

RETAIL MAREKETING

Effective retail marketing is vitally important for today's manufacturers. Without a presence in retail stores, businesses rarely achieve the high level of exposure or widespread product distribution that retail stores offer. Retailers can help small businesses by performing a wide range of marketing services, from promoting products directly to customers to giving customers a chance to view and test products.

Importance of Retail Marketing

Retailing has mirrored the increasing prominence of the retail industry. Retailing provides necessary service and a positive contribution to the economy. The importance of retailing is given below:

- Retailing shapes the lifestyle of people
- Retailing contributes to the economy
- Retailing dominates the supply chain
- Retailing is interdisciplinary
- Retailing offers itself as an academic course.
- Retailers have status as employers.
- Retailers are gatekeepers within the channel of distribution.
- Retailers have scope for expanding internationally.

1. Retailing shapes the lifestyle of people

Retailing shapes the lifestyle of the people: Retailing is an integral part of the modern society. It shapes the way of life. In the past, trading of goods was a part of a traditional society. But in recent times, buying and selling of goods have become a brand dominated activity.

2. Retailing contributes to the economy

Retailing contributes to the economy: The importance of retail sector is reflected in its contribution to the growth of an economy. Its contribution is much more visible in the modern era than it was in the past. As the retail sector is linked to the significant portion of the economy, its contribution to GDP is substantial. Retailing is the driving force of the economy. It aims at promoting its sustained growth.

3. Retailing dominates the supply chain

Retailing dominates the supply chain: Goods and service flow from manufacturers or service providers to consumers. Where consumers are large in number and are widely distributed, the role of retailers becomes crucial. Retailers serve as a connecting link between the wholesalers and consumers. Due to its dominant position in the supply chain, the retail structure has steadily developed over the years.

Now-a-days, retailing is characterized by large multiple chains rather than small scale independent retailers. The formalization and growing importance of retailing has made it powerful in the distribution channel. Now, retailers are compared with manufacturers which indicate the growing dominance of retailers within the supply chain.

Besides, the annual turnovers achieved by the retailers can be compared with the largest companies in other service industries.

4. Retailing is interdisciplinary

Retailing is interdisciplinary: The pace of growth within retailing is accelerating. Retailing has emerged from a number of interrelated disciplines such as geography, economics, management and marketing.

5. Retailing offers itself as an academic course.

Retailing is acknowledged as a subject area in its own right: Potter has described the academic study of retailing as the “Cinderella of the social sciences“. Retailing is an accepted area of academic debate, such as marketing and management, developed fully as an area of study. University research centers focus on retailing and professional appointments in retailing have been made. Academic journals focusing on retailing are being published worldwide.

6. Retailers have status as employers.

In today’s society, retailers are the major employers. It is estimated in developed countries that retail industry employs one in nine of the workforce. Retailers employ a significant proportion of the overall workforce.

More than two thirds of the retail force are women. Also, more than half of retailing employees are employed on a part-time basis. This, highly flexible workforce is capable of adapting to the differing labor demands. In the past, retailing employees got lower pay and had longer working hours. But now, the retail sector is becoming more organized with better pay scale.

7. Retailers are gatekeepers within the channel of distribution.

Retailers are gatekeepers within the channel of distribution: Retailers are becoming increasingly important in their role as gatekeepers within the channel of distribution. In the past, suppliers were dominant. Retailers supplied the merchandise that was on offer and consumers selected from them. As retailers have become significantly powerful, they are able to influence suppliers and stock only the brands they wish to sell. So, consumers are able to buy only what is stocked and offered to them by the retailers. Retailers are thus considered as shaping consumer demand.

8. Retailers have scope for expanding internationally.

Retailing has scope for expanding internationally: Retailing offers scope for shifting retail operations outside the home market. Retailers who focus on luxury goods markets are expanding their business internationally. Retailers are moving into more geographically and culturally distant markets

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.,

Characteristics or Features of Retail Marketing:

Retail marketing or organized 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 is 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 customer's 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.

Importance of Retail Marketing:

Products are created for consumption and satisfaction of the people. They should the reach 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, there 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 Dye 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 there by 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 continues 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 Manufactures and Middlemen:

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

6. Provision of Storage and Warehousing:

Buying in advances 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.
- i . Offer's 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 there by 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 manufactures 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 minimise wastage, cut down cost of operation and there by 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.

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.

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.

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.

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. Urbanization:

Growing urbanization 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.

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 provide 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.

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 Rasam Biryani 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 their outlets in different parts of the world. These Hypermarket Departmental Stores are introducing culture (Consumption habits) of one part of the world to the other part. Vasudaiv Kutumb i.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.
- iii. 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.

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