

Retail Marketing Strategy

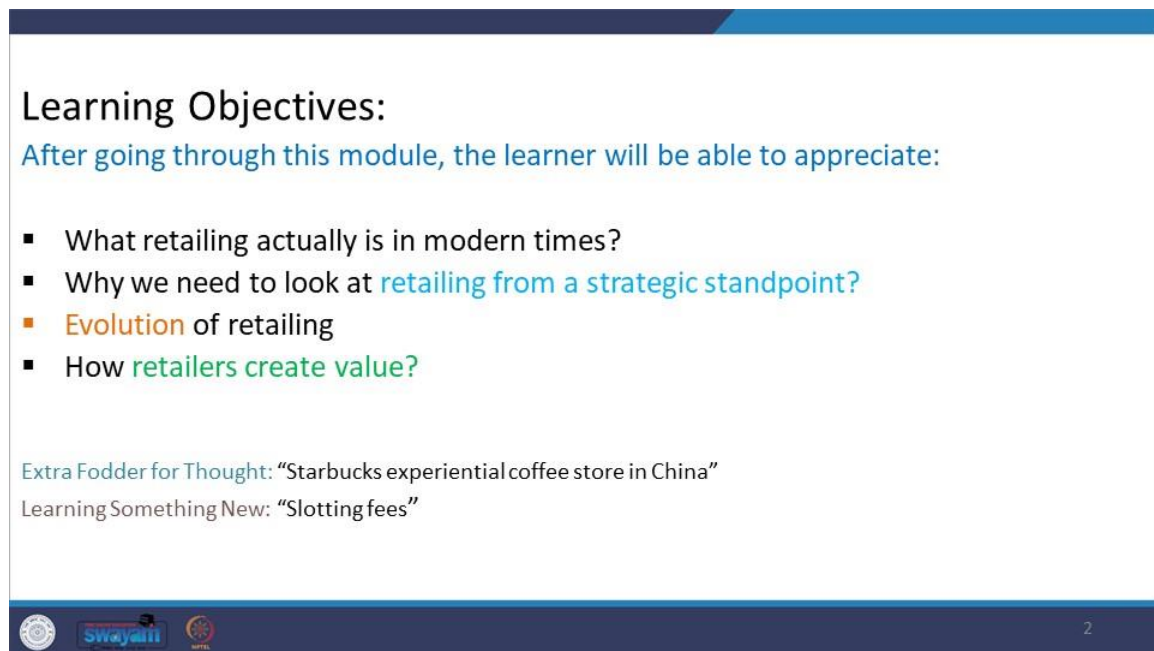
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Lecture-2

Hello everyone, today we will be beginning with the session 2 of the course Retailing Marketing Strategy. I really hope as far as the last session is concerned you really enjoyed the way we had broken a lot of myths about retailing and you got some fresh perspectives on how we need to look at retailing.



Learning Objectives:

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

- What retailing actually is in modern times?
- Why we need to look at retailing from a strategic standpoint?
- Evolution of retailing
- How retailers create value?

Extra Fodder for Thought: "Starbucks experiential coffee store in China"

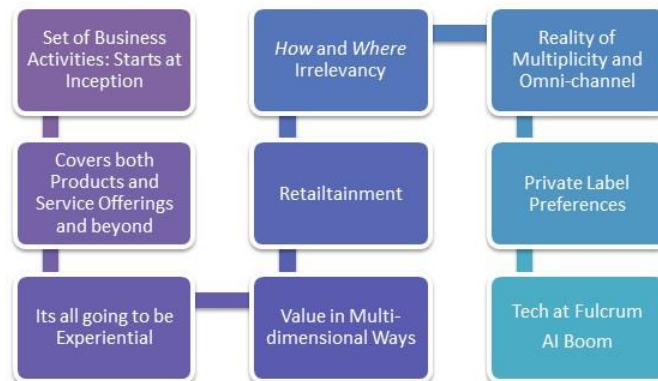
Learning Something New: "Slotting fees"

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So, as we are processing with this module we will be looking at retailing in modern times. We will try our best to understand how we can conceive retailing as far as today's competitive and challenging times are concerned. We will also be understanding why we need to introduce the term strategic when it comes to retailing. And as and when we bring in the perspective of strategic we need to get a little more serious and organized about any of the functions.

So, definitely this was on a funny note, but strategic simply means when you need to plan your each and every move considering competitors in mind and we cannot ignore that in the retailing world today right. We will also be looking at the evolution of retailing and how retailers eventually create value. And as I had told you in the last session we will also be looking at our exciting facets of extra thought and learning something new.

What retailing actually is in contemporary times..?



*Retailing for business use captures the essence of wholesaling which is about buying goods in large quantities and then selling it to retailers who eventually sell it to end users for their personal and business use (Retailing Management, Levy, Weitz and Pandit, Mc Graw Hill)

Now, let us begin by understanding what retailing actually is in contemporary times.

It is definitely a set of business activities right because it requires purchasing mechanics to be in place, it requires pricing mechanics to be in place, you also need to take care of the display facets how products are going to be displayed. You also need to figure out what is to be kept on shelves right because there are too much products which are available in the market, but you need to figure out what is going to be the best for the customers that visit your stores in daily basis or where the major chunk of customers is coming from. But see when you start looking at it from the perspective of contemporary times you need to understand the set of business activities that is now going to start from the stage of inception itself. So, when you are looking at the perspectives of retailing in contemporary times you need to understand that in today's time the set of business activities will be at play as far as the inception of the product is concerned right because you might be wondering how this happens. Just imagine you have a lot of retail sales staff which is dealing with customers on daily basis.

So, the feedback which they can provide how much important this is going to be. The retail managers who are taking care of teams can also provide a lot of inputs and feedback about the new products which can be launched or the people who are basically involved in financial analysis in the retailing world can also give a lot of perspective about which product is going to be profitable and which product is not going to be profitable. Even anthropologists can be used heavily with respect to the retailing world because when they make an analysis of how people actually use and behave with the products you can definitely dig in a lot of rich insights which you might not even recollect. I would request you to go and Google more about how Lego which is a very

known popular brand in toys actually introduced the star selling products by using anthropologists as far as they were proceedings with their business plans. So, I am again repeating the same for you the business activities are not going to be like how they have been earlier.

It can even go to an extent when you are figuring out even which daily promotional deals will work for which set of customers right. We had already discussed about how it covers both product and service offerings, but another thing which I want you to understand is this can even go beyond that. So, in the last session I already gave you a perspective about the products and services right. If you remember we had discussed that retailing is not just about products even services like booking a cab taking a meal outside is going to be a part of services. But what we need to understand is every product will have an element of services right.

Let us say if you buy a product you look for after sale services if you have a complaint you need some repairs that is a service element right. So, it again makes it challenging for the retailers. So, another thing is when you talk about service offerings they might have an element of product. Let us say if you are going and having a meal at a restaurant the crockery which is being used the furniture on which you are sitting has that tangible element. So, the best of combinations with respect to both products and services have to be created as far as the customers are concerned.

Another thing which is definitely going to turn the retailing world upside down is creating experiences and this is indeed going to be very challenging for the retailers. Now, this basically encompasses the experiential marketing facets. Experiential marketing means specifically with respect to the retailing world that you are trying to create memorable experiences for the customers. When they step out of your store you still want them to remember about you and the overall objective is to have very high levels of engagement. So, that you occupy a larger share of their heart and mind which definitely is going to be get converted into they buying more of the products and services which are being offered by the retailer.

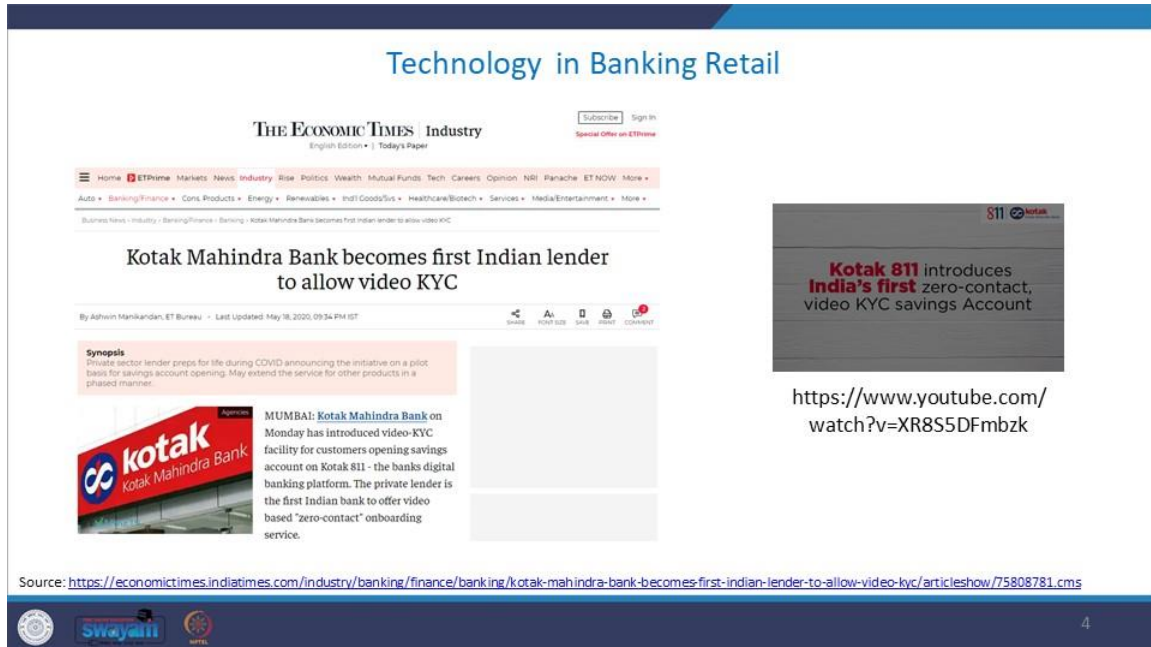
But as far as experiential marketing is concerned I will be giving you two fascinating examples. One is going to be about McDonald's we will be definitely looking at a video on this and you will be able to see how this is happening outside retail stores not just in stores. So, this also connects the dots with respect to understanding that value or I would say that value is not just created within stores it many times also happens outside stores. Another example which we are going to discuss is about the coffee wonderland which has been offered by the Starbucks in China specifically in Shanghai. Now, I know you must have only heard about Disneyland you might not have heard about coffee land, but you will be surprised to see the kind of experiences which they are creating for the customers.

So, as we move further we will be sharing those videos with you. Along with that in today's retailing era how and where has become irrelevant. You are buying products even at 12 am at the midnight you are buying products even at 2 pm in the day time you might even be buying products even at 6 am in the morning this is what this is the convenience which online stores are offering to you right and where you are buying again becomes irrelevant you might be placing orders through WhatsApp you might be buying the products from a physical store you might be buying the products through a catalogue you might be placing orders through a phone call. I hope now you get the perspective of how and where is becoming very very irrelevant another thing which again we need to consider about retailing in contemporary times is retailtainment which means bringing in an element of entertainment as far as retailing is concerned. Every retailer will try to bring in an element of entertainment if it goes well with their retail store or with the product category because this actually creates very superfluous experiences for the customers and when there is an element of entertainment it also impacts their mood and research in the past has shown that when the customers are in a good mood they eventually end up buying a lot more.

So, even with respect to this I will be sharing a video with you and you will be able to understand on what level these things are being taken by the retailers. Along with this definitely retailers are creating value in multidimensional ways you are not only enjoying the benefits of the best of pricing right with respect to value offerings value offerings as in you get the best quality of the product but at a very reasonable price because that is what we technically call as a value offering apart from that you enjoy the benefits of information though sometimes it gets too much and it might not be possible for the mind to take that much cognitive load but still if you Google and if you get to online retail channels you definitely use reviews to make best of the product choices and many times you must have also seen people they collect information before they go to store and then they enjoy the benefits of doing best of the negotiations and as far as value is concerned it again can be aligned with the facet of retailtainment because retailers also offer a lot of hedonic experiences to the customers and hedonism is not like is being connected in today's day and age. It has been a very important facet in terms of socialization factor which means people enjoy going to the retail stores talking to people talking to the sales staff or having a good time with their friends siblings when they are in stores even when they are only doing window shopping. Now another important paradigm which we need to understand with respect to the retailing world in contemporary times is the reality of multiplicity and omni channel retailing. Now multiplicity of channel simply means that today you can buy a products through various touch points right you can place an order through a physical store you can place an order through a call you can buy it through the mobile app you can buy it through the website right.

So you have different touch points for buying any product that you want. It gets to the faces of omni channel when all these touch points are integrated. I will give you an example for this in omni channel which has been implemented by Adidas and Nike in India it simply indicates that let's say if I buy Nike shoes from a physical store I will enjoy the benefits of returning it through an app and getting the refund amount in my account right. So this is an omni channel perspective even if I buy a Adidas product from the online channel I can go and return it to the store this again is a facet of omni channel retailing the crux is the channels are integrated in such ways that it becomes superfluous for you to carry out transactions through the different touch points whereas in multi channel retailing these are all standalone if I buy a product offline I will have to go and return it offline if I buy something online I will have to place the request for the returning of the product online only but again omni channel is definitely going to take retailing to the next level but one big advantage for the retailers is that it allows them to get too much personal with the customers with respect to executing personalization in the dealings and apart from that it allows them to map each and every move if I am checking products on the app it will also get reflected to the customer executive who is sitting in the store whenever I will be visiting the physical store as far as multi channel and omni channel retailing is concerned it has a lot of challenges also in terms of free riding cross channel free riding which further gets bifurcated into showrooming and webrooming we will be talking about this a lot more when we will be going through the specific module on multi channel and omni channel retailing apart from this this time is definitely going to be of private labels see tasty treat is a private label brand which is owned by big bazaar now private label are those brands which are owned by the retail store retailers itself the advantage is it brings in very high levels of loyalty if people start developing a preference for your private label I am again repeating private label means the brand which are owned by the retailers right it is upto the retailer to make it a national level brand but usually private label means the brand which will only be available with the specific retailer and as I told you it definitely brings in a lot of benefits of the loyalty because private labels will not be available elsewhere the last thing which we need to understand with respect to the retailing in contemporary time is technology lies at the fulcrum you can imagine what retailers are doing today with respect to bringing in the element of retailtainment with respect to taking online channels to the next level with respect to creating virtual immersive experiences for you and see all these technology cannot be just looked at from the perspective of customers you will be knowing very well that today we can place orders through Alexa which again is a facet of tech boom right but this also need to be looked at it from the perspective of supply chain even the employees that work in stores today the people who work in stores are eventually using handheld devices to provide you a lot of information to record your preferences or to even prepare notes with respect to the preferences of different

customers but one simplistic way of looking at it could be just imagine how accounts are being opened by banks today do you know that Kotak Mahindra bank is the first bank which launched video KYC right now just imagine the transition we were at a time where the bank would want each and every customer to come to the store they would like to physically see them and here we are now where tablets are being used to open accounts and you don't have to even go to the bank.



The screenshot shows a news article from 'THE ECONOMIC TIMES Industry' dated May 18, 2020. The headline is 'Kotak Mahindra Bank becomes first Indian lender to allow video KYC'. The article text states: 'MUMBAI: Kotak Mahindra Bank on Monday has introduced video-KYC facility for customers opening savings account on Kotak 811 - the bank's digital banking platform. The private lender is the first Indian bank to offer video based "zero-contact" onboarding service.' To the right of the article is a video player with the title 'Kotak 811 introduces India's first zero-contact, video KYC savings Account'. Below the video player is the URL: <https://www.youtube.com/watch?v=XR8S5DFmbzk>. At the bottom of the page, there is a source link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/kotak-mahindra-bank-becomes-first-indian-lender-to-allow-video-kyc/articleshow/75808781.cms>.

So as I just told you now we'll be looking at one of the videos of the kotak mahindra bank and how it became the first Indian lender to allow video KYC so enjoy the video and I hope you will get the perspective which I was trying to share

ready for video kyc ma'am can you see me and hear me clearly sir absolutely loud and clear thank you sir can you please confirm the city in your address amchi Mumbai and your pin code four zero zero zero two five birth date six July 1985 omar okay just give me a minute to verify yeah sure take your time could you sign a blank paper and hold it up I am going to take a photograph video kyc call done done welcome to Kotak 811 I am going to take a picture of you and I am going to take a picture of you what sir? pack up Kotak 811 India's first zero contact video kyc savings account

Now another video which I want you to see is of McDonald's and how they are creating immersive experiences for the customers even when they are not in store.

Fascinating Example of Immersive Retailing Experiences



https://www.youtube.com/watch?v=9m4O854wY_s

Video Source  JCDecaux
22.6K subscribers

Source: <https://www.digitalsignagetoday.com/articles/mcdonalds-delivers-digital-signage-orchestra/>



So the video has been taken from one of the YouTube channels jcdecox and I hope you will also enjoy this video.

So as far as this module is concerned I really hope you got the perspective of what retailing actually means in modern times as we move further we will be definitely learning a lot more and we will be discussing a lot of interesting and exciting facets about retailing in the contemporary times thank you wishing you a good day ahead.