

## Retail Marketing Strategy

Prof. Sourabh Arora

Department of Management Studies

Indian Institute of Technology, Roorkee

### Lecture-10

Greetings everyone. I welcome you all to the session 5 of the week 2 of the course Retail Marketing Strategy. So, as far as this session is concerned we will be learning about another important facet of retail management decision process which is all about understanding various retail formats that exist in the retail dynamics today or what is being offered by the retailers to customers with respect to various options as far as the retailing formats are concerned.

#### Learning Objectives:

After going through this module, the learner will be able to appreciate:

- Various aspects of Retail management decision process (Continued): Major Retailing Formats

Extra Fodder for Thought: "Products From Trash"

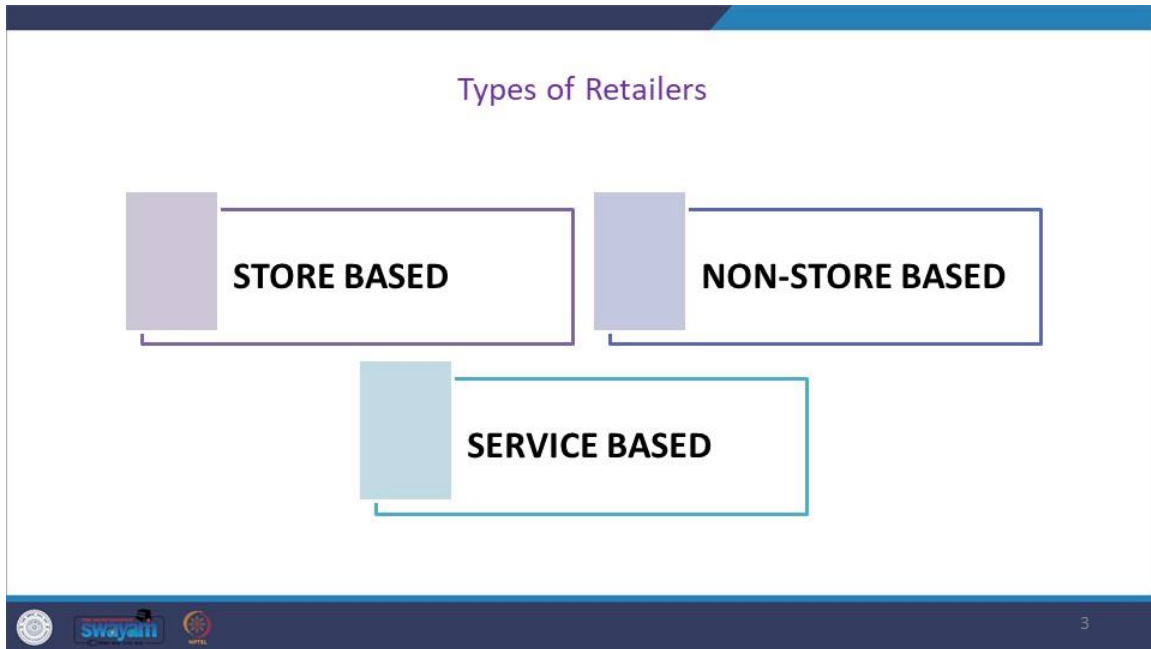
Learning Something New: "Go Error and Drop Error"



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Now, along with this we will also be discussing about a two exciting elements which is extra fodder for thought and learning something new. So, for this session extra fodder for thought is all going to be about a product which has been developed from trash and trust me you will be fascinated to see the kind of product category that we will be discussing in today's module and which basically has been developed from trash. This is definitely going to be something unexpected as far as our learnings are concerned.

Along with that we will be again getting back to the facet of learning something new which is about go ahead and drop error for this session and these two terms can be aligned with the new product development process. Now precisely when we talk about types of retailers what we have is store based, non store based and service based.



Now whenever you are talking about store based retailers what we are precisely talking is the retailers that have a physical existence or are also called as brick and mortar retailers or maybe in other ways you can say retailers that have a physical setup. Now this again can be further bifurcated into various facets like ownership based in which you have independent retailers, franchisees, chain stores, cooperative stores and merchandise based in which we precisely discuss convenience stores, supermarkets, hyper markets, speciality stores, departmental stores, factory outlets and finally catalogs.

And when we get to non store based what we precisely discuss is the retailers that technically or majorly do not use a physical setup to sell products. Let us say online retailing all these players like Flipkart, Amazon, Myntra all these basically operate majorly online. Apart from that direct selling can also be used as one of the ways of non based retailing. Kiosks can also be considered in ways in this example or vending machines and finally we get to the facet of service based retailing which is all about all these commuting services that you enjoy like Ola and Uber taking diagnostic services from a doctor can also be considered and that this going and enjoying a meal at a restaurant is also going to be a part of service based retailing even the lectures that you attend are all a part of service based retailing. But what is more exciting and fascinating is understanding the difference between products and services and then see how retailing experiences can be evaluated as far as the distinction between products and services is concerned.

The classification of retailers can be determined based on ownership, variety and assortment of merchandise offered, existence or non-existence of a physical set up and type of merchandise being sold i.e., product or service.

**Variety:** No' of merchandise categories offered by the retailer, this is also called as breadth, range of product lines that a retailer offers.

GROCERIES

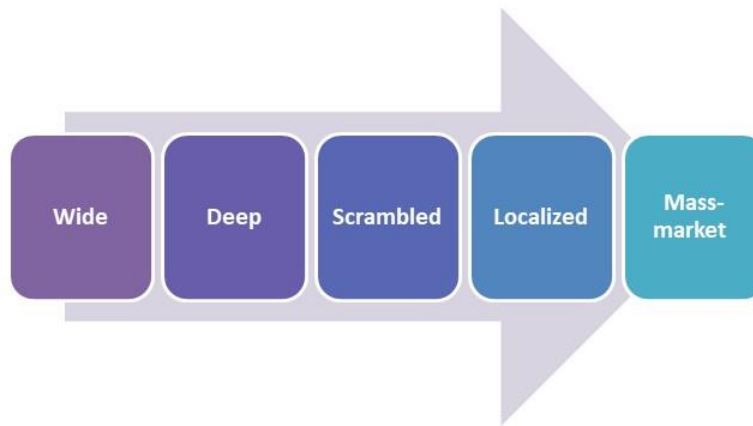
ELECTRONIC GADGETS

STATIONARY

Now when we further get into the classification this can be looked at from the perspective of ownership variety and assortment of the merchandise offered we precisely see the scale which a retailer offers to the customers in terms of products and services that they offer and even in terms of the size of the store in view of the square foot then existence and or non existence of a physical setup and type of merchandise which is being sold which is a product or service which eventually gets again to the facet of service based retailing or product based retailing right. But see in order to understand this into much deeper way what you need to understand are two key terms one is variety and the other one is assortment. Now whenever we are talking about variety what we say is number of merchandise categories that are being offered by the retailer this is also called as breadth. In simple terms you can also say the product lines which a retailer offers to the customers let us say the various examples of different product lines could be groceries, electronic gadgets and stationary. Let us say even if a retailer is also offering a payroll this is also going to be again one of the product lines which has been added.

So, groceries, electronic gadgets and stationery as all different product lines that are being offered by a retailer, but when you get to assortment what we see is number of different items offered in a merchandise. Now let us consider this example whenever you are looking at the perspective of let us say category you might have a perils then in a perils you might have woman wear. Now when you get to the facet of understanding whether a retailer is offering only party wear, casual wear and ethnic wear as well all these are going to be facets of assortment and assortment is going to be more deeper when there are more stock keeping units that are being offered by the retailer to the customers.

**Assortment:** No' of different items offered in a merchandise category



Now there are five ways in which you can basically understand assortment which is wide, deep, scrambled, localized and mass market. So, whenever you are talking about a wise assortment what you are trying to say is that a retailer is only offering a different product line or categories, but with lesser depth in each category which means it aims to provide more variety in the type of product lines offered, but does not provide a high number of products in each product line which means you might have only two three stock keeping units as far as different product lines are concerned.

Let us say there is a grocery store that provides a lot of different products, but only stocks one or two brands for each type of product because these retail stores precisely are employing a wide assortment strategy, but when you get to the next facet which is about deep assortment in these cases the strategy of the retailer is to provide a large number of options within a particular product category. Now this is precisely used by speciality stores that focus on offering one or a few products to utilize a deep assortment strategy. Let us say if you visit a supplement store you might only see one or two product categories, but what you are going to see is a much deeper assortment of products because you will have a large number of stock keeping options that will be available in a particular product category. Now when we get to scrambled assortment I think we have already discussed about it when a retailer starts offering products which are beyond their focus. Let us say a grocery store offering medicines or having a certain section which is basically offering pharma products or a grocery store keeping a certain line of let us say apparel.

Now these examples are going to be of scrambled merchandising, but whenever we are talking about localized assortment what we are trying to say is that a retailer is only going to keep a product mix which is much more aligned with the geographical requirements or which is much more aligned with the requirements of the local people. Let us say even if you talk about a brand like Zara they will not be selling same clothing inventory in Mumbai as far as the clothing inventory which they might keep in New York. So, this can be considered as an example of

localized assortment. Now the last type of assortment strategy which we are going to consider is definitely mass market. Now in mass market assortment strategy the retailer tries to keep a very large assortment of products because their whole ideology is about having a large consumer base.

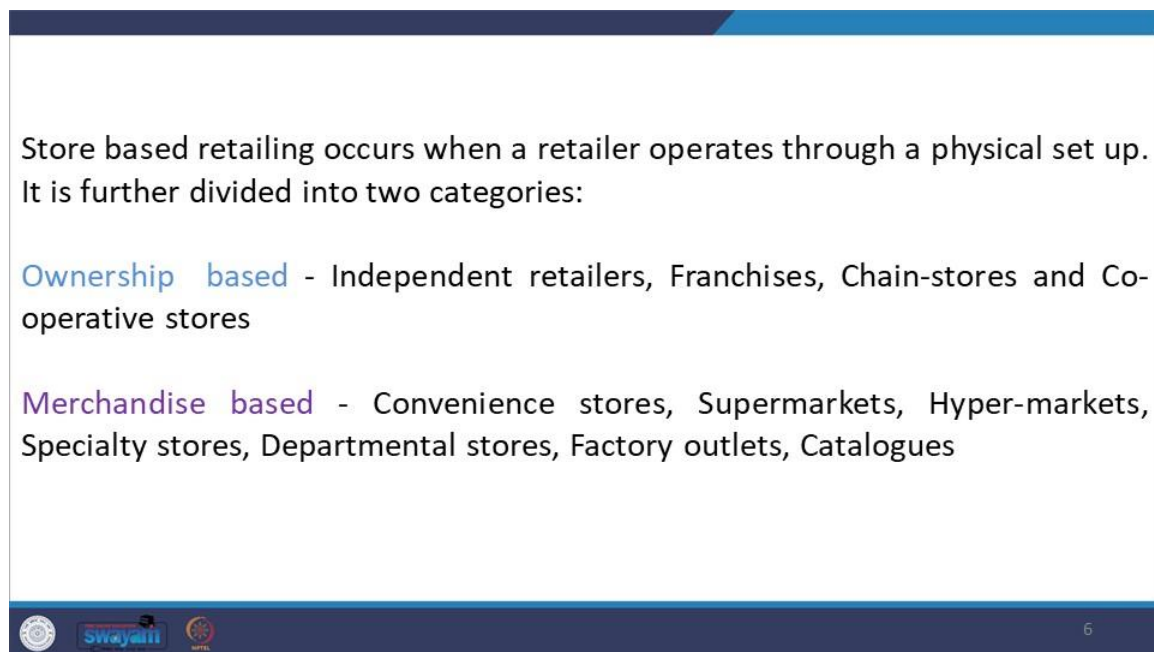
So, they try and keep a lot of products which actually appeal to mass market. So, examples of this can be Walmart and Amazon. Now if you go back and check into the Amazon website you will be able to see a lot of products that they are offering. Now that can be related to stationary packaged food items that can also be related to let us say bags or fashion accessories that can also be related to clothing or apparel where that can also be related to other product categories like let us say shoes perfumes. So, which means there is everything for everyone now this can be definitely considered as an example of mass marketing strategy.

So, I hope you got the perspective when we look at the facets of assortment as well as product categories that are basically offered by retailers. Now eventually we will be getting into the more depth of the store based retailing.

Store based retailing occurs when a retailer operates through a physical set up. It is further divided into two categories:

**Ownership based** - Independent retailers, Franchises, Chain-stores and Co-operative stores

**Merchandise based** - Convenience stores, Supermarkets, Hyper-markets, Specialty stores, Departmental stores, Factory outlets, Catalogues



Now we will start discussing the various facets of store based retailing. As I just said store based retailing is all about those retailers who precisely operate through a physical setup or have a physical existence. Now this can be further divided into ownership based retailers and merchandise based.

Now in ownership based what we precisely look at is independent retailers, franchisees, chain stores and cooperative stores and when we talk about merchandise based what we precisely look at is convenience stores, supermarkets, hyper markets, speciality stores, departmental stores, factory outlets and catalogs.

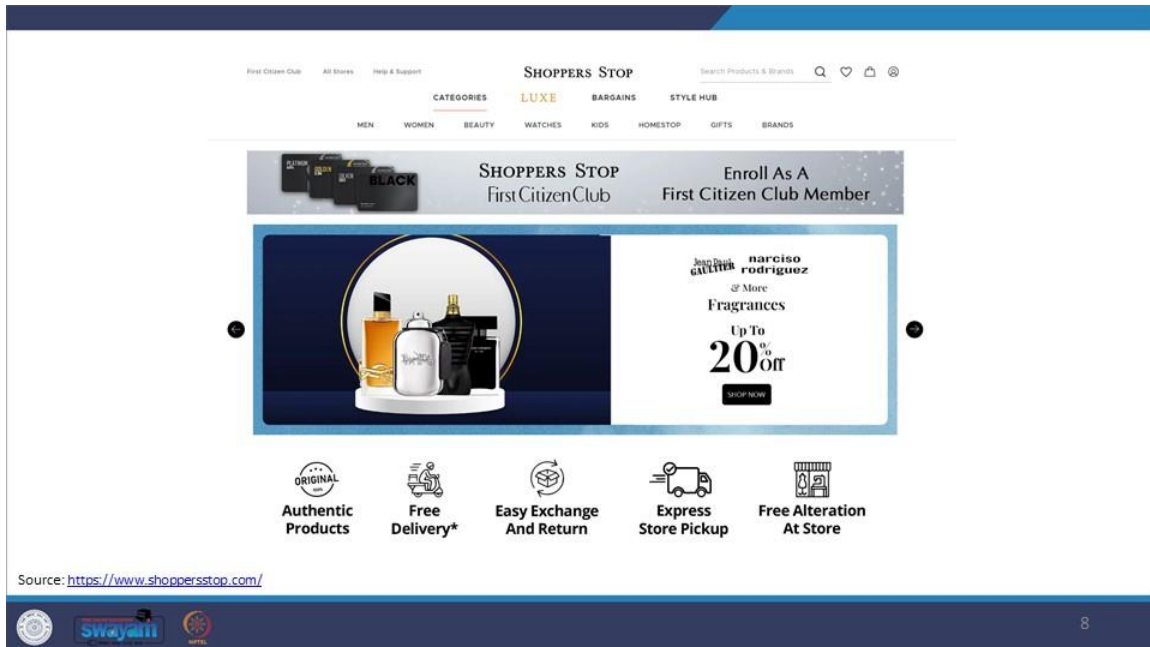
## Ownership Based

**Independent Retailers:** Such retailers run the store autonomously, family members can help, policies are determined independently, might be passed on from one generation to another. For eg. Mom and pop grocery stores

**Corporate Chain Stores:** Multiple outlets under sole/common ownership, spread over cities, centralized decision making for defining and implementing strategy, can adapt to customer requirements. For eg. Westside, Shopper's Stop, Food World etc.

Now with respect to ownership based whenever we are talking about independent retailers these retailers basically run the store autonomously which means they take all the important decisions and the store is completely controlled by them. Now family members can help but the policies are actually again determined by the sole owner of the store and sometimes these stores are passed on from one generation to another. Like many times you will see the grocery stores that you see in residential areas you at one point see that the father would be taking care of that store that after sometime you will see the son will also start taking care of the same store. Basically the kirana stores that we have which are also called as mom and pop grocery stores.

Now the next set of ownership based stores is about corporate chain stores. Now these are multiple outlets which operate under sole or common ownership which means the all the chain stores are operated under the common ownership which means are owned by the same individual or the entity itself. Now these could be spread over different cities but definitely have a centralized decision making processes. Now this can be with respect to defining and implementing strategy or also with respect to taking day to day decisions. Now various examples of corporate chain stores that we can consider is Westside Shoppers Stop and Food World.

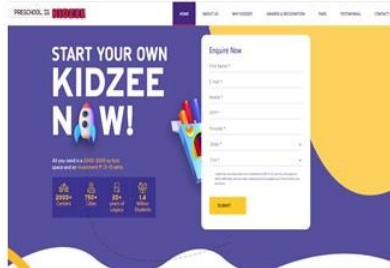


Now what you see on screen is the snapshot of Shoppers World which is basically a very popular chain stores as far as India is concerned. Now if you look below what you see is even today chain stores try and offer a very heightened experience to shoppers because you can see the snapshot has been taken from the Shoppers Stop website and what they are claiming is they are offering authentic products which is 100 percent original. Again they are trying to kind of have that as their unique selling proposition. Free delivery of the products now what you see is a star now this could be dependent upon the cities from which orders are placed. Some cities might have one day delivery options, some might have two day and this can even go to three days.

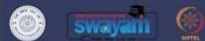
Easy exchange and return now this has become very important for all the retailers with respect to the developing gamuts of online retailing which actually take products with a no questions asked policy. So even physical retailers have now to have to adopt this now. Express store pick up which means you can have a click and collect strategy and you can pick up products from the store itself. Another benefit which they are providing with respect to their apparel segment is free alteration at store. Now you can see even the chain stores are competing with all they can and are trying to offer a very heightened and the best of experiences to the shoppers.



**Franchisees:** Tightly knit group of enterprises whose operations are directed and controlled by Franchisor, forms a contractual agreement, operations supported by the franchisor. For eg. McDonalds, Haldiram, KFC



Source: <https://partner.kidzee.com/>; <https://restaurant.indianretailer.com/news/nagpur-welcomes-its-first-mcdonalds-restaurant.n18803>



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Now when you move further what we look at is basically franchisees. Now these are precisely tightly knit group of enterprises whose operations are directed and controlled by the franchisor. Now this basically forms a contractual agreement between the franchisor and franchising. Now this can be related to sharing of profit, sharing of expenses with respect to marketing and operative mechanics of the store. But more or less in this cases a franchising is always supported by the franchising.

Now the examples that you can have with respect to this are McDonald's, Haldiram, KFC as well as you also see one of the snapshots of a kids zee school which again is one of the very popular examples of the franchisees as far as retailing dynamics are concerned. See but in this case you might be wondering what is the difference between a franchisee as well as a chain store. So we will be talking about that in brief now. Now when we talk about the differences between a franchisee and a chain store one of the facets is about ownership. In case of franchisee each franchisee might have its different owner whereas in case of chain stores there is only one owner chain owner who retains the full ownership as well as the control.

Then even with respect to profits there can be a split between the franchiser and franchisee in case of the franchisees whereas in chain stores all profits are retained by the chain owner itself. Even in case of a franchisee system the risk is shared between the franchisee and the franchiser as he or she also does not commands a full control whereas in case of chain ownership the whole risk is borne by the chain owner itself. As I had said in case of a franchisee system there is definitely going to be a some arrangement for sharing of expenses also now that can be related to operations, marketing or daily basis or the expenses related to running the store on daily basis whereas in case of chain stores all expenses are borne by the chain owner itself. But one differentiating factor is that in case of chain stores you can bring a very high level of consistency with respect to providing services, offering products and also you can have a major control over the ambience. But to an extent this can also work in franchisee stores depending upon the



agreement or the contractual agreement which the franchisee or the franchiser share.

**Consumer co-operatives:** Owned and run by consumers to provide products at reasonable prices. For eg. Apna Bazaar, Sahakari Bhandar



Source: [https://www.justdial.com/Mumbai/Apna-Bazar-Opisite-Fire-Brigade-Nana-Chowk-Grant-Road/022P28341\\_BZDET](https://www.justdial.com/Mumbai/Apna-Bazar-Opisite-Fire-Brigade-Nana-Chowk-Grant-Road/022P28341_BZDET) , <https://www.sahakaribhandar.com/>

Now when we move forth further what we look at is consumer cooperatives. Now these are owned and run by the consumers to provide products as reasonable prices. Examples of this in India can be Apna Bazaar and Sahakari Bhandar. Now the advantages that you have for cooperative stores are they avoid complete intervention of middlemen which means the cost are reduced and the benefits are shared by the cooperative members and then passed on to the consumers. Also these are precisely opened at convenient locations.

The people who come together and form these consumer cooperatives have limited liability which is again limited to the level of capital that they contribute. These are managed democratically and basically use a voting system with respect to deciding upon the major decisions which might impact the functioning of the stores on a broader level. But the disadvantage is these people usually do not have that essence of advance managerial skills how the stores can be run. So, I think you gain some perspective about consumer cooperatives as well as chain stores, franchisees and independent retailers. So, what we are going to discuss now is the classification of retailers on the basis of merchandise.

## Based on Merchandise

**Supermarkets:** Large, Low cost, low-margin, high-volume, self-service stores designed to meet total needs for food and household items. 70% selling space is reserved for food and grocery products.

**Supercenters:** Large stores (1,85,000 square feet), combine a supermarket with a discount store, broad assortment of grocery + general merchandise . For eg. Walmart, Super-target



Now, we will be differentiating retailers on the basis of merchandise that they offer. So, the first category that you have is a supermarkets. Now, these are basically large when it comes to the space that they have in terms of square feet and usually rely on low cost, low margin, high volume products which means they will be basically involved in products which usually have a very high turnover which indicates people would come and buy them on regular basis that is why their turnover is very high, but they indeed have a very low margin and these are precisely self-service stores which are designed to meet the total needs of food and household items. In terms of percentage in supermarkets 70 percent of the selling space is actually reserved for food and grocery items. The examples of this could be Star Bazaar and Demart stores which are very popular as far as India is concerned.

Down the next category that you have is a supercentres. Now, in terms of space which is precisely looked at from the perspective of square feet what they have is 1,85,000 square feet of space and these are precisely large stores. These basically work on the idea of combining a supermarket with a discount store and they offer a very huge assortment of groceries to customers along with the general merchandise that is usually bought by people. The examples of this could be Wal-Mart and Super Market.

**Hypermarkets:** 1,00,000 to 3,00,000 square feet, combines food (60 - 70%) + general merchandise (30 - 40%), generally carry less stock keeping units than super centers. For eg. Big bazaar in India, Carrefour

**Convenience stores:** Stores in residential areas, usually small, limited line of high turnover convenience products, operate on low profit margins.

Now, the next category which we discuss is of hyper markets which basically have the space of 1,00,000 to 3,00,000 square feet and combines food and general merchandise.

The ratio is 60 to 70 percent of is food or groceries and 30 or 40 percent gets to general merchandise. These usually carry less stock keeping units as far as supercentres are concerned and examples of this could be Big Bazaar, Vishal, Megamart and Reliance retail as far as India is concerned. Now the next thing which we are going to discuss is of convenience stores. These basically are located in residential areas are usually small and offer a limited line of products to customers and these again rely on high turnover convenience products which usually have very low profit margins. Now examples of this could be more Reliance fresh 24 by 7 stores.

Another set that you have is of discount stores which offer a very broad variety of merchandise, but definitely rely on limited service low prices, low margins and high volume stores.

**Discount Stores:** Offer a broad variety of merchandise, limited service, low prices, low margin, high volume stores

**Off-price retailer/Factory outlets:** Left over goods, irregular merchandise, prices less than retail. For eg. Nike factory outlet, Bombay dyeing factory outlets



See one facet is these are anyway discount stores right. So, they keep like you have a no frills airlines line which were not provided so many services, but the cost of the ticket is less. These operate on similar lines there are very limited services and that gets then translated into cost savings for the customers. Then what we get on to is off price retailer or factory outlet these precisely sell leftover goods and have irregular merchandise.

Now when we talk about irregular merchandise what we are trying to say is let us say if there is a off price shoe store then for certain stock keeping units you will see that only size 7 or 8 is available. Then for another stock keeping units only size 5 or 6 is available. Now this can even be applied to merchandise like for some t shirts you might only have size L and for some you might have only have small. Now the prices in factory outlets are usually less than the retail stores. Now examples of this could be Nike factory outlet and Bombay dyeing factory outlets.

These are usually located in suburbs or outcasts of the city which eventually also helps them to control the cost of operating stores.

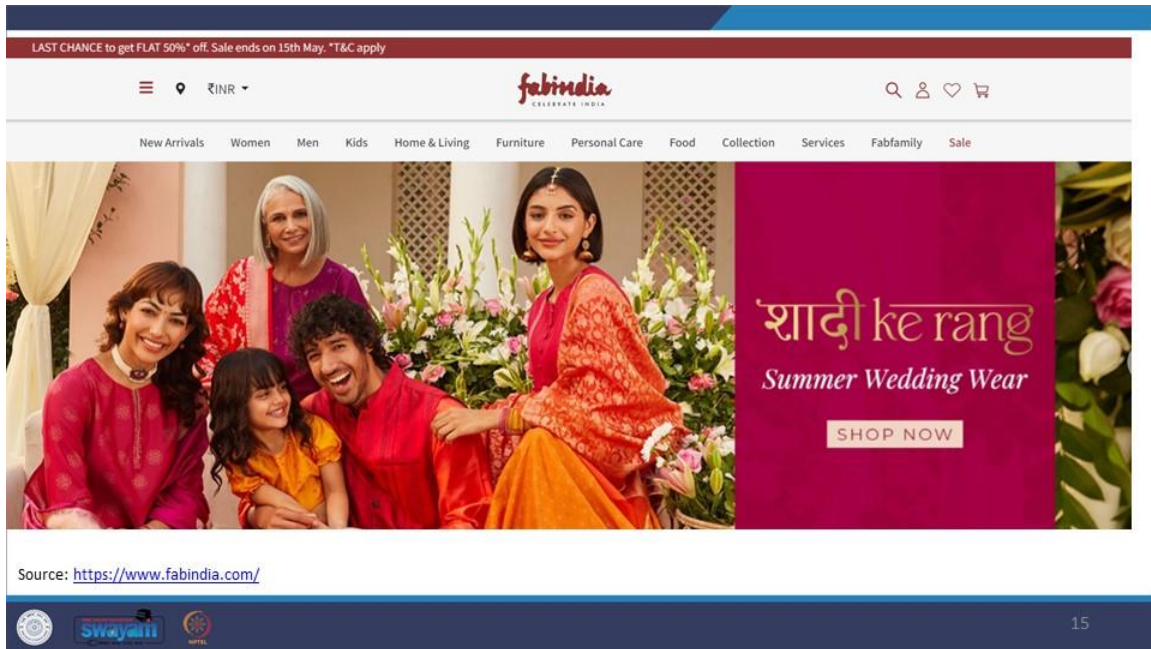
**Departmental Store:** Broad variety, deep assortment of products, offer customer services, organize stores into different departments for displaying merchandise. In order to deal with eroding market share, departmental stores are focusing on exclusive merchandise, undertaking creative marketing campaigns, expanding their online presence

**Specialty Stores:** Limited number of complementary merchandise, high level of services. For eg. Fab India, Archie's



And finally, we get to departmental stores which offer a very broad variety and deep assortment of products to customers. They also offer assisting services with respect to taking information about products or taking assistance of the sales staff in making right product choices or even taking demos of certain products. So, these stores are basically organized into different departments for displaying merchandise and in order to deal with the eroding market share departmental stores today are focusing on exclusive merchandise undertaking creative marketing campaigns and also trying to expand their online presence. So, the example of this can be Max Fashion and Pantaloon as far as India is concerned.

Now whenever we are talking about specialty stores the specialty term anyway indicates there is something which is going to be special with respect to product offerings in these particular stores. Now this specialty only indicates that they only deal in depth with anyone of the product categories or items and they have very limited number of complementary merchandise and offer high level of services. The examples of this could be Fab India, Archies, Toys R Us and Hamleys. Like when you talk about Hamleys they only specialize in offering toys to the customers. Archies gifts and greeting cards and all such products, but when you talk about Fab India

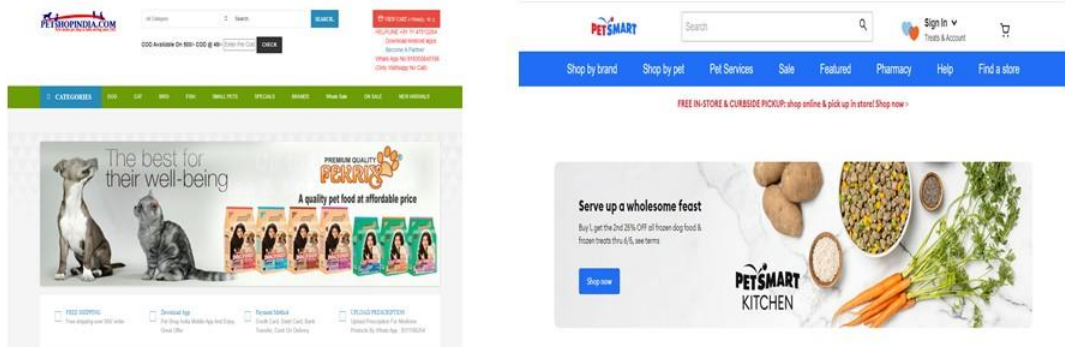


though initially it started by offering only ethnic where now they have expanded to a lot of product categories now that can be related to clothing with respect to when women and even kids, home and living or furnishing items they are also selling furniture, personal care products now that could be a toothpaste, shampoo, soaps also food items, packaged food items then they also offer a lot more collection of products and services which you go and check after visiting their website.

The only idea of showing this particular snapshot was to show that you might have retailers evolving over time and offering a lot more products and services to the customers in order to capture a larger market share and sustain for a longer times as well as keeping their profitability intact. Now another category which we are going to discuss is of category specialist.



**Category specialists:** Offer narrow but deep assortment of merchandise. For eg. Pet shops, Old heritage store etc.



Source: <https://www.petshoppingindia.com/>, <https://www.petsmart.com/>

Now these offer narrow but deep assortment of merchandise like let us say you have pet shops which only deal in products and services which are basically used by pets or old heritage store which might be selling only products that have that angle of heritage with them. Let us say some old clocks or some old furniture items or some old arty crafts or some old utensils and all those things. So the snapshots that you see are of PetShoppingIndia.com and PetSmart which are two very popular category specialists as far as the market of pets is concerned.

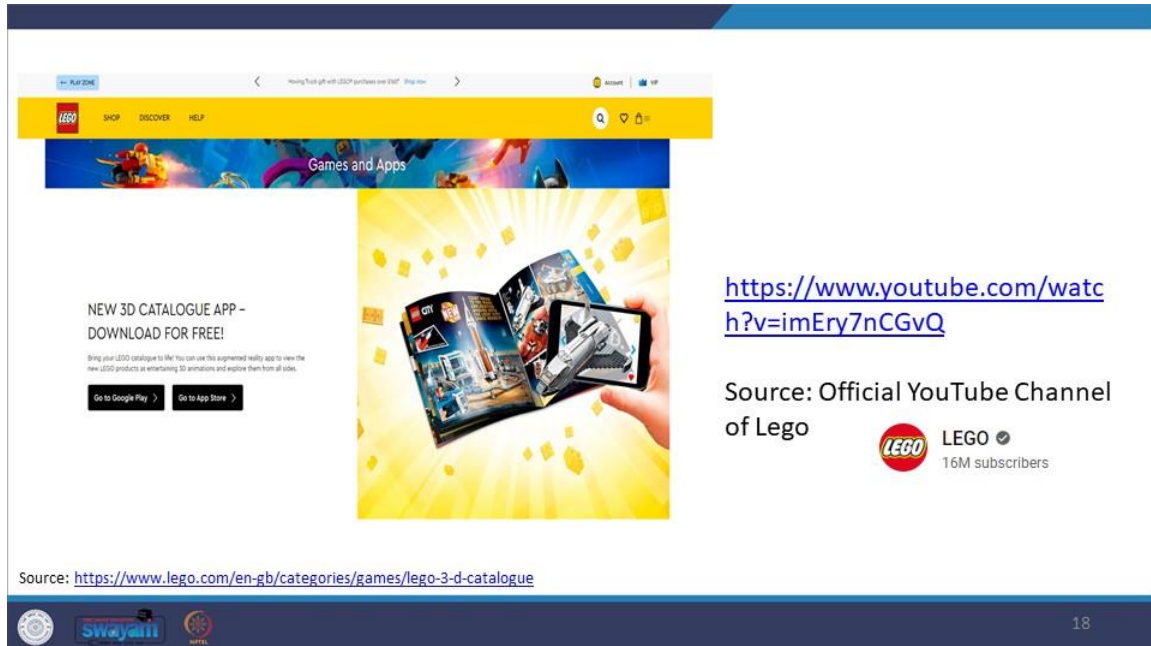
**Catalog Showrooms:** Broad selection of high mark up, fast moving goods, branded, sold by catalog at a discount

*Ever heard of 3d Catalogs?*

Now finally what we look at is catalogue showrooms. These basically offer a broad selection of high market fast moving goods but these are only sold through a catalogue and can be offered on

a discount. Now what we mean by catalogue that basically a document is provided to you which enlists all the products that a retailer wants to sell along with pricing information. You can see and select the products from there itself.

If you need more information then assistance is definitely provided to the customers. Now that can be through a helpline or that can also be through a physical store which might exist but there you will be able to see the products. The orders can only be placed through catalogue. But as far as catalogue shopping is concerned this is also getting very fascinating by the use of 3D catalogues.





NEW 3D CATALOGUE APP -  
DOWNLOAD FOR FREE!

Bring your LEGO catalogue to life! You can use this augmented reality app to view the new LEGO products as entertaining 3D animations and explore them from all sides.

[Go to Google Play](#) [Go to App Store](#)

<https://www.youtube.com/watch?v=imEry7nCGvQ>

Source: Official YouTube Channel of Lego

 **LEGO**   
16M subscribers

Source: <https://www.lego.com/en-gb/categories/games/lego-3-d-catalogue>

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So considering the facet of 3D catalogue there is one company which has executed this in fantastic ways and that is definitely Lego.

And we'll be looking at this video now. This has been derived from the official YouTube channel of Lego and you'll be able to see the magic of the 3D catalogues and how they can be so fascinating and stimulating for the customers. So please have a look at this video and then we'll be moving forward. So, I hope you really enjoyed looking at the video of the Lego as far as their 3D catalogues are concerned. So, the whole idea of 3D catalogue is to offer a immersive and stimulating experience to the shoppers and this can also be translated into a feel good factor. Also helping customers to understand or diagnose the products in much better ways and eventually leading to a positive attitude and eventually conversions with respect to buying.

Now the next facet which we are going to discuss is about non-store based retailing in which what we look at is direct selling.

## Non-Store based retailing

**Direct Selling:** Also called as multi-level of network marketing. Followed by companies like Amway

**Direct Marketing:** Tele marketing or Internet marketing

**Vending machines**

**Postal Orders - Do they exist?**




Now direct selling basically is about face to face selling in which we basically look at personal selling mechanics and we'll be talking about this in detail and a lot more as we'll move in the further weeks of the course. This can also take account of the network selling where the network marketing is followed by companies like Amway in which you have a representative who will then selling it to certain set of customers and then they'll be selling it further to another set of customers in their circle or by organizing meetups like kitty parties or get togethers where the products are pitched to different prospects. Now the next segment that you have in non-store based retailing is direct marketing which is all about using telemarketing and internet marketing. See whenever we are talking about direct marketing what we are trying to say is there is no middleman in between that's where the essence of telemarketing and internet marketing lies and as far as internet marketing is concerned we'll again be talking a lot more about online retailers what are the facilities that they offer and how they differ from traditional brick and mortar stores and what are the challenges that online retailing has brought in for the retailers.

We'll also be talking about this a lot more as we'll move in the further sections of this course and finally we also look at vending machines and also postal orders but postal orders don't exist as of now the only reason why I kept this is to kind of give you an opportunity and go and discuss more about this with your grandparents and parents and they might have some examples to share about as well as postal orders are concerned. But whenever you are talking about vending machines this also has been kind of adopted widely in the country and one example one common place is airports.

## Vending machines





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### Xiaomi introduces vending machines in India—for smartphones




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Xiaomi's Mi Express Kiosk vending machine

Source: <https://www.livemint.com/technology/gadgets/xiaomi-introduces-vending-machines-for-smartphones-1557731790175.html>,  
<https://www.betaautomation.com/20-shopping-cart/36-retail-vending-machines.html>

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If you have been at airports I'm sure you must have seen some kiosks with respect to selling chips, water or some beverages. Now Xiaomi also introduced vending machines in India for selling smart phone accessories and also smart phones and the same was adopted by Baskin Robbins as well as far as vending machines are concerned. But I want to leave you with one thought I want you to think about what are the benefits of vending machines with respect to other retailing formats or if you think there are any disadvantages as far as the vending machines are concerned and I'll be happy to read about your views on the same in the forum section.

## Service Based Retailing

### Understanding the difference between products and services

Emphasis is on 'intangible'

Includes services like Banking, Airlines, Movie theatres, Entertainment parks, Car rentals, Credit card services etc.






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Now the last segment of this module is definitely about service based retailing in which we precisely look at retailing services like banking, airlines, movie theatres, theme parks, car rentals, credit card services, diagnostic services or healthcare services and a lot more. But as far as the services are concerned the emphasis is always going to be on intangible which means you can't touch and feel the services that's why their evaluation becomes much more difficult and if you remember in one of the initial sessions we had discussed in brief about physical evidence processes in people and how they become much more important with respect to the facet of services. But as we'll be moving forward in the consumer behaviour part we'll be again looking at the retailing from the perspective of products and services where we'll be looking at the key difference as far as the products and services are concerned. But the whole idea is to give you a perspective that product based retailing and service based retailing definitely require different kind of strategies not in terms of evaluation, but it also in terms of how you create enhanced satisfying or delighted experiences for your shoppers. So, this is definitely going to be a key discussion point as we move forward.

Now we are again back with the thrilling elements of our course which is extra fodder for thought and I have just said in the beginning this is all going to be about I am trash which is one of the most popular scenes and that was made from unwanted products or trash.


Extra Fodder for Thought

I am Trash





<https://www.youtube.com/watch?v=NCvt4BAHE3c>

Source: Official YouTube Channel Ogilvy Paris

 Ogilvy Paris  
2.05K subscribers

Source: <https://www.fragrantica.com/news/I-Am-Trash-Les-Fleurs-de-Dechet-Etat-Libre-d-Orange-11398.html>

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So, we'll be looking at this video and this has been taken from the official YouTube channel of the Ogilvy Paris. So, we'll be first looking at this video and I am sure this is definitely going to blow your mind with respect to this particular product which means a perfume being developed from trash.

So, please have a look at this video.


*Trash. But never waste. The most wanted scent made from the unwanted. Me fleur du déchez et t'es les vreaux de ranche.*



So, I really hope that you enjoyed looking at the video. Now we'll be moving to our next thrilling element which is learning something new.

So, as far as this module is concerned we'll be learning two new terms which are go error and drop error. Now these both can be aligned with the new product development processes.

## Learning Something New






### Go Error and Drop Error:

**Go Error:** Permitting a poor idea to move into development

**Drop Error:** Dismissing a good idea

Source: Marketing Management, Kotler, Keller, Koshi and Jha, Pearson Publication

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Now go error happens when any strategic group or people who are involved in the development of products permit a poor idea to move into development and this definitely can be very costly because you might be spending a lot on developing prototypes, launching products in market, going for a very high commercialization. So, all the resources are definitely going to be a big waste.

Then drop error happens when you dismiss a good idea. Do you know that there is a very popular show called as Friends in its initial screening or when a few shows or episodes were developed many people felt that this show is definitely not going to work with people and we all know that today it is considered as one of the cult shows. Now if that show would have been dropped at that time that would have been considered as a drop error. But frankly speaking there is no fixed formula as far as the go error is concerned which means like you might take even a poor idea forward and it might work if later on other things are put in place or creative processes are adopted to improve a product or maybe align it with the needs of the customers. The same happens with go error. So, there are no fixed formulas for figuring out these, but the whole idea is the marketing approach should definitely be very strategic which means the required amount of research should be conducted in a very systematic and scientific way.

Let us say by taking consumer interviews, by doing the quantitative analysis or maybe hiring you know anthropologist to understand how people use certain products or how they behave in certain social situations or many other ways which can be figured out or adopted to make sure that the possibility of both go error and drop error can be avoided. So, I really hope that you



enjoyed learning about these two terms. So, now we will be again meeting in next week and we will be talking about the remaining part of retail management decision process. So, looking forward to meeting you soon in the next lecture wishing you a good day ahead as of now. Thank you.