

## Retail Marketing Strategy

Prof. Sourabh Arora

Department of Management Studies

Indian Institute of Technology, Roorkee

### Lecture-11

Greetings everyone and welcome back. Today we will be beginning with the session 6 of the week 2 of the course Retail Marketing Strategy. So, as far as this week is concerned we will be precisely completing the remaining facets of retail management decision process which is about other key decision domains as far as the success of retailer or day to day operations are concerned.

#### Learning Objectives:

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

- Various aspects of Retail management decision process (Continued) : Other key decision domains
- Kahn's retailing success matrix
- Key factors for success in retail



We will also be looking at the Kahn's retailing success matrix and finally, we will get to the keys factors for success in retail.

## Retail Management Decision Process



Source: Levy, Weitz and Pandit, Retail Management, pp. 21



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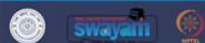
Now, particularly in this module we will be looking at the facets of multi-channel retailing consumer buying behavior to finally getting to the store management as far as all important decision facets of retailing are concerned.

## Multi-channel Retailing

Multichannel customer management as “the design, deployment, coordination, and evaluation of channels to enhance customer value through effective customer acquisition, retention, and development”.

Put simply, it is about offering multiple touch points to customers to interact with the retailer.

Source: Neslin, S.A., Grewal, D., Leghorn, R., Shankar, V., Teerling, M.L., Thomas, J.S. and Verhoef, P.C., 2006. Challenges and opportunities in multichannel customer management. *Journal of service research*, 9(2), pp. 95-112. Verhoef, P.C., Kannan, P.K. and Inman, J.J., 2015. From multi-channel retailing to omni-channel retailing: introduction to the special issue on multi-channel retailing. *Journal of retailing*, 91(2), pp.174-181.



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Now, whenever we talk about multichannel retailing technically it is defined as the design deployment coordination evaluation of channels to enhance customer value through effective customer acquisition retention and development right.

So, if you look at enhancing customer value the whole idea is to make sure that the consumers are not making much of sacrifices for the value that they are getting. Let us say if there is a retail

store which is in the outskirts of the city and it might require for a certain customer to go there and eventually he will be investing some time resources also right. So, the benefits of going to that store must surpass the time cost which are being incurred, but in specifically in case of multichannel retailing what we look at is the facet of offering multiple touch points to the customers right giving them the option to buy through mobile physical store or desktop apps or let us say catalog shopping telemarketing. So, collectively when you offer all these touch points this is called as multichannel retailing.

Each standpoint is going to be a standalone touch point in all complete ways there is not going to be any kind of interconnectivity between these touch points, but again the whole idea of multichannel retailing or customer management is to work towards effectively acquiring retaining and developing customers. Let us say there is a certain segment of customers who is not comfortable going to the physical store and buying products from there. So, for them we have online channels, but there is a certain segment of customers who might prefer going to the physical store evaluating the touch and feel of the product taking some help from or assistance from the sales staff in figuring out whether the product is going to be good for them or in technical ways whether there is a good product fit as far as consumer needs are concerned or not. So, all these channels are used to acquire customers in different ways you might have a certain segment of customers let us say younger population who might only be interested in buying through mobile apps for them you offer this particular touch point. But again in case of multichannel retailing the focus is also on retaining and developing those customers retaining as in you would not want them to move to the competitors, but for this what is much more required is to offer a omni channel retailing experience where all the channels are much integrated and you are able to map each and every move of the customers and then that can be utilized for coming up with right strategies in order to retain and develop those customers.

But to put it very simply it is all about offering multiple touch point to customers to interact with the retailer.

## Omni-channel Retailing

Omni-channel management is defined as “the synergetic management of the numerous available channels and customer touchpoints, in such a way that the customer experience across channels and the performance over channels is optimized”.

In case omni-channel retailing, integration between different touchpoints is the key

Source: Neslin, S.A., Grewal, D., Leghorn, R., Shankar, V., Teerling, M.L., Thomas, J.S. and Verhoef, P.C., 2006. Challenges and opportunities in multichannel customer management. *Journal of service research*, 9(2), pp.95-112. Verhoef, P.C., Kannan, P.K. and Inman, J.J., 2015. From multi-channel retailing to omni-channel retailing: introduction to the special issue on multi-channel retailing. *Journal of retailing*, 91(2), pp.174-181.



As I was just saying the key lies in offering a omni channel retailing experience. So first we look at the technical definition of omni channel management. So it is about the synergetic management of the numerous available channels and customer touch points in such a way that the customer experience across channels and the performance over channels is optimized. So it is all about offering a seamless retail experience in which there is a very high integration and connectivity between all the channels like if you remember in the last session also I gave you an example let's say if I buy Nike shoes from the physical store if the option of returning them through the mobile app and getting the refund in my account is being provided or is being offered that can be considered as one of the way of omni channel retailing.

In other ways let's say if I order a product through a mobile app and if I have the option of going and returning it to the physical store and taking cash back from there then this again is going to be an facet of omni channel retailing. But as far as omni channel retailing is concerned the key is always going to be integration between different touch points and again it becomes very enhanced benefits for retailers in terms of understanding consumers how they shop how they utilize different channels what are the combination of channels that they create with respect to minimizing their shopping benefits. But see as far as omni channel retailing is concerned it's not that everything is hunky dory and it's all going to be about benefits. If you remember in the introduction slide I had mentioned about customer just vanishes now that is again one of the negative outcomes of omni channel or multichannel retailing experiences. What happens is you will have customers logging to the app checking products but later on you will see the purchase has not been closed they would just vanished.

Many times what consumers do is they would go to a store they would try the product and they would come back and buy it online which is called as showrooming. Another set is you might find them webrooming which means they would go to online channels they would collect all the information but they would not buy from an online retailer they would come back and buy it

offline. But the mechanics of why consumers do so why they showroom why they webroom or why free riding is emerged as one of the very critical challenges for online retailers is something we will be discussing in a very separate module. But as far as this is concerned what you need to understand is omni channel retailing is all about the integration that happens between different touch points. Now another thing which we need to discuss as a part of retail management decision processes consumer behaviour which is all about the study of consumer actions with respect to how they search for product information which means pre-purchase information search how they purchase those products which again we will be looking at what are the channels that they prefer what are the various motives that lead consumers to either use an online channel or an offline channel.

### Consumer Behaviour

Consumer behaviour is the study of consumers' actions during searching for, purchasing, using, evaluating and disposing of products and services.

The consumer decision making process can certainly be looked at from the perspectives of the *Input, Process and Output*

While, input indicates marketing communications (advertising, buzz agents and social media) and socio-cultural influences, the process captures need-recognition, information search and evaluation of alternatives, and finally the output signposts purchase and post-purchase behaviour.

You will even be surprised to see that for certain products consumers will prefer an online channel and for certain products they will prefer an offline channel and then we also see the mechanics of how they use the products and how they evaluate them and finally even how they dispose these products and services. So technically consumer decision making process can certainly be looked at with respect to the lens of input process and output. Now whenever we are talking about input we precisely look at marketing communications which means from where are the consumers being fed now that can be done through advertising buzz agents social media now that can also happen through their friends family members which are technically called as reference groups or opinion leaders that influence consumers. Apart from that then we also see the process part of it which is basically aligned with need recognition how consumers recognize their needs and then how they search for information and how various product alternatives are evaluated let us say why they would buy an option a why they would not buy an option b or why they would prefer an option c then we also look at the mechanics of consideration set evoked set and in upset and finally we understand the output part which is all related to eventually purchasing the product and post purchase behavior which can be looked at from the perspective

of cognitive dissonance and also satisfaction dissatisfaction and delight. Now again we will be talking about this a lot more when we will be moving to the next week but for now what becomes important to understand is the fact a retailer definitely needs to understand how consumer behaves because eventually this is going to determine what are the channels a retailer is going to offer to the customers what is the role that they are going to play with respect to offering information sharing services assistance to the customer because for many products consumers might require a great deal of information like let us say where the monetary investment is high or where the shopping involvement is otherwise heightened.

So in such cases this is going to be of critical importance to understand the mechanics of or the intricacies of consumer behavior.



Now the next part which we are going to discuss in this is retail marketing strategy. Now retail marketing strategy is all about how the retailer plans to use its resources to accomplish the defined objectives. So in this case we technically look at what is the target market which a retailer wants to aim at like maybe we can say what is the segment of customer that a retailer would like to cater to then in this case we also see how they want to create a sustainable competitive advantage. So as far as retail marketing strategy is concerned what we look at is a retailer is definitely going to analyze their strengths and weaknesses right.

Now once the strengths and weaknesses have been realized this will also give you an indication of the customer base that a retailer will be interacting with or catering to. Let us say if the strength of the retailer lies in developing elite products which are of very high quality and they might even command a high price then the section of customers that a retailer will be dealing with is going to be entirely different even with respect to the services that are provided in store. Even with respect to the ambience of the store there is going to be a stark difference with respect to the retailers that are dealing in products which are basically economic low ticket items. So

even the competition is going to vary as far as this is concerned. Another thing which retailer needs to identify is their target market.

Now again this is going to lay the foundation of the products that you will be manufacturing the kind of services that you will be offering even the kind of retail formats that you will be picking up. Let us say if your product is basically directed towards senior citizens then it might not be that worthwhile to kind of adopt a completely online retailing strategy because as far as senior citizens in India are concerned they might not have those consumer skills to search for information place orders online. If otherwise your strategy is all about first building or enhancing their skills or maybe virtual or maybe using virtual assistance to place orders that can work. So if we further elaborate on this with respect to a different customer segment let us say a youth we can consider the example of CCD and Barista. Now Barista is precisely used by people who go to offices and for office meetings so it has a different vibe different ambience to it.

But if you talk about CCD it is more youth driven people come there for having a good time and chit chat with friends. If you compare the ambience of CCD with Barista you will be able to notice stark differences as far as their audience is concerned or target market is concerned with respect to youth who are basically coming for a fun time vis-a-vis the people who are coming for business meetings. Now retail marketing strategy is also going to determine the merchandise that you will be selling. Like in case of Fab India when they want to cater to male female as well as kids their merchandise is available in all these product categories. They have certain products for men women as well as kids also but if you look at Manyavar they were initially precisely only catering to men later on they also started venturing into products for women.

As far as my knowledge goes they are now not 100% with respect to kids. So this is again one thing which you can check out and maybe consider as a homework from my end. What is the point if there is no profitability? So a retailer is also need to take account of the investment in profits they need to do a business analysis and profitable analysis to figure out if this is going to be profitable in long term. Now another important decision which a retailer is required to take is about location. In earlier times location was one of the most critical factors which determine the success of retailers but the whole idea in today's retailing dynamics is does it matter when we are talking about online stores.

So this is again an important facet that we will be talking in detail as we will move to the further sections of the course. And finally as a part of retail marketing strategy we also look at the organizational design which means all the decision making is centralized or decentralized. So all this in a generic way was all about touching important key points with respect to retail marketing strategy whether it is about doing a SWOT analysis which is about analyzing the strengths, weaknesses, opportunities and threats also or identifying the target market or determining the merchandise that would be sold at retail stores and even figuring out if this is going to be a profitable venture and decoding the mechanics of location decisions. But one thing which again I would repeat lies at the core of retail marketing strategy is about how you can achieve a competitive sustainable advantage vis-a-vis your competitors. So I really hope that you got some very nuanced perspective about a retail marketing strategy in brief.



## Financial Strategy

Financial objectives are an integral part of a retailer's strategy

No retailer would prefer operating at losses

A retailer should make a thorough analysis of the profits for not only current year but also check for the estimates and projections for next year

So as I was just saying it is equally important for a retailer to have financials in place because no retailer would prefer operating at losses. So it has to be in part of integral part of a retailers marketing strategy. See if you remember I told you about analyzing or understanding consumers with respect to their profitability or a segment of consumers which are not very profitable. It is completely going to be futile for a retailer if they keep on continuing or providing enhanced level of services to consumers who are not very profitable for them. I have we had also discussed the example of Sprint I would urge you to go back and Google more about it.

But as far as financial strategy is concerned return on investments becomes very critical for a retailer and a retailer should not only make a thorough analysis of the profits for the current year but they should also check for the estimates and projections for the next year.



## Customer Relationship Management

Customer Relationship Management (CRM) is an important aspect of running a successful retail business.

CRM involves developing and maintaining strong relationships with customers by understanding their needs, preferences, and behaviors.

Retailers can use a variety of strategies and tools to implement CRM, including:

Now as far as retail management decision mechanics are concerned it is equally important to have a customer relationship management strategy in place. Now customer relationship management strategy is all about developing and maintaining strong relationships with the customers by understanding their needs preferences and behaviors. Now there are two terms which are quite popular one is customer relationship management other one is relationship management. The only difference is when we are talking about customer relationship management we are only focusing on customers but whenever we talk about relationship marketing we also focus on other stakeholders like suppliers, government and the people who provide us funds.

So I hope you got an idea about the differentiation between CRM and relationship marketing. So as far as retailing is concerned the retailers can use a wide variety of strategies and tools to implement CRM.

**Loyalty Programs:** Offering customers rewards and incentives for repeat purchases can help build a strong relationship with them. Loyalty programs can also provide valuable data on customer behavior and preferences.

**Personalized Marketing:** Using customer data to personalize marketing messages can increase engagement and loyalty. This can include personalized product recommendations, email marketing campaigns, and targeted advertising.



So one way could be by offering loyalty programs which means you offer rewards and incentives for repeat purchases with the focus of building a strong term relationship with them and otherwise also loyalty programs can also provide a valuable data for understanding consumer behavior and preferences in a very insightful way. Apart from that you can also implement personalized marketing which is all about offering personalized marketing messages to customers which eventually lead to very high engagement and loyalty but the personalized marketing should not only be related to personalizing marketing messages but it should definitely go beyond offering personalized products which can definitely have an element of customization. Apart from this you can also get a specific sales promotion tactics or personalized sales promotion offers for the customers and definitely personalization can also be implemented through product recommendations which again is going to be a huge insight coming from the data that you gather and how you analyze it and along with that from email marketing campaigns and by adopting targeted advertising.

**Customer Service:** Providing excellent customer service is crucial for building a strong relationship with customers. Retailers should aim to provide fast and efficient service, as well as solutions to customer complaints and issues.

**Data Analysis:** Analyzing customer data can help retailers understand their customers' behaviors, preferences, and pain points. This can inform product development, marketing strategies, and customer service initiatives.



Along with this customer service can also be utilized as a means for developing relationships with the customers. If you are able to provide fast and efficient service with respect to solving various customer problems which can be related to repairs of there is an extra information that they need then it is definitely going to be magical. In another way you can implement this by adopting a strategy of sense making if you remember we had also spoken about it how the present retailing dynamics is all going to be about spends making where you collectively sit with customers and help them analyze which product is going to be best suitable for them this again is a very important part of strategic retailing. And finally, you can utilize consumer data to understand consumer behaviors preferences and pain points and this indeed will help you in product development and defining right kind of marketing strategies for your customers.

**Social Media Engagement:** Engaging with customers on social media platforms can help build relationships and increase brand loyalty. Retailers can use social media to respond to customer inquiries, share product information, and offer promotions.

*Heard about social selling?*



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And finally social engagement can also play a key role as far as the customer relationship management is concerned.

So in present dynamics you also see the emergence of social selling which is all about you know reaching out to consumers or targeting people for selling your products and services on social media platforms in B2B selling LinkedIn is definitely emerging as a very popular platform.



## The Four Pillars of Social Selling



**James Snider**  
Co-founder & CEO @ Punch! | Scaling to 8 figures - follow for the ride

8 articles

+ Follow

November 8, 2016

Source: <https://www.linkedin.com/pulse/four-pillars-social-selling-james-snider/>



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So as a part of sharing some extra insights I would urge you to go through this LinkedIn article which has been written by James Schneider who is a co-founder and CEO at punch he basically talks about the pillars of social selling. So I would urge and definitely strongly recommend you

to go and read this article because this is definitely going to give you some enhanced perspectives about social selling.

The slide has a dark blue header with the title 'Merchandise Management' in white. The main content area is white with a blue border. It contains a definition of merchandise management and a statement about buyers. At the bottom, there is a dark blue footer with logos on the left and the number '14' on the right.

## Merchandise Management

.. It is the process by which a retailer attempts to offer the right quantity of the right merchandise in the right place at the right time to meet the companies' goals.

Buyers need to be in touch with customers to make sure that right kind of purchases are made (from the suppliers and vendors).

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Now we get to the another important facet of retail management decision process which is all about merchandise management. Now see merchandise management is all about what a retailer keeps in a store.

If you remember I had also given you the perspective of opportunity cost right and that is why many retailers also charges slotting fees now again that is something which we had discussed as a part of learning something new in our initial few sessions. Now technically merchandise management is all about when a retailer attempts to offer the right quantity of the right merchandise in the right place at the right time to meet the company's goals which means you are trying to make sure that products which are needed by the consumers are made available to them at right time but there is something missing in this which is pricing. See a retailer also has to make sure that the right merchandise is not available at right place at right time in right quantity but also at right prices. Consumers will not be willing to pay a higher price just because the products are available at right time rather the objective should be of coming up with value offerings where the marketers do not compromise with quality but offer products at much lesser cost to the customers. Now in this case it might appear very simple right when we are repeating things like right quantity right merchandise at right place at right time right price but a retailer has to do a lot for this.

So let's think about all those you know key important points which a retailer has to execute in order to make sure that optimized or the best merchandise management happens. They need to have a very robust supply chain mechanics right otherwise the cost is going to be high along with that the products will not be available in stores at right name. They also need to be very smart in executing integrated marketing communications program right you also need to tell the consumers that new brands are available right along with that you also need to have a very smart

or I would say maybe based on kind of neuro marketing placement of products so that consumers can be stimulated to buy more and also where the products catch their attention all these things should be taken into account along with that the retailers also need to be in touch with customers to make sure that right kind of purchases are made right. If you are missing out on keeping in touch with customers on regular basis you might not be able to figure out how their preferences are changing and one best way of doing this is by using qualitative methods by taking interviews and analyzing them apart from that the another best way is to utilize predictive analytics which means we utilize the actual data which reflects what consumers have been buying let us say in last 6 months or last year and then that can be utilized for offering recommendations and also deciding which product should be kept in stores along with that another key important element is about understanding the relationship between HRM and retailing and in this particular module when we will be talking about in detail we will be touching upon the importance of recruitment and selection controlling expenses



how you deal with part time employees along with that how you manage employees who precisely work from home then how you need to keep your employees motivated because many times it is believed that only money is going to act as a key motivator but that does not work always how you need to control their performances and offer feedback and how you eventually manage employee turnover which is a very critical challenge as far as retailing is concerned. See I will just give you a brief snippet about how retailing and selection becomes important whenever we look at the perspectives of achieving a sustainable competitive advantage vis-a-vis competitors in retailing are concerned human resources emerges as a critical factor do you know that Best Buy once executed a strategy in which they propagated that their USP is about having a knowledgeable sales staff and customer service agents in their stores who will be very much happy to help which means they will be helping you with a smile and are all going to be there out for you in help you understand what are the products that are best suited for you in giving you demos or in having discussions with you with respect to understanding which products are going




to be the best fit as far as your choices are concerned as Best Buy basically dealt in electronic gadgets sometimes people require a higher level of information even with respect to understanding how they can be operated in best ways so I want to leave you with this thought that how critical human resource management becomes in retailing if you want to enjoy a sustainable competitive advantage and this definitely becomes very critically important for B2B stores as well

## Store Management

The practice of operating and supervising all activities within a store.

This includes working closely with staff, creating shift schedules, managing inventory, visual merchandising, communicating with suppliers, and dealing with customer complaints.

Overall objective is to create a fruitful and pleasing experience for the customers while they are in store.

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now one of the last facets which we need to discuss is about the practice of operating and supervising all activities within a store which is precisely called as store management and in this case what we look at is creating shift schedules managing inventory visual merchandising which is all about enhancing the aesthetics so that you make products more appealing to the prospective consumers then communicating with suppliers and dealing with consumer complaints as well here the overall objective is to create a fruitful and pleasing experience for the customers while they are in store now we had a broad idea about what are the key facets of a retail management decision process but there are different levels of services that are precisely offered by the retailer



## Levels of Services

### Levels of service that retailers offer:

*Self service: Cornerstone of discount operations*

*Self-selection: Can ask for assistance*

*Limited service: Some services are provided; this is apt when customers need more information and assistance*

*Full-service : Salespeople are ready to assist in every phase*

so the first one is self-service which is the cornerstone of discount operations which means you eventually don't have any supporting staff in the retail store as far as sales agent or customer support activities are concerned very minimal and that's how you save on the cost and those benefits are then passed on to the customers next is self-selection in which you can go to the store but you need to select products on your own but you can definitely ask for assistance which means there is going to be some staff and the next one is about limited service in which some services are provided and this is out when consumers need more information and assistance and finally you get to full service in which you will see a lot of customer service agents and sales people who will be there in and out to help the customers in making right product choice choices and will work towards creating a delight experience for the customers

## KAHN'S RETAILING SUCCESS MATRIX

Professor Barbara Kahn from the Wharton School at the University of Pennsylvania stands credited for proposing this framework.



Her experience as the Director of the Patty and Jay H. Baker Retailing Centre from 2011 to 2017 is described in her new book, *The Shopping Revolution: How Successful Retailers Win Customers in an Era of Endless Disruption*, where she has also discussed the same retailing matrix in detail.

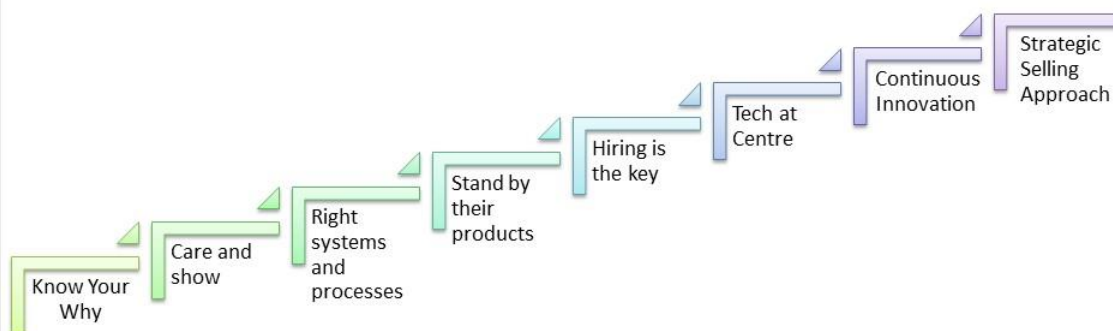
Source: Kahn, B.E., 2018. *The shopping revolution: how successful retailers win customers in an era of endless disruption*. Wharton School Press.



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now see as far as this week is concerned we were supposed to discuss the Kahn's retailing success matrix which is a very very important matrix with respect to understanding how a retailer can become successful now this precisely has been developed by professor Barbara Kahn from the Wharton School at the University of Pennsylvania and she completely stands credited for developing this framework and her experience as the director of the Petty and JH Baker retailing center from 2011 to 17 which is precisely for six years helped her write a book the shopping revolution which is all about how retailers can win customers in the era of endless disruption and this is something which we will be discussing as we will be moving to the next week so this is going to be our first discussion points along with that

## Keys to Successful Retailing



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we'll also be discussing about the keys to successful retailing where we'll be talking about why knowing your customers how when you care you must show it or having right systems and processes in place or standing by your products and hiring right kind of employees I think you will be able to connect the dots now and how when you have technology at the center or fulcrum of a retail store and you focus on continuously innovating is going to be a great deal for being successful in retailing and eventually we'll also touch upon the strategic selling approach so as far as this module is concerned I really hope that you enjoyed learning about the remaining facets of retail management decision process as far as Kahn's retailing success matrix are concerned and keys to successful retailing in India are concerned we will be touching upon these exciting elements in the next week when we will be beginning with the first session of the week 3 so looking forward to meeting you soon wishing you a great day ahead thank you you