

# A Study on Retail Marketing in India

Dr. Yellaswamy Ambati

(Lecturer in Commerce, TS Model Junior College, Jangaon, Warangal, Telangana, India)

---

**Abstract:** According to the dictionary, retail marketing is the act of promoting a product directly to the consumers who use them. Retail marketing can take on a variety of forms, such as television commercials, direct-mail pieces to consumer households, Internet banner ads or coupons. Retail marketing possesses several advantages to the retailer and to the consumer. Retail marketing comprises the activities related to selling products to the consumers through channels such as stores, malls, kiosks, vending machines, or other fixed locations. In contrast, direct marketing to consumers' attempts to complete a sale through phone, mail, or web site sales. Retailing occupies a key role in the world of economy.

Retailing involves the entire activities incidental to selling to ultimate consumers for their personal, family, and household use. It does this by organizing their availability on a relatively large scale and supplying them to the customers on a relatively small scale. A retailer is any person/organization instrumental in reaching the goods, or merchandise, or services to the end users. A retailer is a must and cannot be eliminated. Retail marketing comprises the activities related to selling products to the consumers through channels such as stores, malls, kiosks, vending machines, or other fixed locations. In contrast, direct marketing to consumers' attempts to complete a sale through phone, mail, or web site sales.

**Keywords:** Retail Marketing, Retailer, Manufacturer, Supermarket, Stores

---

## I. INTRODUCTION

Retailing consists of the sale of goods from a fixed location such as a departmental store, hypermarket, supermarket or kiosk to the customers either in large or small quantities. A retailer buys products in large quantities from manufacturers or from wholesaler and in turn sells to the end-user. It is a vital part of any manufacturer's distribution strategy and retailers are at the end of the supply chain process. Selling of merchandise directly to the consumers. Retailing began several thousand years ago with peddlers hawking their wares at the earliest marketplaces. It is extremely competitive, and the failure rate of retail establishments is relatively high. Price is the most important arena of competition, but other factors include convenience of location, selection and display of merchandise, attractiveness of the establishment, and reputation. The diversity of retailing is evident in the many forms it now takes, including vending machines, door-to-door and telephone sales, direct-mail marketing, the Internet, discount houses, specialty stores, departmental stores, supermarkets, and consumer cooperatives.

### Objectives

The following are the objectives of the study;

1. To Study the Concept of Retail Marketing
2. To Study the Channels of Retail Marketing
3. To Study the Types of Retail outlets
4. To Study the Advantages of Retail Marketing
5. To Study the Disadvantages of Retail Marketing
6. To Offer Conclusion

### The Concept of Retail Marketing

In the growing market, retail marketing has become one of the major emerging trends in the entire economical cycle. It is the retail market only which provides the consumer a basic platform to encounter with goods and a shop keeper for the first time. Retail market consists of a fixed location like boutique, store, departmental store etc, here in these location consumers meets the shop keeper and purchase goods in return of certain value. Maintaining a certain profit margin, these shop keepers sell goods to their consumers. The basic motive of these shopkeepers is to satisfy the consumers and fulfill their needs and demands.

Retail marketing strategy has become one of the basic elements of marketing strategy which includes a lot of planning and proper execution of this planning. Now let us first focus on the basic nature of retail. Firstly in retail, a marketer needs to focus primarily on the needs and desires of the customers. Retail marketing even focuses on satisfying the customers, maintaining a proper profit margin for the owner of the goods. Customer needs are the basic key factors of retail. Retail marketing consists of 5 basic pillars, first is saving the precious time of the customers. Second is setting the right prices of the goods, third is creating a proper connection with the emotions of the customers, fourth pillar is paying the right respect to the customers and lastly solving the problems of the customer is another pillar of retail.

Creating customer loyalty is the basic function of retail, as once you create customer loyalty towards your brand it will be easier for you to stay in the market for a longer period of time. Creating customer loyalty is

not a very easy task, as it takes years for a brand to create customer loyalty. You can only create customer loyalty if you have a retail marketing plan, some of such marketing plans are the sales promotional activities like loyalty cards, loyalty one, gifts, coupons, special discounts and reward program.

Reward program includes special gifts on purchase of bulk goods and loyalty cards are special privileged cards which are offered to customers in order to provide them huge discounts and free gifts. These sorts of special sales promotional activities not only increase the sales target but at the same time increase customer loyalty also. With so many new sales promotional programs promoted by the retail marketing strategies, now it is possible to create a healthy relationship with the customers. Previously creating emotional bonding with the customers was not taken into consideration, and thus customers were only treated as customers who were just supposed to pay the price of the goods. Thus, this resulted in lower customer loyalty and it gave rise to huge number of product switching.

Previously customers used to shift to other brands very easily as there did not exist any brand loyalty. But now with the extensive features of retail marketing, it has become easier for the company not only to capture a huge market but at the same time create a strong bonding with the customers. Thus, this sort of marketing strategy did not only ignite the sales target and profits but at the same time increased the brand loyalty.

### **Channels of Retail Marketing**

Retail marketing is comprised of the activities related to selling products directly to consumers through channels such as stores, malls, kiosks, vending machines or other fixed locations, according to the Free Dictionary. In contrast, direct marketing to consumers attempts to complete a sale through phone, mail or website sales.

The successful implementation of the components of the traditional marketing mix (product, place, price and promotion) is essential for success in retail marketing. The savvy marketer must have a thorough understanding of his or her customers to answer the questions that are implied by each of the 4 P's.

#### **Product**

A retail business typically opens within a specific business category, such as men's clothes. The retailer must decide questions relating to price range, fashion and selection. All of these issues are answered by the assumptions that the retailer makes on the products most likely to attract his targeted customer base. The ability to match products and customers is as much art as science.

#### **Place**

Factors such as whether the store location is near the targeted customers, offers easy access and exit, and is highly visible on a well-travelled street are vitally important in the selection of a store location (place). The perceived quality of the physical structure is also important. Customers expect expensive items to be sold in an upscale environment. Low-cost items might fare better in a location where consumers are accustomed to purchasing those bargain items.

Retail stores can range from large national chains such as Sears or Wal-Mart to a small, locally-owned business, such as a bakery. These retailers have chosen retail locations they believe match their customer's expectations, are highly visible, and are close to the targeted customer group.

#### **Price**

Pricing is a complex process that combines finance with human psychology. If consumers believe that a product is priced too high, they may refuse to buy. If a product seems to be priced too low, they may suspect the product quality.

Additionally, a retailer typically sets price expectations as she develops her brand. If the brand is positioned as discount, the merchant must stay consistent with pricing decisions or risk customer confusion about the store's brand identity.

#### **Promotion**

Retail marketing is dependent on in-store traffic. Marketers must make effective use of promotions to ensure a steady stream of existing and new customers visit a retail stores. The retailer's selection of promotional channels is dictated by many factors including local competitive environment, profit margin on sales and total volume of sales. Each dollar spent in promotions must result in additional sales, or profit margins shrink to dangerous levels. Promotional media can include television, radio, print, direct mail and outdoor advertising (billboards).

### **Types of Retail outlets**

#### **Department Stores**

A department store is a set-up which offers wide range of products to the end-users under one roof. In a department store, the consumers can get almost all the products they aspire to shop at one place only. Department stores provide a wide range of options to the consumers and thus fulfill all their shopping needs.

#### **Merchandise**

- Electronic Appliances
- Apparels

- Jewellery
- Toiletries
- Cosmetics
- Footwear
- Sportswear
- Toys
- Books
- CDs, DVDs

#### **Discount Stores**

Discount stores also offer a huge range of products to the end-users but at a discounted rate. The discount stores generally offer a limited range and the quality in certain cases might be a little inferior as compared to the department stores.

Wal-Mart currently operates more than 1300 discount stores in United States. In India Vishal Mega Mart comes under discount store.

#### **Merchandise**

Almost same as department store but at a cheaper price.

#### **Supermarket**

A retail store which generally sells food products and household items, properly placed and arranged in specific departments is called a supermarket. A supermarket is an advanced form of the small grocery stores and caters to the household needs of the consumer. The various food products (meat, vegetables, dairy products, juices etc) are all properly displayed at their respective departments to catch the attention of the customers and for them to pick any merchandise depending on their choice and need.

#### **Merchandise**

- Bakery products
- Cereals
- Meat Products, Fish products
- Breads
- Medicines
- Vegetables
- Fruits
- Soft drinks
- Frozen Food
- Canned Juices

#### **Warehouse Stores**

A retail format which sells limited stock in bulk at a discounted rate is called as warehouse store. Warehouse stores do not bother much about the interiors of the store and the products are not properly displayed.

#### **Mom and Pop Store (also called Kirana Store in India)**

Mom and Pop stores are the small stores run by individuals in the nearby locality to cater to daily needs of the consumers staying in the vicinity. They offer selected items and are not at all organized. The size of the store would not be very big and depends on the land available to the owner. They wouldn't offer high-end products.

#### **Merchandise**

- Eggs
- Bread
- Stationery
- Toys
- Cigarettes
- Cereals
- Pulses
- Medicines

#### **Speciality Stores**

As the name suggests, Speciality store would specialize in a particular product and would not sell anything else apart from the specific range. Speciality stores sell only selective items of one particular brand to the consumers and primarily focus on high customer satisfaction.

#### **Malls**

Many retail stores operating at one place form a mall. A mall would consist of several retail outlets each selling their own merchandise but at a common platform.

### **E Tailers**

Now days the customers have the option of shopping while sitting at their homes. They can place their order through internet, pay with the help of debit or credit cards and the products are delivered at their homes only. However, there are chances that the products ordered might not reach in the same condition as they were ordered. This kind of shopping is convenient for those who have a hectic schedule and are reluctant to go to retail outlets. In this kind of shopping; the transportation charges are borne by the consumer itself.

### **Dollar Stores**

Dollar stores offer selected products at extremely low rates but here the prices are fixed.

### **Advantages of Retail Marketing**

The following are the Advantages of Retail Marketing

- **Awareness**  
The primary benefit of retail marketing is to bring awareness to the consumer that the product exists to fill a need or a want that the consumer has. For example, if a retail marketing campaign is promoting a product that gets rid of nail fungus, someone with nail fungus now knows that an over-the-counter product is available to help resolve their nail fungus problem. In return, this marketing helps to boost sales for the nail fungus remover manufacturer and the retailer selling the product on its store shelves. In essence, potential customers of a product have to know that the product exists for the sales of the product to be successful. Retail marketing is the bridge between a product and its potential customer target market.
- **Boosts Profits**  
Retail marketing also has the advantage of boosting business profits. Whether it is announcing the launch of a new product or offering a special sale or coupon on an existing product, this type of retail marketing can attract larger crowds to the retail location. The more potential customers who walk through the door provide a potential for higher sales, and a larger sales volume brings increased profitability to the retail establishment.
- **Creates a Competitive Environment**  
Retail marketing creates a healthy competitive environment between retailers. This benefits consumers because it helps to keep their costs down when purchasing products. Retail marketing also helps keep competitors aware of what the other is charging for the same product, so it allows retailers to adjust prices as necessary to stay competitive in the market.
- **Creates Jobs**  
A direct positive effect of retail marketing is that it draws more customers to the retail stores. An indirect effect of retail marketing, however, is it creates jobs. When a retail store has more business, it also tends to need more employees to help with the volume of business. For potential employees that have experience in the retail industry or who are looking to break into retail work, retail marketing can open up many new job opportunities.

### **Disadvantages of Retail Marketing**

The following are the Disadvantages of Retail Marketing;

- **Increased Cost**  
Venturing into the retail market can involve a wide range of additional expenditures, as well as an increase in existing expenses. Examples include additional marketing and advertising costs, design and implementation of retail packaging, separate retail and wholesale supply lines, retail distribution costs and the cost of managing both customer and retailer relations. The cost of extending credit to retailers also must be considered in budget and financial projections.
- **Loss of Focus**  
When any company changes its business model, a loss of focus within the company can occur. This can happen with both management and employees, as well as with existing customers. For example, when a wholesale manufacturing business makes a move to retail distribution, functions such as advertising and marketing may require a split or division of duties to avoid confusion with specific campaigns. Customers may become confused as to the overall aim of the company, possibly leading to a loss of business.
- **Expansion**  
In order to compete in the retail marketplace, businesses must expand to reach the widest audience possible. This expansion may require additional resources on the retail side of the operations, as well as additional expenditures. The manufacturing side also must be considered with regard to increased output requirements to keep pace with the retail expansion.
- **Corporate Structure**

The corporate structure of a manufacturing business may not be practical or functional for a combined manufacturing-retail model. While the top levels of executive management may apply to both sides, positions involving operations and administration may require duplication. For example, a director of operations for manufacturing may not have the experience or skills to manage retail operations as well. This also could be true for positions in finance, sales and marketing.

## II. CONCLUSION

India is one of the fastest growing economies in the world today. Topping the Global Retail Development Index for the third consecutive year as the most attractive market for retail investment, India has one of the most vibrant retail sectors in the world. Currently, there are 12 million retail outlets in India, which is estimated to triple by 2015. As per the study conducted by the ICRIER, retail sector is expected to contribute to 22 per cent of India's GDP by 2010 which illustrates the strong fundamentals of the sector. Conservative steps taken by the industry players have to an extent diminished the effects of recession considerably on the Indian economy and kept it protected. However, gradual changes and calculated risks are essential for India to realise its potential and to come at par with leading economies.

## III. REFERENCES

- [1] "The Bird of Gold - The Rise of India's Consumer Market". McKinsey & Company. May 2007.
- [2] Anand Dikshit (12 August 2011). "The Uneasy Compromise - Indian Retail". *The Wall Street Journal*
- [3] "Winning the Indian consumer". McKinsey & Company. 2005.
- [4] Majumder, Sanjoy (25 November 2011). "Changing the way Indians shop". *BBC News*.
- [5] "FE@CAMPUS MASTERMIND: Response by Mahavir Accha to question for Jan 7-13". *Indian Express*.
- [6] "Retailing in India Unshackling the chain stores". *The Economist*. 29 May 2008.
- [7] Agarwal, Vibhuti; Bahree, Megha (7 December 2011).
- [8] "India puts retails reforms on hold". *The Wall Street Journal*.
- [9] Sharma, Amol; Sahu, Prasanta (11 January 2012). "India Lifts Some Limits on Foreign Retailers". *The Wall Street Journal*.
- [10] Amol Sharma (24 June 2012). "IKEA Knocks on India's Door". *The Wall Street Journal*.
- [11] "Ikea shelves Indian retail market move". *The Financial Times*. 22 January 2012.
- [12] "Times of India Newsreport".
- [13] "Department of Industrial Policy & Promotion (FC-I Section), Press Note No.5 (2012 Series) - multi-brand retail" (PDF). Ministry of Commerce & Industry, Government of India. 20 September 2012.
- [14] "Department of Industrial Policy & Promotion, Press Note No.4 (2012 Series) - Single brand retail" (PDF). Ministry of Commerce & Industry, Government of India. 20 September 2012.
- [15] "FDI in multi-brand retail comes into effect; way clear for Walmart". *The Economic Times*. 20 September 2012.
- [16] "SMEs welcome FDI in retail". *CIOL*. 6 December 2012. Retrieved 28 February 2013.
- [17] "ICRIER Begins Survey of Indian Retail Sector." 19 March 2007.
- [18] "Indian Express, Indian Retail System".
- [19] *RETAILING IN INDIA: A REVIEW OF PRESENT SCENARIO, Chapter 4 (2011)*
- [20] "Global Economy: China, India confront WalMarts". *Asia Times*. 31 January 2004.
- [21] "FDI AND IMPACT ON INDIAN ECONOMY" (PDF). *International Journal of Research in IT, Management and Engineering, IJRIME*. 2012.
- [22] *GROWTH AND NECESSITIES OF FDI IN RETAILING IN INDIA*
- [23] *Services Sector, Government of India Budget Document, Chapter 10 (2012)*
- [24] *Investing in India, KPMG*
- [25] Mukherjee, Arpita; et al. (2006). *FDI in Retail Sector: INDIA, A Report by ICRIER. Academic Foundation. ISBN 978-81-7188-480-3.*
- [26] Mehta and Chatterjee (June 2011). "Growth and Poverty - the great debate" (PDF). *CUTS International*.
- [27] Jagdish Bhagwati (14 December 2010). "Hiren Mukerjee Memorial Parliamentary Lecture: Parliament of India" (PDF). *Columbia University, Parliament of India*.
- [28] "India again tops global retail index." 22 /6/ 2007.
- [29] "Economic and financial indicators" 3 July 2008.
- [30] "Indian Retail story from Myths to Mall." 11 August 2007.
- [31] Bahree, Megha (25 November 2011). "India Unlocks Door for Global Retailers". *The Wall Street Journal*.