporting goods. Catalog showrooms policy is to cut costs and margins for providing low prices that will attract a higher volume of sales.

In recent years, catalog showrooms face severe price competition from department stores, discount retailers, and off-price retailers. Many catalog showroom chains broaden their lines to tackle this competition, advertise widely, renovate stores, and add service to secure more business.

Control of Outlets Retailing

The majority of retail stores are independent. Other forms of ownership also exist.

They include;

1. Corporate Chain.
2. Voluntary Chain and Retailer Cooperative.
3. Franchise Organization.
4. Merchandising Conglomerate.

Let us discuss each category in detail.

Corporate Chain

Chain stores are two or more commonly owned and controlled outlets, employ central buying and merchandising, and sell similar merchandise lines.

Corporate chains are found in all retailing types, but they are most spectacular in department stores, variety stores, food stores, drug stores, shoe stores, and women's clothing stores. Corporate chains have many advantages over independent retail outlets.

Because they are big, they can buy in large quantities at lower prices and can hire corporate-level experts to handle areas such as pricing, promotion, merchandising, inventory control, and sales forecasting.

Chains can also enjoy economies in promotion because their advertising costs are spread over many stores and a large sales volume.

Voluntary Chain and Retailer Cooperative

Being inspired by corporate chains' amazing success, many independent retailers decided to band together in either of the two forms of contractual associations.

The first one of these two contractual associations is a voluntary chain, a wholesaler-sponsored group of independent retailers engaging in group buying and common merchandising.

The second one is the retailer cooperative, a group of independent retailers that bands together to set up a jointly owned central wholesale operation and perform joint merchandising and promotion efforts.

Franchise Organization

A franchise is a contractual association between a manufacturer, wholesaler, or service organization (the franchiser) and independent business people (the franchisees) who buy the right to own and operate one or more franchise system units.

The distinction between a franchise and other contractual systems like voluntary chains and retail cooperatives is that franchise systems usually are based on some unique product or service, on a method of doing business, or on the trade name, goodwill, or patent franchiser has developed.

Franchising has been prevalent in fast-food companies, soft-drink producers, filling stations, auto rentals, real estate, travel agencies, and many other product and service areas. The return received by the franchiser may include an initial fee, royalty on sales, lease fees for equipment, and a share of the profits.

Merchandising Conglomerate

Merchandising conglomerates are corporations that combine several different retailing forms under central ownership and share some distribution and management functions

Type of Store Cluster Retailing

Most stores nowadays cluster together to increase their power to draw customers and provide consumers the convenience of one-stop shopping.

The main store clusters are of two types;

1. central business districts and

2. the shopping center.

Central Business District

Central business districts were the main form of retail clusters in North America and Western Europe until the 1950s. Every large city and town had a central business district with department stores, specialty stores, banks, and movie theaters. These central business districts began to decline when people began to move to the suburbs.

Many cities are trying to revive downtown shopping areas by building malls and providing underground parking.

Regional Shopping Center

A shopping center is a group of retail businesses planned, developed, owned, and managed as a unit.⁹ The main variations of shopping centers are regional shopping centers, community shopping, and neighborhood shopping center.

A regional shopping center is like a mini-downtown, which typically contains between 40 and 100 stores. It pulls customers from a wide area.

Big regional shopping centers (malls) often have several department stores and a wide variety of specialty stores. Usually, a community shopping center houses between 15 and 50 retail stores. It usually contains a branch of a department store or variety store, a supermarket, specialty stores, professional offices, and sometimes a bank. Neighborhood shopping centers (strip malls) generally contain between 5 and 15 stores.

These shopping centers are close to and convenient for consumers. They usually contain a supermarket, a discount store, and several service stores such as a dry cleaner, self-service laundry, drugstore, beauty shop, or other stores.

Nonstore Retailing

Although stores account for a significant share of retail sales of goods and services, nonstore retailing is growing fast. Traditional store retailers have to cope with increasing competition from nonstore retailers.

Nonstore retailers sell through catalogs, direct mail, telephone, online computer shopping services, home, office parties, and other natural retailing methods.

Three forms of nonstore retailing are;

1. direct marketing,
2. direct selling, and
3. automatic vending.

Direct Marketing

Direct marketing is performed through various advertising media that interact directly with consumers, generally calling for the consumer to respond directly. Direct marketing began mostly with direct mail and mail-order catalogs.

But in recent years, other new forms such as telemarketing, direct radio and television marketing, and on-line computer shopping have appeared.

Direct marketing provides many benefits to consumers. Instead of taking the trouble of going to crowded shopping centers, consumers can use their telephone or computers to do their shopping. Today's sophisticated communications technology has linked buyers and sellers in convenient ways.

People consider buying through direct mail or telephone conversation and time-saving, enabling them to select from a larger merchandise volume. Industrial customers can know about and order products and services without sparing time by meeting and listening to salespeople.

Direct marketing also provides many benefits to sellers. It gives the sellers the opportunity of more excellent selectivity. A direct marketer can obtain a mailing list containing any social group names which can be contacted later on.

A marketer can be personalized and customized to his message through direct marketing. The marketer can browse its database, select consumers with specific characteristics, and send them very individualized letters.

Direct marketing helps marketers build continuous customer relationships. Direct marketing also can be scheduled to reach prospects at the proper time.

As direct marketing reaches more interesting prospects at the best times, its message receives higher readership and response. Direct marketing also enables the marketer to test specific messages and media easily. Finally, direct marketing has the unique advantage of privacy. Competitors remain ignorant of the direct marketers' offer and strategy.

Direct Selling

Door-to-door retailing, which started centuries ago with peddlers who used to roam around. Door-to-door selling has mainly two advantages – consumer convenience and personal attention.

But it involves high costs of hiring, training, paying, and motivating the sales force lead to higher prices. However, with recent developments in interactive direct- marketing technology, the future of door-to-door selling has become somewhat uncertain.

Automatic vending

Automatic vending is not new – in 215 B.C. Egyptians could buy sacrificial water coin-operated dispensers. Automatic vending machines are widespread in developed countries. But underdeveloped countries are yet to go a long way to introducing them.

Today automatic vending machines sell a wide variety of convenience and impulse goods – cigarettes, beverages, candy, newspapers, foods and snacks, cosmetics, paperback books, insurance policies, video cassettes.

In developed countries vending machines are seen everywhere in factories, offices, lobbies, retail stores, filling stations, airports, and train and bus terminals. Banks are installing automatic teller machines that provide bank customers with checking, saving withdrawal, and funds-transfer services.

Unlike retail stores, vending machines offer consumers greater convenience (self-service and full-time availability) and fewer damaged goods.

But the expensive equipment and labor required for automatic vending increase the costs of selling. Moreover, the prices of vended goods are often higher than those in retail stores.

Final Words: Future of Retailing

We can visualize several trends that will affect the future of retailing. Retailers can no longer expect sales and profit growth through expansion in current and new markets against the backdrop of fall in population and economic growth.

To grow, retailers must increase their shares of current needs. This seems to be difficult as competition is increasing, and new types of retailers are emerging.

In developed economies, the retailing industry suffers from severe overcapacity. Consumer demographics, lifestyles, and shopping patterns are also changing rapidly, offering new retailing challenges.

It follows that to be successful, retailers will have to select target segments carefully and position themselves precisely.

Also, rising costs will make more efficient operation and efficient buying imperative for successful buying.

As a result, technologies are making their headway as tools for fighting competition.

In countries with higher technological level, smarter retailers are using computers to produce better forecasts, control inventory costs, order electronically from suppliers, communicate between stores, and even sell to consumers within stores.

We can forecast that new retail forms will continue to appear to meet unique consumer needs and new situations.

But evidence shows that the life cycle of new retail forms is getting shorter. Given the rapidly changing socio-economic environment, retailing success will depend on adapting to such changes.

Astute retailers should identify the nature and dimensions of such changes in their real perspective to formulate the most appropriate strategies to cope with them.

Benefits of Retail Marketing:

Retail Marketing has following benefits:

1. Increase in Standard of Living:

Organised retail provides variety of goods and services. They are made available at reasonable price and at convenient location to the people. People will be induced to enjoy comforts and luxuries that will increase their standard of living.

2. Employment Opportunities:

Organised retail can provide direct job opportunities in retail store. Indirect job opportunities are created in logistics that is warehousing, transportation, banking that support retail marketing. It is estimated that organised retail in India can provides 10% shares in total employment.

Apart from this, organised retail will induce demand. People are motivated to consume more and more. This will create demand and needs more production and investment in business activities. Employment of capital and labour will increase to meet additional demand that results in increase in economic activities.

3. Relief to Farmers and Consumers:

Indian farmer is forced to sell his product at un-remunerative price. He cannot hold stock in anticipation of better prices due to poor facilities of storage and transportation. It is said that he gets only 1/3 of selling price. Similarly Indian customer is made to pay a higher price for the product, due to high margin of middlemen. There is no value addition to the goods. Further large quantity of farm produce and vegetable is damaged and wasted due to poor infrastructure.

Retail marketing and large retail houses can overcome these limitations:

- i. They may buy products directly from farmers giving him a definite price.
- ii. They create adequate storage and other facilities so that quality of product is not deteriorated or damaged.
- iii. They make value addition to goods through Grading, standardisation, packing and branding.
- iv. These goods are offered to consumers at reasonable price with better facilities.

4. Efficient Use of Resources:

Retail marketing ensures efficient and economical use of resources and inputs. Organised management and optimum capital ensures that there is no wastage of stocks and materials. Facility of storage ensures that products are not damaged. Application of inventory control techniques ensures that optimum level of stock is maintained. Marketing tactics like Discount Sale, Offers, ensure that dead stock is cleared through clearance sale.

5. Exposure to Different Cultures and Globalisation:

People are exposed to enjoy wide variety of goods that are manufactured worldwide. Indian customers have become familiar with Pizza, Burger, and Westerners can be made to taste Indian RasamBiriyani and hot curry.

Along with this there is sharing of consumption habits between people living in different corners of the world that is made possible due to big MNC's that have opened there outlets in different parts of world. These Hypermarket Departmental Stores are introducing culture (Consumption habits) of one part of world to the other part. VasudaivKutumbi.e, entire globe is one family may be made possible due to organised retail.

6. Develop Healthy Life Style:

Health and Longevity depends on consumption style. Quality food and life style will lead to quality, healthy and long life.

Retail marketing provides opportunity for this:

- i. It creates desire in the minds of people to demand for quality goods.
- ii. Educates people to lead healthy and quality life.
- ii. Creates and distributes these goods that are within his reach.

7. Customers Delight:

Retail marketing ensures not only customer satisfaction, but something more than that:

- i. By offering wide variety of goods to select from.
- ii. Facilities of home delivery, after sale service guarantee, warranty.
- iii. Reasonable price, discount offers
- iv. Facility of credit, finance.

Retail marketing makes people to imagine or desire goods that can satisfy and it creates and delivers those goods, surpassing the expectation of customers and thereby creating customer delight.

UNIT – III Retail location factors –

Type Of Store You Wish To Set Up

This is the first thing that you must consider in the process towards finding your location. Your retail store location should be consistent with the type of product that you want to sell and the type of store you want to put up.

You might want to have a traditional specialty store, or might want to sell out of a kiosk in a mall, or might even want to open a convenience store.

Now you need to be smart about this. Are you looking to get your brand into the public eye, but at the same time looking for a low-cost option in the initial days of your business?

Go Pop-Up stores! Or, sell out of a kiosk in a mall. You have various options, like malls, fairs or festivals, event spaces, etc. These are great ways to bring your brand to people's attention.

1. As the name goes, customers prefer to purchase from here for the convenience of its location and fast service. These stores mainly sell high-turnover convenience goods in a limited quantity. The ideal location for these stores would be residential areas.

So, the first step for you would be to decide on whether you want to play the number game or position yourself as a specialty retailer.

2. Demographics

Six months prior to opening your store, you must start your site selection process.

This is not a very tedious process if you know exactly what to research and analyze. To make the whole process easier for you, we have listed down the attributes you must be looking into.

You can always take help from firms that can provide you with all the information regarding the attributes stated below.

Target audience attributes

1. **Average age:** If your store sells modern and trendy outfits, your store should be located in an area which comprises, or has easy access to, people of a younger age. An area within a good location in the city where there are colleges or offices around would be a sensible option.

2. Income: Stores like Nordstrom are located only in affluent areas. This is simply because if you are selling high-end products, your store should be in a location where the inhabitants will be able to afford it. Hence, the income of people is an important consideration.

Premium vs Cost-friendly location

If you own a store selling high-end products for a niche audience, you should make the choice between setting up your store at a premium location or a cost-friendly one.

Having your store at a premium location will obviously cost you a much higher rent per square foot. But at the same time, having it at a cheaper locality where no customer would turn up is a total waste of investment.

1. Workforce Attributes

Are the kind of employees you are looking for living in an area close to your retail store location? Will it be easy for them to travel to the store? Are there enough eateries and hospitals around so as to make things convenient for your employees? These are some of the questions you must be asking yourself regarding your employees.

Most new retailers are attracted to malls for this very reason. And what's more, malls today recognize the need to support not just big brands but also the up-and-coming retailers. Hence, shorter leasing options may be available.

2. Businesses and competition in the proximity

3. It is a smart move to place your store at a point which has businesses around that can eventually help drive traffic into your own store. Any business or category of product that is closely related to yours should help your business too.

Another important aspect to be considered is competition.

“Quite simply, the best place to be is as close to your biggest competitor as you can be,” says Greg Kahn, founder and CEO of Kahn Research Group in Huntersville, North Carolina.

Kahn makes a very valid point. He says that your competitors have done good research on the demographics before opening their store there.

They have also spent a good amount on advertising to drive traffic there. “Why spend the money when they've already [spent it] for you?”, asks Kahn.

4. Footfall

You can make use of sophisticated location analysis tools to understand the traffic pattern in a certain area. You can understand the optimum level of traffic for a particular targeted area. Understanding the footfall at your neighboring stores will help you in a big way to estimate foot traffic at your store.

1. Companies like ShopperTrak, FootFall, and Radiolocus help physical retailers track footfall at their stores and the traffic pattern. Most of the ‘people counter’ devices today use Wi-Fi signals or camera imaging for identification.

Footfall gives you visibility, but to drive sales and bring people to your store, in particular, consider investing in store design and making your store stand out. Don’t be loud about it, though.

If there is a local listing service that is popular with your target audience, be sure to feature yourself in it.

2. Accessibility

Your store should be easily accessible to the common people using public transportation. Having a store with great quality products in a deserted area would serve absolutely no purpose.

Also, depending on which area you are opening the store in, take into account aspects like parking facilities, distance from the nearest subway station, whether the street you’re located on is a walking street, etc.

Accessibility, however, is not just limited to transport services.

If you’re not on the ground level or have access through some form of a staircase, consider developing disabled access for your store. Space the shelves and display in your storewide apart such that people needing wheelchairs can navigate without discomfort.

While choosing your store location, you can get in touch with the commercial establishment in question and inquire about all of these details.

Related: [The Complete Guide To Retail Store Management](#)

3. Leases

Before you enter into a lease, it is advisable to hire a good lawyer who can negotiate the lease for you. Ask yourself these questions:

- Is this the right location for your store?
- Is the condition of the building good?
- Are there adequate utilities around?
- Is the positioning of your store in the building good enough?
- Is there enough space for all the retail, office storage, and workroom space you need?

Once you have found answers to these questions and feel ready to enter into a lease, you must then consider doing this:

- Keep the initial term short. At the end of the lease term, you can renew it or move out depending on how your business is performing.
- Your lease should have the option to acquire more room when your business expands.
- You must find out the estimated costs per month that you will have to pay. Common Area Maintenance (CAM) charges mostly include parking lot cleaning, repairs, etc.

- Other charges include taxes, insurance, gardening, utilities, security, trash and sewer, litter and repairs.
- Be aware of the clauses mentioned in your lease. The **holdover clause** is one such clause that many people overlook.
 - The holdover clause mentions the amount of rent that you will be obliged to pay for every month past the lease expiration. This can go up to 120% to 300% of your monthly payment, so negotiate early.

Other Factors To Consider Before Deciding On Your Retail Store Location

Apart from all these, there are numerous other important factors to consider while choosing a store location.

- Is parking space available and adequate at the retail store location you chose?
- Will it be convenient for suppliers to make deliveries at this location?
- Do you have enough exterior lighting to attract evening shoppers?
- Is the crime rate in this area low?
- Are there any future plans made for this area which might alter traffic to your retail store location?
- In addition to these, you must not forget to talk to your neighbouring store owners in order to gather maximum information about the traffic pattern and behaviour. You can acquire a lot of useful information from this data.
- Two identical stores of the same chain or in the same industry might have a huge difference in sales only because of the location.
- Also, remember that today's customers are spoiled for choice. They have thousands of options to choose from.
- Be sure to make the most of your store location, and entice customers with promotions and regular in-store events.

Branding in retailing

Retail branding is a strategy based on the **brand** concept and which transfers it to a **retail** company. A retailer's "products" are his stores that can be marketed in a similar way to a **branded** good. A **retail brand** is then a group of the retailer's outlets which carry a unique name, symbol, logo or combination thereof.

Merits of Branding to Manufactures, Retailers and Consumers

The merits of branding can be discussed from the angles of manufacturers, middlemen and consumers.

A. Merits to the Manufacturers:

The makers of the products stand to gain because brand has a definite role to play to assist them in effective marketing goods. These are:

1. Products Get Individuality:

For any product, we have many competitors, though yours may be the first company to conceive and give birth to new product. Product, like a baby has to have a name which symbolizes the efforts and resources put into bring to light that product.

Your product, if branded will has its own personality standing out rest of all the competitors. Take a simple case of tooth paste ; the Colgate in its variety, has many other competitive

brands like Pepsodent, Forhans, Neem, Dentoback, Anchor, Signal, Babool, Miswak, Glister, Himalaya Dental cream, Promise, and so on.

For a customer “Colgate is Colgate” or “Promise is Promise” where the customers are divided and the producers have their own market share depending on the value given by the user to a particular brand as he or she perceives it.

2. Control of Product Prices:

Control of retail price is a significant factor because each consumer is quality and cost conscious. Each pack or a wrapper contains in the message the MRP-Maximum Retail Price inclusive or exclusive taxes depending on the situation.

Such facility makes the producers to have sound sleep because the greedy middlemen-may be wholesalers or retailers would have charged any price.

Even an uneducated consumer is well informed through ads especially TV, Cinema and other audio-visuals or audio sets.

He or she insists on buying a product at printed price on the pack. Thus, the producers have the solace that products are reaching the final user at the prices printed that are most economical to the consumers.

3. Increases Bargaining Power:

Good brand and branding gives greater bargaining power to the manufacturer with the dealers. This is because; there is already a ‘pull’ in favour of the product. Hence there is no need for a great ‘push’ by retailers.

As, it is easier to sell or market branded products, wholesalers and retailers prefer to stock and deal in branded products than non-branded. This gives an edge over dealers to the manufacturers which empowers or strengthens the hands of manufacturers to dictate the terms in their favour.

4. It Reduces the Advertising Cost

Advertising plays an important role in communicating the ad message of the manufacturers to the consumers directly and middlemen indirectly. A product which is known to the consumer hardly needs extra advertising expenses each time.

At the most he has to make the customers to remember by reminder advertising because of large-scale brand proliferation and competitive advertising and constant storming of consumer brains. The over expenditure drops down in case of branded products. This is an advantage of consumer loyalty that is created by brands-the effective brands.

5. Ever Increasing Demand:

Powerful brands have the capacity to create, maintain and extend the demand for a product. The strong brands have longest life. A recent study conducted by A and M Magazine report, the top ten brands of the year 1999 were Colgate, Amul, Dettol, Britannia, Life boy, Ariel, Horlicks, Lux, Zee TV and Doordarshan. This power brand is all India which differs from zone to zone-south, north east and west. Once a brand is built or in sight and mind it leads to word of mouth advertising; that it rools on its own leading increased demand.

6. Introduction of New Product is Made Easy Task:

Launching of product-particularly new one is the toughest job. However, the consumers who are loyal to the brands or products of a particular company say, HLL, Godrej, Colgate Palmolive, virtually, they are addicted to that brand.

This is particularly true in case of smokers, soaps, tooth paste, hair-creams and gels, scents and deodorants. This is equally applicable to consumer durables.

In each case, a particular brand ranks in case of a product. In case such a company is launching a new product, it will be easily accepted because of past trust in the company. Thus, HLL from 'Liril' trying for 'Fa' soaps and deodorants for men and women. Thus, the job is made comparatively easier. However, in all cases, it is not true.

For instance, Philip's company known for sound gadgets failed successfully by introducing dry- cells and shaving blades.

7. It is A Powerful Weapon of Product Differentiation:

Day by day, the markets are getting more competitive and market driven and consumer driven. In such case the companies that succeed in differentiating the product can carve niches for themselves through this weapon.

One is aware of the onslaught of Mc Donald's and Domino's Pizza impact. Indian cooperative namely Amul came out with Pizza huts as distinct product for using cheese that is produced.

It is a grand success and is now felt that 'Pizza Huts' are preferred to Mc Donald's and Domino's. This product differentiation combats keen competition by positioning and repositioning the product.

One is aware of the war going on between Coca-Cola and Pepsi Cola. The Coca-Cola working with "Kuchbhiho jai Coca Cola Enjoy". Pepsi with "Dil Mange More". Now come out with Pepsi "Le Chel Le Chel" on the contrary Coca-Cola changed its slogan "ThundaMatlab-Coca Cola".

B. Merits to Wholesalers and Retailers:

The middlemen-who connect the manufacturers and consumers stand to benefit the following because of branding:

1. Quicker Sales:

The middlemen-wholesalers and retailers need the shorter time for sales to take place. In case of unbranded goods and weak brands, they are slow moving. It is because, sales stem from final consumers.

That is consumers should approach first the retailers and then retailers to wholesalers and they procure from the producers or out of stock the delivery takes place.

The question of prospects being converted into customers is a big process which is done by perfect promotion mix plus the power of the brand.

2. Advertising and Display of Products is Rendered Easier:

A product which is known by its name or symbol or combination which we call brand has the magic which needs no such advertising. Display advertising both window and counter will be a regular feature which as the merits of POP-point of purchase displays. They have a fixed schedule making movement from one rejoins another by display-department.

3. Increases Market Share and Control over Market:

Each supply chain in target market helps to increase the share in total market sales of that market and can do better than competitors. That is by having increased market share; it will have market leadership creating challengers by sitting in driver's seat. This means the company has greater control through middlemen. It is natural that middlemen will take pride in doing so.

4. Introduction of New Products is Rendered Easier:

The retailers are the first line army who are in close touch with customers. Retailers are the purchase agents or officers for customers because it is the customers who seek advice from the retailers as to what to buy and what not to buy.

Retailers have no hesitation to recommend new products. Again, they have training and hints from wholesalers. Thus introduction of new products is not a botheration.

5. Branded Products Have More Stabilized Prices:

This has very good impact in combating competition. When the branded products of various companies are there in the market available for they go by quality and not by price. That is, the competitors do not have much ice-way for price competition.

Only way to compete is by quality. When your product is superior at those consumers realize that it is so, you have won the battle. This reduces competition as price comparisons are not made, if price differentials are marginal.

6. Economical Way of Doing Business:

When the wholesalers and retailers decide to trade on the brands of manufacturers, they need not create any brand. Brand creation is not a joke that involves investment in terms of time, talent and treasure. With all that they may not succeed. That is why most of the wholesalers-especially try to deal on brands of manufacturers.

C. Merits to Consumers:

The classes of consumers for whom the products are produced as per their specifications or near specifications stand gain by branding or branded products.

These are:

1. Brand Stands for Quality:

When consumers are buying the products, they are selective as certain brands as it symbolizes the quality standards. Unbranded products, to have quality but no assurance as greedy producers may say something and pass on spurious stuff to the customers.

When the days have come that duplicating of even life-saving medicines right from stuff to packaging so much so that the consumer fails to say which is “original” and which is “duplicate” though the measures are taken as “barcodes” and ‘holograms”.

Generally brand stands for quality and quality assurance where the satisfaction of consumers lies.

2. Consumer Protection against Cheating:

The hard earned money of consumer does not go waste because, the manufacturers print on each pack or container the MRP-Maximum Retail Price-inclusive or exclusive of local taxes. Therefore, the retailers can not charge more than what is printed.

Even if they do so, they are losing customers as; the products are available at right prices in other outlets. Again, the expiry date, date of manufacturing, batch number and the like are given which help in setting disputes as and when arise, if any.

3. Branded Products Reflect their Life Styles:

Branded products speak of the personality of a product and therefore the personality and the life style of consumers. One can easily say, by the use of certain brands of toiletries, dress-materials, ready garments, shoes, watches, white goods, to what class the consumer belongs; it reflects their quality of life.

When a person arranges wedding reception party in 5 star hotels, one can easily guess what is the purchasing power of the party involved. Each person, each family wants to have their own image depending on their paying or spending capacity.

4. Steady and Regular Supply of Products:

Consumers are not only worried about the supply of quality goods at reasonable rates but equally interested in adequate and regular supply of products.

Each individual, each family has a family has not only budget but the schedule of supply of goods in definite quantities. This supply chain should not be broken. Normally, it does not happen in case of branded products because; there is no scope for bungling.

5. Pre-valance of Stable Prices:

Between branded and unbranded products, branded products have prices printed as to what the consumer is to pay as MRP-maximum retail price. In case of unbranded products manufacturers normally do not print MRP or maximum retail price

The act of branding the product is in favour of consumers as regular prices are printed that stay regular over a particular period and it does not give chance to retailers to manipulate, as they can do in case unbranded products.

The facility of comparatively stabilized prices accrues to those who use branded products. Whether it is a premium brand or non-premium brand-prices are more or less stabilized over a period of time.

Brand Success:

Brand success is the ability to retain a reasonable market share despite market redefinitions. Mr. Derek Abell defined the term “redefinition” in his article “Strategic Windows” published in Journal of Marketing-July-1978 p.p. 21 to 28.

The phrase market redefinition covers three categories of redefinitions. These are segment redefinition-product redefinition and category redefinition. It pays to understand these components to have full understanding of market redefinition.

Importance of Branding:**ADVERTISEMENTS:**

- (i) It helps in product identification and gives ‘distinctiveness’ to a product.
- (ii) Indirectly it denotes the quality or standard of a product.
- (iii) It eliminates imitation of the product.
- (iv) It ensures legal rights of the product.

ADVERTISEMENTS:

- (v) It helps in advertising and packaging activities.
- (vi) It helps to create and sustain brand loyalty to a particular product.
- (vii) It helps in price differentiation of products.
- (viii) It helps the manufacturer for identifying the product.

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- (ix) It improves the effectiveness of product advertising and promotion. Product identity can be created easily which would help easy ‘Repeat Sales’.
- (x) It helps to increase and control the share of market. A brand has distinct image and character that may make it more acceptable than a virtually identical competitor.
- (xi) An accepted brand makes the introduction of new products easier and thereby helps in expansion of product mix.

Types of Brand:

There are two main types of brand-manufacturer brands and own-label brands.

ADVERTISEMENTS:**1. Manufacturer Brands:**

Manufacturer brands are created by producers and bear their chosen brand name, brand is marketed by manufacture. It is helpful in distribution of products in a wide area and to gain brand loyalty.

2. Own-Label Brands:

Own-label brands are created and owned by businesses that operate in the distribution channel – often referred to as “distributors”. Sometimes the retailer’s entire product range will be own-label. However, more often, the distributor will mix own-label and manufacturers brands. The major shopping mall and supermarket, have their own brands for example, Vishal Mega Mart is having their own label brand.

There are many advantages to businesses that build successful brands.

These are:

ADVERTISEMENTS:

a. Higher Prices:

For high branded products, consumers are prepared to pay a premium for products or services that simply deliver core benefits, they are the expected elements of that justify a core price.

b. Higher Profit Margins:

Businesses that operate successful brands are also much more likely to enjoy higher profits. A brand is created by augmenting a core product with distinctive values that distinguish it from the competition.

c. Better Distribution:

A brand differentiates itself from the competition, customer recognizes the added value in an augmented product and chooses that brand in preference, this creates demand and awareness in market, it is easy to distribute product in market.

ADVERTISEMENTS:

d. Customer Loyalty:

Successful brands are those that deliver added value in addition to the core benefits. Alternatively, the consumer may be looking for the brand to add meaning to his or her life in terms of lifestyle or personal image. Brands such as Nike, Mercedes, Sony or Microsoft ensure guarantee of quality. Consistent high quality and performance generate customer loyalty.

Functions of Branding:

Branding is a powerful instrument of promotion which performs the following functions:

(i) Distinctiveness:

A brand name creates a distinctive impression among the customers. For instance, different brands of soap such ‘Cinthol’, ‘O.K.’, ‘Lux’, ‘Tears’, ‘Vigil’, etc. create different impressions

upon the users, though the article is the same, i.e., soap. Thus, a branded product enjoys distinct or separate identity.

(ii) Publicity:

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A brand name enables its holder to advertise his product without any difficulty. Once a brand name becomes popular, people remember it for long.

(iii) Protection of Goods:

Generally, the branded products are packed in suitable containers or wrappers which provide protection to the goods against heat and moisture and facilitate convenient handling. The customers derive many other benefits from the branded products. They are assured of the quality of the branded products.

(iv) Consumer Protection:

The prices of branded products are fixed by the manufacturers and are printed on the packages. This protects the interest of the consumers because the retailers cannot charge more than the printed prices. The prices of branded goods remain fixed at different places and over a considerable period of time. They are not changed so frequently since it involves great inconvenience to the firm and a considerable cost in advertising the new price.

(v) Wide Market:

ADVERTISEMENTS:

Branded products are quite popular and have wide market. The wholesalers and retailers readily handle the branded products which are advertised.

(vi) Customer Loyalty:

Branding ensures better quality at competitive prices. Branded products are available in all parts of the country at uniform prices. This tends to create brand loyalty on the part of customers. They ask for the goods by their brand name such as TajMahal (tea leaves), Nescafe (Coffee), Tata (Iodised Salt), Natraj (Pencils), etc.

Brand Building:

Professor David lobber identifies seven main factors in building successful brands, as illustrated below:

i. Quality:

Quality is a core benefits which consumers expect. Most of top brands are famous due to their high quality like Sony, HP, Honda, Kodak etc. Research confirms that, statistically, higher quality brands achieve a higher market share and higher profitability than their inferior competitors.

ADVERTISEMENTS:

ii. Positioning:

Positioning is how a product appears in relation to other products in the market. Positioning is about the position a brand occupies in a market in the minds of consumers. Strong brands have a clear, often unique position in the target market. Brands can be positioned against competing brands on a perceptual map.

A perceptual map defines the market in terms of the way buyers perceive key characteristics of competing products. Positioning can be achieved through several means, including brand name, image, service standards, product guarantees, packaging and the way in which it is delivered. In fact, successful positioning usually requires a combination of these things.

iii. Repositioning:

As we know that consumer behaviour is dynamic in nature therefore marketers reposition a brand to reflect a change in consumer's tastes. This is often required when a brand has become tired, perhaps because its original market has matured or has gone into decline.

iv. Long-Term Perspective:

Long-term perspective is the need to invest in the brand over the long-term. Building customer awareness, communicating the brand's message and creating customer loyalty takes time. Long-term view point can be built by continuous association and effort of a company toward customer satisfaction.

v. Internal Marketing:

A brand should be marketed within an organization each employee should understand value and esteem of company's brand. Internal marketing is more important in service sector where customer and employee interact with each other directly. This can be achieved by training and development of employees.

vi. Credibility:

Credibility can be developed by reliability and integrity of product and service, it brings brand loyalty and retention of customer. After sales experience of customer with the product also develop credibility.

vii. Integrated Communications:

The role of marketing communication is to inform public about policies and attributes of the products, it plays an important role in building a successful brand. A strong integrated marketing communication network can contribute to the success of a brand.

Branding Decisions:

1. Brand Sponsor Decision:

The questions to be answered is: Who should sponsor the brand? The brand can be sponsored by the manufacturer or producer (also called national or international brand) such as Amul, Godrej, Tata, Sony, etc. The distributor or retailer could also use its own brand.

Thus, when Videocon started its business in electronics, it introduced TVs under the brand Videocon in the market. Similarly, Mobilink (main brand Motorola) and Shyam's Garments (New Delhi) and NalliSarees use their own brand names. The third is the licensed brand as being operated by Coca-Cola Company in India.

Why the distributors or resellers bother to sponsor their own brand?

The reason is not far to seek. They have to order for large quantities to avail of discounts, and maintain large inventories. All these have become things of the past with the resellers starting their own brands. In addition, they get the advantage of utilising their limited shelf-space for their own advantage.

2. Brand Strategy Decision:

What branding strategies should be used? Should it be new brand each time, as followed by HUL and P&G? Should it be brand extensions, as recently done by HUL for Lifebuoy- Lifebuoy Personal, Lifebuoy Gold and Lifebuoy Liquid? Or should it be line extension when it introduces additional items in the same product category under the same brand name as done by Colgate toothpaste when it introduced gel, the new line extension became – Colgate Regular, Colgate Salt, Colgate Gel, and Colgate Total.

The line extensions are mostly the result of pressures from consumers to provide variety. Brand extension comes mostly from the manufacturers' side to leverage the existing brand equity. While multi-brands are introduced to set up flanking brands at each end of the market segment, providing maximum security to the company.

3. Brand-Repositioning Decision:

A competitor may launch a new brand close to the one carried by a particular company. Or it may need repositioning of the brand when the original product would become more effective. For example, Rasna was earlier targeted to children and was later re-positioned to attract and include mother's alongwith the influencer, the child. Another example came to light when Balm, a cure for headache and cold was displaced by Vicks Vaporub for colds.

Dynamics of Branding:

Before jumping to the current branding philosophies and practices, let us go through the changing dynamics of "branding" over the years.

- i. In 1960s and 1970s, it was all about creating an apt logo and building a corporate identity.
- ii. In the 1980s, it moved toward corporate branding.
- iii. The 1990s actually witnessed the unleashing of "branding" and brands going all out to advertise and connect with their target audience.
- iv. In 2000, the incubation of having a "big idea" evolved, which was more than just vanilla advertising.

v. From 2010 onward, it became imperative for a brand to cite the purpose of their existence, the experience they were capable of delivering, and the change the brand had to undertake to make it more relevant to its target audience. A brand's success in marketplace was defined by the relevance and associations it created in a consumer's life. Then came the phase of defining a brand's unique advantage, with every category making room for newer and newer players.

vi. Brand valuation expert Jan Lindemann states that 30% of the stock price of companies (in *The Economy of Brands*) comes from their brand, thus furthering the argument to strengthen the brand.

vii. Finally, today, every brand's agenda is to create an emotional attachment or bond. This is not only to create takers and consumers for the brand but also to make them the advocates and endorsers of the brand. In this process, brands embody the consumers, and every step is to make the brand an integral part of their self-image and to help represent who they are. From instilling new value system to creating self-awareness, brands today are in pursuit of making better people out of consumers. In 1960s, it was all about establishing, but today, it is all about developing shared values.

Let us take a closer look at how they are doing so.

There was a time when brands would just show consumers the mirror of possibilities and how she could become a better or more desirable person with the brand performing the role of a catalyst. David Mackenzie Ogilvy, considered the father of advertising, has said that, "ANY damn fool can put on a deal, but it takes genius, faith and perseverance to create a brand." While this truth continues to be prevalent, there are categories that now, instead of asking their consumers to try and become better, inspire them to be just themselves. These brands celebrate the individual's sensuality and originality, thus bringing to the fore the real person. The more interesting thing is that the retailers in the categories such as beauty, fashion, and beverages, whose core comprises a fair degree of self-projection and imagery, are adopting the path of discovery of the real self, too.

For instance, in the business of fashion retailing, sensuality can be defined as a "state of mind" that makes the person confident of himself or herself, and it is an expression that best captures and delivers the innate personality traits evident in the recesses of the mind of the customer.

A consumer feels extremely confident and is able to express herself best, when the clothing she has done expresses her personality and captures her individuality in equal measures.

Hence, sensuality is the physical expression of "grace," which is an integral part of every individual, and one of the most important components of brand creation and management.

A classic example of brand creation is Louis Vuitton's "Core Values" campaign. As a part of their "core values" campaign, Louis Vuitton used their website as the online medium to showcase their celebrity endorser's journey, their story to bring to life how the brand has been promoting the art of travel and inspiring legendary journeys. This travel message they

give through personal journeys is a fundamental one for the brand. This campaign has led us to believe that brands today have chosen a new path to create empathy.

From being conduits for improving your image to encourage you to be yourself, from benchmarks of progress being evaluated by the external to creating a new benchmark of progress, and from defining people by how much material wealth they have amassed to now encouraging them to lead a quality life, brands have traversed a long road. These campaigns today encourage people to journey inward to find a better life.

Finding a larger meaning to life, the new wave seems to bring with it the desire to find a purpose beyond the material, beyond the conventional. That has created a new world of validation, a validation from oneself. It is so now cool to be seen as someone having a purpose commonly couched as passionate and youthful retailer brand. Today, particularly in fashion retailing brands, there are a world full of passionate young, discovering, trying, and experimenting to find “the meaning of existence and life.”

A change has also set in the way brands showcase relationships. We can see brands embracing New World ideologies- women’s empowerment, education, environment protection, sustainability and so on.

The needle has now moved to the evolution of the thought process in the context of relationships. A higher degree of openness and acceptance defines the world of personal relationships, and this is increasingly being seen in brand communication.

We can watch the new advertisement of Raymond in which a husband willingly staying at home to look after the baby so that his wife can manage her “working mother” world as seen in the advertisement. Relationships are being approached with high self-awareness rather than just playing to the galleries. The narratives of brands in the context of social relationships are also changing. Transparency and the courage to be yourself when the world outside expects you to draw an image is the shift in this narrative across categories.

Hence, the focus has shifted from the brands fulfilling a functional need to a need that will impact the way we evolve and change as people. By becoming more humane, these brands embrace and encourage “people growth” by creating a better world of people and for people. Linked to brands becoming more humane is a whole new world of values that brands propagate. These values open new way of thinking and being, especially in a culture that has been stubborn about its value systems, its rights and wrongs.

Brand Architecture:

Brand architecture defines the different levels within your brand and provides a hierarchy that explains the relationships between the different products, services, and components that make up the retailer’s portfolio of offerings. This architecture captures and reflects retailer’s existing brand structure so that employees and customers understand the value of and relationship between its different parts and components.

It also creates a roadmap for journey that guides how your brand can scale in the future.

Hence, brand architecture is nothing but the logical, strategic, and relational structure for your

brands, or put another way, it is the entity's "family tree" of brands, sub-brands, and named products.

As organizations grow through mergers and acquisitions, they are faced with many key decisions regarding brand architecture, including how many brands should be managed.

PRIVATE LABELING

Definition: Labelling is a part of [branding](#) and enables product identification. It is a **printed information that is bonded to the product for recognition and provides detailed information about the product**. Customers make the decision easily at the point of purchase seeing the labelling of the product.

Introduction to Labelling



Labelling is the display of label in a product. A label contains information about a product on its container, packaging, or the product itself. It also has warnings in it. For e.g. in some products, it is written that the products contain traces of nuts and shouldn't be consumed by a person who's allergic to nuts. The type and extent of information that must be imparted by a label are governed by the relevant safety and shipping laws.

Labelling is also an important part of the brand of the product and the company. It helps the product stand out in the market, and identifies it as a part of a particular brand. This is important in the era of high and intense competition.

Importance of Labelling

Labelling is an important part of the marketing of a product. Labelling is essential as it helps to grab the attention of a customer. It can be combined with packaging and can be used by marketers to encourage potential buyers to purchase the product. [Packaging](#) is also used for convenience and information transmission. Packages and labels communicate how to use, transport, recycle or dispose of the package or product.

Labelling is also used to exaggerate the product. Also, it is used for identification. This kind of labelling helps a viewer to differentiate the product from the rest in the shelves of the market. A person can find out about the ingredients of a product. This helps to spread awareness among the customers about the item they are consuming and labelling also helps to mention ingredients.

Labelling is another very important factor in a product. It should show the correct information about the product. This is all the more important in products such as pharmaceuticals. Labelling should also contain information relating to whether the product has harmful chemicals, especially if it is a product that is meant for children.

Types of Labelling

There are different types of labels:



- **Brand label:** It plays an important role in labelling as it gives information about the brand. It can be removable or non-removable.
- **Descriptive label:** It specifies product usage.
- **Grade label:** It describes the aspect and features of the product.

Functions of Labelling

The different functions of labelling are as follows:

1. **Defines the product and its contents:** A label is informative about the product's usage and caution to be taken while using the product. **Example**, Red Label Natural Care tea mentions five ingredients in its label that provide immunity.
2. **Recognition of product:** Labeling assists in the identification of the product. **Example**, the brand name of a chocolate will help one choose from the rest of the confectionery items available.
3. **Assorting of products:** It means classification or grading of products according to different categories in the market. **Example**, shampoos are categorized as dry hair, normal hair and oily hair types and cater to consumers in the market with the dry, normal and oily scalp, respectively.
4. **Assists promotion of products:** It gives the customer the reason to purchase the product. **Example**, it attracts the attention of the consumer by displaying messages such as '20% free' or 'save rupees 15' message in potato chips packet.

5. **In compliance with the law:** Labels should strictly abide by the law. **Example**, for tobacco, the label should mention ‘Tobacco is injurious to health’. Cigarettes also should have ‘Smoking is injurious to health’ as the statutory warning on its package.

UNIT – IV

Communication tools used in Retailing

What Are Marketing Communication Tools?

As a marketer, there is a treasure trove of tools at your disposal to help your organization generate awareness and support sales efforts—these are known as marketing communication tools. Marketing communication tools are a set of diversified programs designated to communicate with your target audience effectively. Any good marketer knows the importance of utilizing marketing communication tools that are best suited for specific marketing campaigns in order to reach your audience at various stages of the marketing funnel and across different channels. Deciding the best way to use these tools in order to effectively reach your audience is your marketing communication strategy, which is essential if you want your message to resonate.

So, what tools should your organization use to reinforce your message and help drive brand awareness while maintaining a consistent brand identity? Let’s explore the marketing communication tools that are essential to any organization’s success.

Advertising & Sales Promotions

Advertising is one of the most prominent and widely used communication tools in a marketing campaign, as its main feature is increasing awareness. Ads can be effective not only for marketing your product or service, but also for marketing your brand. Typically, advertising makes use of above the line (ATL) media campaigns because of the type of reach that can be achieved. Above the line marketing is often used by brands who aim to have a large, diversified market because ATL marketing has mass appeal. Some examples of ATL marketing include TV, radio, print media, cinema, and outdoor media such as billboards, transit advertising, and commuter displays.

Everyone loves a discount, which is why sales promotions are very popular marketing communications tools. Usually, discounts and coupons are used to get new customers, where as memberships and loyalty programs are used for customer retention. There are three main types of sales promotions marketers use. The first is the discount that tempts the customer to make their first purchase. Think of when you’re browsing an online retailer’s website and see a pop-up stating you’ll get 10% off your first order if you enter your email address. The second is deadline discounts, which encourage your audience to “act fast before it’s too late” (i.e. holiday sales, Black Friday, and Cyber Monday). Finally, we have membership discounts, which focus on program tiers. These encourage customers to continue making purchases through your company in order to receive more premium discounts. Essentially, sales promotions help your brand build trust and authority with new customers.

Social Media

Social media allows brands to engage with their audience while also providing information on its products, services, and values. From Twitter to TikTok, social media has rapidly become a valuable method for consumers to research a brand before the organization is even aware of the buyer's interest. Potential customers are able to find social proof through other customers who have interacted with brands on social media channels. Additionally, brands have the opportunity to make themselves more human as they engage with their audience.

Direct Mail & Catalogs

While online marketing has taken the world by storm over the years, there is still great value in an offline marketing plan. In an increasingly digital world, direct mail and print catalogs can help generate leads and offer benefits that online marketing cannot thanks to localization and personalization. Many consumers find direct mail and catalogs easier to understand, as one study found that it takes 21% less cognitive effort to process.

Additionally, direct mail has also been proven to yield a higher average response rate when compared to digital. Finally, print ads won't actively disrupt your viewer's activity to get their attention, granting them the freedom to choose when they'll receive your marketing message and thus allowing it to hit at the optimal time.

Email Campaigns & Newsletters

Email marketing is another tried and true tactic for lead generation. What's more, it allows a brand to identify better quality leads. Since email marketing itself is a lead qualifying system, you can see a prospect's interest based on the fact that they signed up for your list, whether or not they open your emails, and if they click on any of the links within your emails.

Likewise, email newsletters are a powerful way to nurture leads by providing recipients with targeted and personalized content straight to their inbox. This helps push them further down the funnel and keeps them engaged with your brand.

Trade Shows, Webinars, & Seminars

Trade shows, seminars, and webinars are great tools to address issues, generate leads, and introduce a new product or service. Trade shows give consumers the opportunity to meet with brand representatives face-to-face, providing a more personable experience. Seminars and webinars can also establish your brand as a thought leader in your industry, giving consumers a convenient outlet to learn about your product or service.

How Brand Management Helps Streamline Marketing Efforts

As you can see, there is a vast array of marketing communication tools to choose from. Developing a customized integrated marketing communications strategy for your individual marketing campaigns will enable your organization to successfully hit your KPIs. However, with so many different marketing channels and various assets used for different types of communication efforts, it can be challenging to keep brand consistency, identity, and legal compliance top-of-mind. Utilizing a brand asset management software can help with just that.

Imagine you're preparing for a large trade show at the end of the month, on top of maintaining your other always-on campaigns. You'll likely need some customized assets for the trade show booth, such as pamphlets, business cards, and other marketing collateral. With the help of a brand management solution, you not only have access to your organization's brand guidelines via your custom user profile, but you can use the system to order your promotional goods quickly and easily. What's more, you can simultaneously manage your always-on campaigns thanks to your brand management solution's social capabilities, ensuring brand compliant messages across all channels.

By utilizing a centralized system built to manage all of your communication efforts, your brand's story will speak loud and clear, driving brand equity. Assessing how and when your

brand chooses to communicate is a strategic tactic that will ultimately help you build a better brand over time. For more information on how brand management solutions can streamline your marketing communication efforts, be sure to check out our own solutions.

Sales promotion,

Sales promotion is a set of marketing technologies aimed to stimulate the demand in particular products and increase brand awareness. Limited in time, it creates a feeling of time-sensitiveness, generates new leads, and keeps existing customers engaged.

Types of Consumer Sales Promotion tools

1. Samples

Samples are one of the most important tools of sales promotion. Samples are defined as offers to consumers of a small amount of a product for trial. Free samples are given to consumers to generate their interest in the product. Samples help consumers verify the quality of the product.

Samples are delivered at the doors of consumers. They are also sent by mail or given to customers in the retail store itself. Sometimes, samples are attached to another product.

Though sampling is effective, producing numerous samples of a product is quite expensive. Moreover, distributing samples to customers also involves expenditure.

Sampling is not justified in case of

- well established product
- a product that is not superior in some way to competing products
- a product with a slow turnover
- a product with a narrow margin of profit, or
- a highly fragile, perishable or bulky product.

2. Coupons

A coupon is a certificate that fetches buyers a saving when they purchase a specified product. Coupons are generally issued along with the product. They entitle the holder to either a specified saving on a product or a cash refund.

Coupons are designed

- to introduce a new product
- to promote the sale of an established product
- to sell a product in large sizes
- to stimulate customers to switch brands; and
- to encourage repeat sales.

Coupons are used for consumer convenience goods. They may be distributed door to door, by mail or they may be inserted in packages. Sometimes, coupons may be part of magazine or newspaper advertisements.

3. Demonstration

Demonstration is required when products are complex and of a technical nature. Customers are educated as to how to make proper use of the product. Demonstration of products induces customers to buy. Demonstrations are provided free of cost.

4. Contests

Contests are the promotion events that give consumers the chance to win something such as cash, trips or goods. Contests are conducted to attract new customers. They introduce new product by asking the prospects to state the reasons for the purchase of the product.

The buyer purchases the product and submits the evidence of purchase with entry form for contest. Entry forms are duly filled by the buyers. A panel of judges selects the best and buyers are given prizes.

5. Cash refund offer

Cash refund offers are rebates allowed from the price of the product. It is an offer to refund part of the purchase price of a product to consumers who send a proof of purchase to the manufacturer.

Moreover, if the purchaser is not satisfied with the product, the whole price or part of it will be refunded. Cash refunded offer is stated on the package.

6. Premium

Premium refers to goods offered either free or at low cost as an incentive to buy a product. A premium may be inside the package, outside it or received through mail. The reusable package itself serves as a premium.

Premium is generally offered for consumer goods such as soap, toothpaste, etc. Premium may be of several kinds — direct premium, reusable container free in mail premium, a self liquidating premium, trading stamps, etc.

Direct premium can be inside the pack or outside it. A reusable container can be reused after the product is reused. Free in mail premium means a premium item will be sent by mail to consumers who present proof of purchase to the manufacturer.

A self liquidating premium is the extra quantity offered at the normal price. Trading stamps are given by the seller to consumers. These are redeemable at the stamp redemption centres.

7. 'Price off' offer

Goods are sold at reduced prices during slump season. Reduction in prices stimulates sale of goods.

8. Consumer sweepstakes

A sweepstakes calls for consumers to submit their names for a draw. Names of consumers are included in a list of prize winning contest. The lots are drawn and the winners get prizes.

9. Buy back allowances

Allowances are granted to buyers on the basis of their previous purchases. In other words, buy back allowances are given for new purchases, based on the quantity of goods bought previously.

E-TAILING

What Is Electronic Retailing (E-tailing)?

Electronic retailing (E-tailing) is the sale of goods and services through the Internet. E-tailing can include [business-to-business](#) (B2B) and [business-to-consumer](#) (B2C) sales of products and services.

E-tailing requires companies to tailor their [business models](#) to capture Internet sales, which can include building out distribution channels such as warehouses, Internet webpages, and product shipping centers.

Notably, strong distribution channels are critical to electronic retailing as these are the avenues that move the product to the customer.

KEY TAKEAWAYS

- Electronic retailing is the sale of goods and services through the Internet.
- E-tailing can include business-to-business (B2B) and business-to-consumer (B2C) sales of products and services.
- Amazon.com (AMZN) is by far the largest online retailer providing consumer products and subscriptions through its website.
- Many traditional brick-and-mortar stores are investing in e-tailing through their websites.

How Electronic Retailing (E-tailing) Works

Electronic retailing includes a broad range of companies and industries. However, there are similarities between most e-tailing companies that include an engaging website, online [marketing strategy](#), efficient distribution of products or services, and customer data analytics.

Successful e-tailing requires strong [branding](#). Websites must be engaging, easily navigable, and regularly updated to meet consumers' changing demands. Products and services need to stand out from competitors' offerings and add value to consumers' lives. Also, a company's offerings must be competitively priced so that consumers do not favor one business over another on a cost basis only.

E-tailers need strong distribution networks that are prompt and efficient. Consumers cannot wait for long periods for the delivery of products or services. Transparency in business practices is also important, so consumers trust and stay loyal to a company.

There are many ways companies can earn revenue online. Of course, the first income source is through the sales of their product to consumers or businesses. However, both B2C and B2B companies could earn [revenue](#) by selling their services through a [subscription-based model](#) such as Netflix ([NFLX](#)), which charges a monthly fee for access to media content.

Revenue can also be earned through online advertising. For example, Facebook ([FB](#)) [earns revenue](#) from ads placed on its website by companies looking to sell to Facebook users.

Types of Electronic Retailing (E-tailing)

Business-to-Consumer (B2C) E-Tailing

Business-to-consumer retailing is the most common of all [e-commerce](#) companies and the most familiar to most Internet users. This group of retailers includes companies selling finished goods or products to consumers online directly through their websites. The products

could be shipped and delivered from the company's warehouse or directly from the manufacturer. One of the primary requirements of a successful B2C retailer is maintaining good customer relations.

Business-to-Business (B2B) E-tailing

Business-to-business retailing involves companies that sell to other companies. Such retailers include consultants, software developers, freelancers, and [wholesalers](#). Wholesalers sell their products in bulk from their manufacturing plants to businesses. These businesses, in turn, sell those products to consumers. In other words, a B2B company such as a wholesaler might sell products to a B2C company.

Advantages and Disadvantages of Electronic Retailing (E-tailing)

E-tailing includes more than just e-commerce-only companies. More and more traditional [brick-and-mortar](#) stores are investing in e-tailing. Infrastructure costs are lower with electronic retailing versus operating brick-and-mortar stores.

Companies can move products faster and reach a larger customer base online than with traditional physical locations. E-tailing also allows companies to close unprofitable stores and maintain the profitable ones.

Automated sales and checkout cut down on the need for personnel. Also, websites cost less than physical stores to open, staff, and maintain. E-tailing reduces advertising and marketing expenses as customers can find the stores through search engines or social media. [Data analytics](#) is like gold for e-tailers.

Consumer shopping behavior can be tracked to determine spending habits, page views, and length of engagement with a product, service, or website page. Effective data analytics can decrease lost sales and boost client engagement, which can lead to increased revenue.

There are disadvantages to running an e-tailing operation. Creating and maintaining an e-tailing website, while less expensive than a traditional retail location, can be expensive. Infrastructure costs can be substantial if warehouses and distribution centers need to be built to store and ship the products. Also, adequate resources are necessary to handle online returns and customer disputes.

Also, e-tailing does not provide the emotional shopping experience that physical stores can offer. Emotional shopping often results in consumer spending. E-tailing does not give the consumer experience shopping—where consumers hold, smell, feel, or try on products—before purchasing them. Personalized customer service can also be an advantage to brick-and-mortar stores, which can include personal shopping services.

Real World Examples

Amazon.com ([AMZN](#)) is the largest online retailer providing consumer products and subscriptions through its website.

WINDOW DISPLAY

What is a Window Display?

A window display is a grouping of merchandise in a retail establishment's storefront area. For shops with street access, the storefront section has an outer door and usually one or two

windows. Stores inside a shopping mall usually have at least one clear wall beside their entrance or they have a solid wall with a display window that looks out into the inside of the mall. A shopping mall may be defined as one or more buildings that contain separate retail units. Displaying store merchandise is known as *visual merchandising* and window displays show potential customers items that are for sale inside the shop, so that hopefully they will enter the store to purchase these or other goods.

UNIT - V

Supply chain management

Definition

What Is Supply Chain Management (SCM)?

Supply chain management is the management of the [flow of goods and services](#) and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

SCM represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. [Supply chains](#) cover everything from production to product development to the information systems needed to direct these undertakings.

How Supply Chain Management Works

Typically, SCM attempts to centrally control or link the production, shipment, and [distribution of a product](#). By managing the supply chain, companies are able to cut excess costs and deliver products to the consumer faster. This is done by keeping tighter control of internal inventories, internal production, [distribution](#), sales, and the [inventories](#) of company vendors.

SCM is based on the idea that nearly every product that comes to market results from the efforts of various organizations that make up a supply chain. Although supply chains have existed for ages, most companies have only recently paid attention to them as a value-add to their operations.

In SCM, the [supply chain manager](#) coordinates the [logistics](#) of all aspects of the supply chain which consists of five parts:

- The plan or strategy
- The source (of raw materials or services)
- Manufacturing (focused on productivity and efficiency)
- Delivery and logistics
- The return system (for defective or unwanted products)

The supply chain manager tries to minimize shortages and keep costs down. The job is not only about logistics and purchasing inventory. According to [Salary.com](#), supply chain managers, “make recommendations to improve productivity, quality, and efficiency of operations.”

Improvements in productivity and efficiency go straight to the bottom line of a company and have a real and lasting impact. Good supply chain management keeps companies out of the headlines and away from expensive recalls and lawsuits.

Supply Chains

A [supply chain](#) is the connected network of individuals, organizations, resources, activities, and technologies involved in the manufacture and sale of a product or service. A supply chain starts with the delivery of raw materials from a supplier to a manufacturer and ends with the delivery of the finished product or service to the end consumer.

SCM oversees each touchpoint of a company's product or service, from initial creation to the final sale. With so many places along the supply chain that can add value through efficiencies or lose value through increased expenses, proper SCM can increase revenues, decrease costs, and impact a company's [bottom line](#).

KEY TAKEAWAYS

- Supply chain management (SCM) is the centralized management of the flow of goods and services and includes all processes that transform raw materials into final products.
- By managing the supply chain, companies are able to cut excess costs and deliver products to the consumer faster.
- Good supply chain management keeps companies out of the headlines and away from expensive recalls and lawsuits.

Example of SCM

Understanding the importance of SCM to its business, Walgreens Boots Alliance Inc. placed focused effort on transforming its supply chain in 2016. The company operates one of the largest pharmacy chains in the United States and needs to efficiently manage and revise its supply chain so it stays ahead of the changing trends and continues to add value to its bottom line.

As of July 5, 2016, Walgreens has invested in the technology portion of its supply chain. It implemented a forward-looking SCM that synthesizes relevant data and uses analytics to forecast customer purchase behavior, and then it works its way back up the supply chain to meet that expected demand.

For example, the company can anticipate flu patterns, which allow it to accurately forecast needed inventory for over-the-counter flu remedies, creating an efficient supply chain with little waste. Using this SCM, the company can reduce excess inventory and all of the inventories' associated costs, such as the cost of warehousing and transportation.

What is supply chain management?

Supply chain management is the practice of coordinating the various activities necessary to produce and deliver goods and services to a business's customers. Depending on the business

in question, this could involve activities such as monitoring the manufacturing of a product, shipping the product by air, sea, or land; ensuring that it meets quality standards, and delivering the product to customers.

Why is supply chain management important?

Supply chain management is important because it can help achieve several business objectives. For instance, controlling manufacturing processes can improve product quality, reducing the risk of recalls and lawsuits while helping to build a strong consumer brand. At the same time, controls over shipping procedures can improve customer service by avoiding costly shortages or periods of inventory oversupply. Overall, supply chain management provides several opportunities for companies to improve their profit margins, and is especially important for companies with large and international operations.

What are the five elements of supply chain management?

Supply chain management is often described as having five key elements: planning, sourcing of raw materials, manufacturing, delivery, and returns. The planning phase refers to developing an overall strategy for the supply chain, while the other four elements specialize in the key requirements for executing on that plan. Companies must develop expertise in all five elements in order to have an efficient supply chain and avoid expensive [bottlenecks](#).

Importance of Supply Chain Management

It is well known that supply chain management is an integral part of most businesses and is essential to company success and customer satisfaction. The main importance of Supply Chain Management are:-

REDUCE OPERATING COSTS

- **Decreases Purchasing Cost** – Organizations generally prefer quick distributions of costly products and raw materials to avoid expensive inventory
- **Decrease Production Cost** – A reliable supply chain delivers materials to assembly plants and avoid any costs that may occur due to delays.

IMPROVE CUSTOMER SERVICES

- **Right quantity and quality** – Customer expects delivery of right quantity and quality of products.
- **On-time delivery** – Customers expect to receive the correct product mix and quantity to be delivered on time. A reliable supply chain can help in avoiding any bottlenecks and ensure customers get their products in the promised time frame
- **Services** – After sales services is one of the important aspects in any business. If any kind of problem occur in the product, customer expects it to be fixed quickly. A right supply chain ensures that customers get the service they want.

Forward Momentum

Supply chain management streamlines everything from product flow to unexpected natural disasters. **With an effective SCM, organizations can diagnose problems and disruptions correctly. SCM plays an important role in moving items quickly and efficiently to destination.**

With the emergence of competition in current market scenario, an efficient supply chain can give a business the edge that it needs.

Role of information Technology in retailing.

With the increasing globalisation of retailing, both in terms of their points-of-sale and their points-of-supply; the information technology (IT) spend in the retail sector has increased significantly. IT plays an increasingly important role in the management of complex retail operations.

Market knowledge, as well as control of data and information, is key to obtaining a competitive advantage in the retail sector. Markets are continuing to grow and become more complex; the simple process of retailing has started to deploy more advanced retail information systems to cope with all the transactions involved.

Today, retailers need to transform their IT capabilities for multiple reasons, including:

- To increase the company's ability to respond to the evolving marketplace through enhanced speed and flexibility.
- To collect and analyze customer data while enhancing differentiation.
- To work effectively; retailers need one system working across stores (or even across national borders) to make sure the most effective use of stock and improve business processes.

Retailers are beginning to notice that technology's role is one of an enabler. Essentially, information technology can speed up processes and deliver cost saving benefits to the company.

The retail industry faces many specific challenges related to IT management, including:

- **Customer data**

Many retailers struggle with information overload because they're required to collect and sift through mass amounts of data, then convert it into useful information in a customer-centric industry.

- **Transparency and tracking**

Retailers must increase transparency between systems, as well as obtain better tracking to integrate systems from manufacturer through to the consumer while obtaining customer and sales information.

- **Global data synchronisation**

Due to radio frequency identification/electronic product coding, the entire supply chain has become more intelligent. Retailers must enable the use of real-time data to watch inventory levels. In addition, radio frequency identification tagging positions the company to be able to safeguard its shipments by allowing products to be tracked from manufacturer through the entire supply chain.

- **PCI Security Compliance**

PCI Security Compliance addresses the retailer's internal security setup and practices, in order to mitigate payment security risks. Every business engaged in credit card payment processing is required to comply with PCI Security Standards. If a retailer collects or stores credit card information that becomes compromised, the retailer may lose the ability to accept credit card payments. Other possible consequences include lawsuits, insurance claims, cancelled accounts, and government fines.

The retailers who take advantage of outsourcing IT will obtain optimal advice and benefits from outsourcing. Many retailers have turned towards IT outsourcing as a way to control costs and improve their service delivery.

