

Retail Marketing Strategy

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Lecture-27

Welcome back everyone. Today we will be beginning with session 4 of the week 5 of the course Retail Marketing Strategy. If you remember in the last session we had a discussion about the sustainable competitive advantage. I had given you a brief overview about what are the factors that will actually bring long sustainable competitive advantage to an organization or a retailer per se, vis-a-vis factors that can also be utilized for short term gains or short term advantages. But today we will be talking a little more about it or maybe a little deeper.

Learning Objectives:

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

- Achieving sustainable competitive advantage (Continued)
- Strategic Retail Planning Process



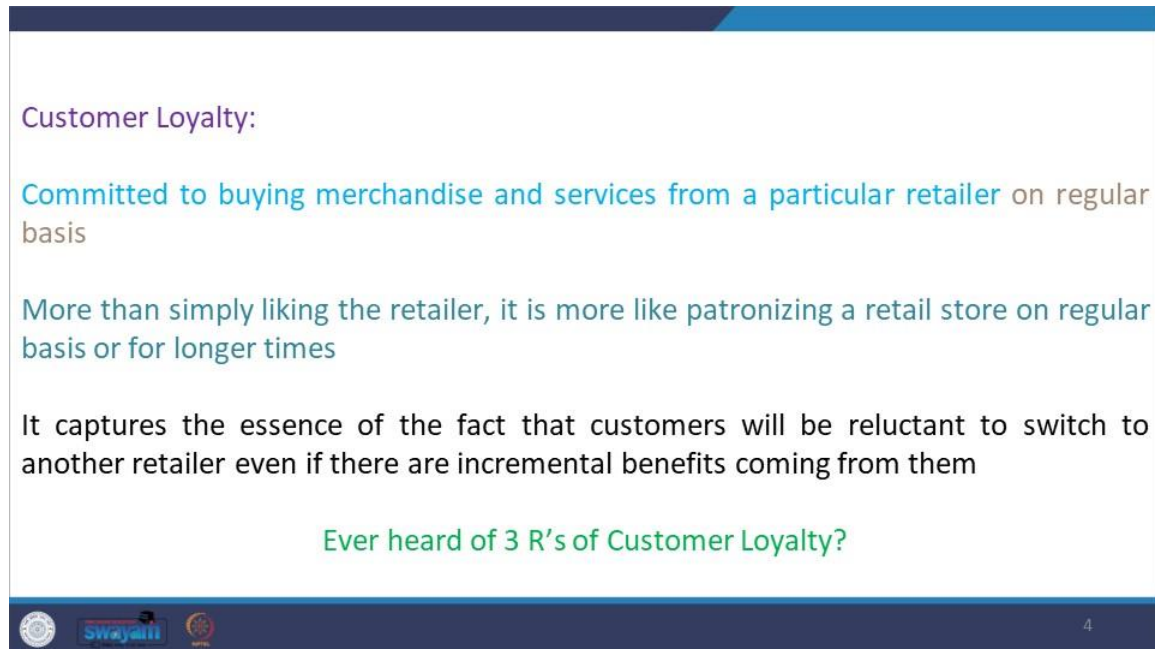
So, as far as this module is concerned we will be continuing with the part of achieving sustainable competitive advantage apart from that we will be looking at the strategic retail planning process.

Sources of Advantage	Less Sustainable	More Sustainable
Customer Loyalty	Habitual repeat purchasing because of limited competition	Building a brand image with an emotional connection
Location		Convenient locations
Human Resources	More Employees	Committed and Knowledgeable Employees
Unique merchandise	More merchandise	Exclusive, Value Offerings
Vendor Relations	Repeat due to limited alternative	Coordination of procurement efforts
Distribution and Information Systems	Bigger and Automated	Shared Systems
Customer Service	Hours of Operation	Knowledgeable and helpful sales-people
Source: Retailing Management, Levy, Weitz and Pandit, Mc Graw Hill Education pp. 151		
		
3		

So, as I was telling you if you can recollect this was the slide which we have discussed in the last session where we looked at a lot of factors which can be allied with source of advantage like customer loyalty, location, human resources, unique merchandise, vendor relations, distribution and information systems and customer service. So, we also looked at what is going to be less sustainable and what is going to be more sustainable right. Like if you talk about customer loyalty if the customer is only repurchasing products from you again and again this is going to be less sustainable because this might be precisely happening because of the limited competition right. But what is more sustainable is the fact that you end up building brand image with an emotional connection which means the prospects or the customers can actually emotionally connect with your brand.

They have feelings of happiness or maybe delight or they enjoy using your brand or precisely coming to your retail store if you are talking about particularly retailing. Like when you talk about locations what is going to be more sustainable is convenient locations and this precisely happens because of the fact locations cannot be easily copied right. And when you talk about human resources committed and knowledgeable employees are going to bring in more value as compared to simply having more employees or maybe count of the employees is more, but they are not able to deliver or they are not well trained with respect to establishing relationships with the customers. Now, with respect to merchandise it is always exclusive and unique value offerings that are going to bring you more sustainable advantage as compared to offering more merchandise. Likewise we also briefly discussed about the factors regarding vendor

relations, distribution information systems and finally customer service, but today we will be digging a lot more into these.






Customer Loyalty:

Committed to buying merchandise and services from a particular retailer on regular basis

More than simply liking the retailer, it is more like patronizing a retail store on regular basis or for longer times

It captures the essence of the fact that customers will be reluctant to switch to another retailer even if there are incremental benefits coming from them

Ever heard of 3 R's of Customer Loyalty?

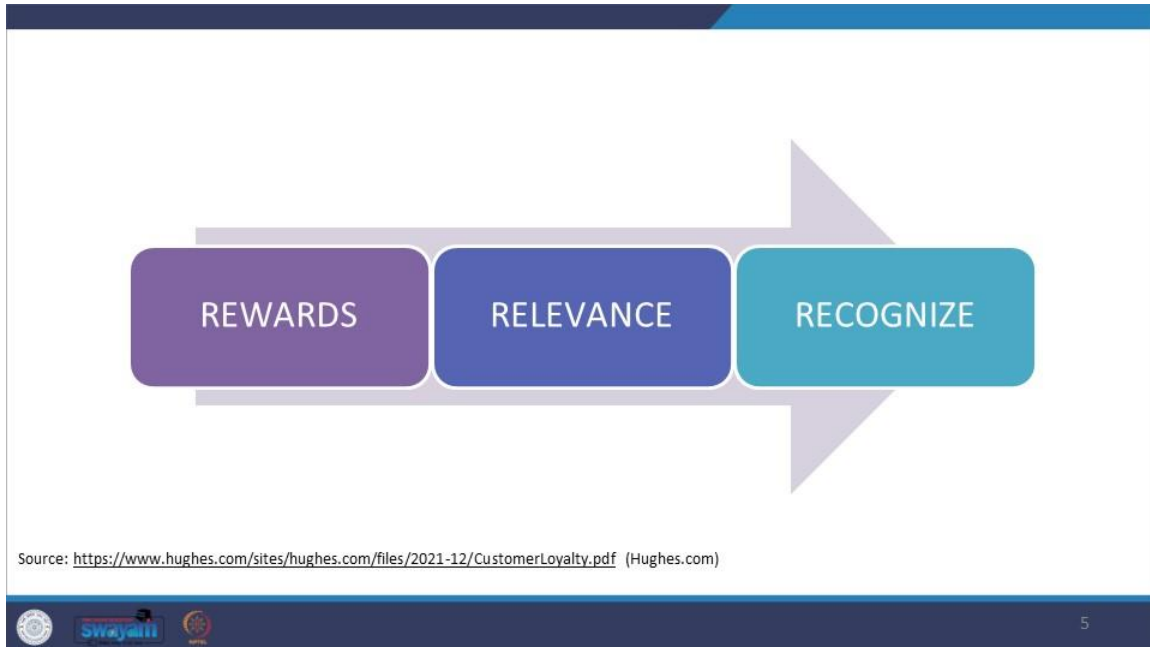
   4

When we talk about customer loyalty we first we need to understand what customer loyalty is right. So, if you look at it in a technical sense this is likelihood of doing repeat business with any organization or retailer. When you look at it specifically from a retailers perspective customer loyalty simply indicates that the customers are coming back to you again and again. It is also like customers choice and willingness to repeatedly return to a company to do business right. So, as you can see on the screen it is more like commitment to buy merchandise and services from a retailer on regular basis, but this is simply more than liking the retailer right.

You might like a retailer for many reasons, but you might decide to not go back to them time and again. Now, this will not qualify as a loyalty right. So, as it is written it is more like patronizing a retail store on regular basis or for longer times. It means let us say if you want to buy groceries like back to back every month you might decide to go back to the same retailer. Now, that can be considered as a case of loyalty.

Let us say in a particular month you are switching you might decide to go to a different retailer then next month to a different retailer precisely because they are offering you more of sales promotions offers which eventually lead to more of discounts maybe this is how we are looking at it in this particular context. Now, that will not qualify as loyalty right because you are switching, but in loyalty what happens is even when the other retailers are providing you incremental benefits you decide to not to switch them. Now, this is precisely going to happen for a lot of reasons, but one of them can be when you

work on building strong relationships with the customers when you keep in touch with them you provide them best of customer services you make sure that you are successfully creating delighted factors whenever they are visiting to your store. So, we will also be discussing about this a lot more, but as far as this is concerned my question is have you ever heard about 3 R's of customers loyalty. Now, we are not talking about the RRR movie, but what we will be learning is precisely about the 3 R's of loyalty.



Now, these are rewards relevance and recognize. So, the first R is about rewards. So, this is basically a transactional part of the program or maybe you can say transactional part of the interactions that the customer is having with you right. So, one thing which becomes important is that you should have a mechanism of providing rewards to the customers which eventually will lead to customer loyalty in a lot of sense right because if you keep providing them something that gives them a reason to come back to you again and again. So, that eventually will stimulate customer loyalty right, but see there are a few factors that you need to kind of consider whenever you are thinking of rewards as a retailer.

Now, this has to be something which should make sense or it should be tangible in nature tangible as in which customer can feel and actually recognize right. If you are giving them a reward and they cannot even register that this is the benefit that you are providing into them just imagine it is going to be a complete futile exercise right. One thing which you need to make sure is that reward should be tangible, tangible in the sense like it is not like you need to touch and feel them. It means that the customer should be in a position to register and recognize that the rewards are being provided to them.

Another thing is that whenever you talk about rewards the mechanism or the process of accessing those rewards should not be too complicated or should not be too time consuming.

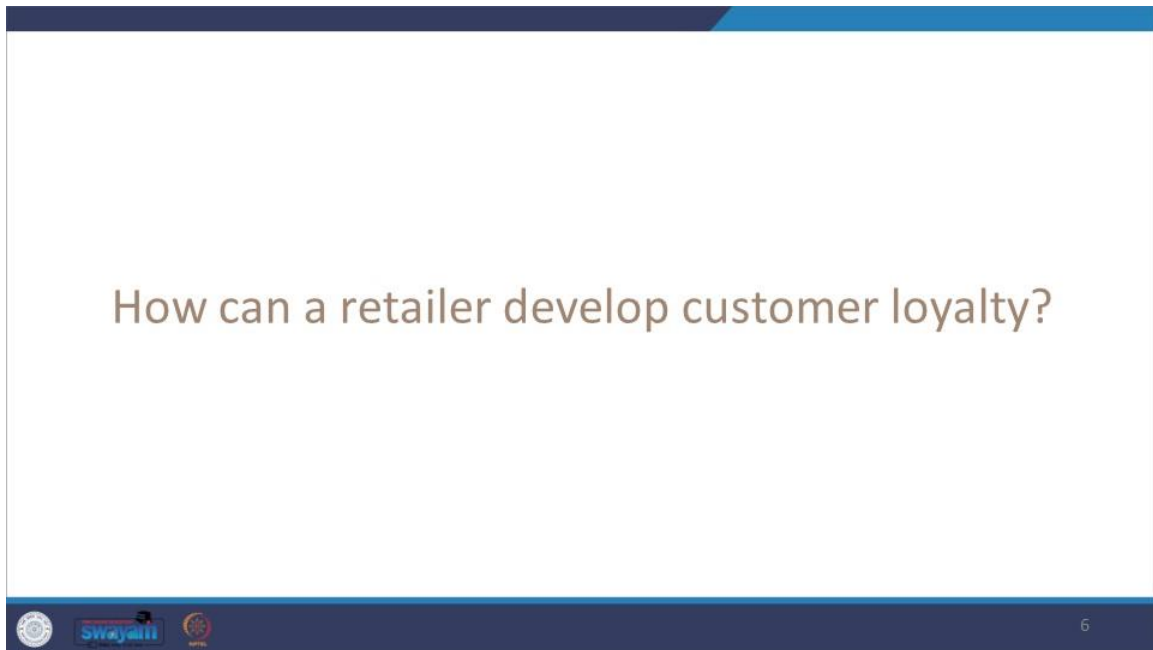
Let us say if you are saying if you kind of have 20 transactions with me only then I will be providing you this reward and then the reward is also very minuscule in nature then definitely it is not going to make much of sense right. So, this in a way also captures the essence of relevance whenever we are talking about rewards right. So, relevance precisely also comes from the fact that you analyze customers journeys in detail. Now let us say you could have many stages awareness, interest, desire, action and post purchase behavior right. If we look at a customer journey from the perspective of AIDAS model right.

Now in this case you have to see at which stage rewards are going to make more of sense. See many times you might give rewards to a person when they are not aware and you want to create an interest with respect to that particular prospect or customer and you want them to visit your retail store time and again. Now that can also be one of the cases. In other ways when you eventually want to push an action they are aware they also have a liking for your product they also have a desire with respect to the product also in visiting your retail store as well. So, many times in order to induce or stimulate an action, action as in that they visit your retail store and make purchases from there you might be giving rewards at this stage also.

So, as far as the context of relevance is concerned I am again repeating it the crux lies in understanding customer journey and then kind of finding out where rewards will make more of sense for the customers and see it also has to be something which is meaningful. Many times while using Google pay you must have realized you are making a transaction for rupees 5000 or let us say 20000 and the reward that you get is 4 rupees 5 rupees and many times 2 rupees or sometimes you also get coupons which you think will not make any sense to you right. So, this actually kind of you know makes the whole exercise futile or it is not bringing in any benefit as far as your relationship with the customers is concerned. So, you also need to understand that you have a robust mechanism for rewards and you can also figure out what kind of rewards is to be given whether it has to be a cash back, whether it has to be a discount or it has to be a discount coupon which can be utilized at another retailer or it can also be a reward which can be allied with future purchases. Now, that is something that the organization or the retailer has to figure out with respect to the consumers that you have or which you think will work best for your target market right.

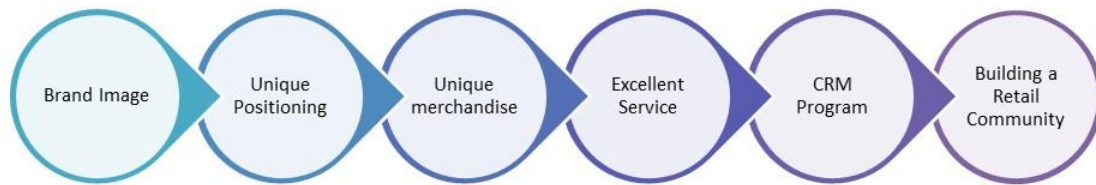
So, the third R is recognize which means you need to recognize your loyal customers and after that the whole objective should be about making them your advocates and whenever

we are talking about advocates we are talking about a group of customers who will be defending you let us say if something is writing bad about a particular retail store or a product on social media platforms they will be able to defend it, they will talk positively about your brand which means the positive word of mouth indeed is also going to bring in a lot more benefits. So, I am again repeating it whenever you are talking about recognizing you need to take your customers from the journey of let us say even when they do not amount your brand or they are in your prospects list strangers you need to make them your customers and finally, you have to work towards making them your advocates where the whole benefit lies in having a group of customers who actually will be working as your marketers they will be talking about your brand positively they will be writing positively about your brand on social media platforms and you can thus imagine the reach which they are going to bring in. So, these are the three R's which I hope gave you an enhanced perspective about the context of customer loyalty right.



Now see you might be wondering how can a retailer develop customer loyalty if you remember in the initial discussion I told you maybe this can be done by working on relationships right but there are a lot more things which can be done vis-a-vis as far as the context of developing customer loyalty is concerned customer loyalty as in you are making sure that the customer will be coming back to your retail store only even when the competitors are offering some kind of incremental benefits. So, these are the factors which we precisely look at with respect to developing customer loyalty.

Developing Customer Loyalty



So, first is working towards building a very robust or a positive brand image second is when you create a very unique positioning of your brand positioning as in how the consumers or prospects are actually perceiving your brand to be when you have unique merchandise to offer we will also be looking at the examples of let us say Flipkart Amazon as far as the context of unique merchandise is concerned. Other factor is when you offer excellent service and when you have a very good product and service and you also work towards developing a very strong or very effective customer relationship management program and finally, when you work towards building a retail community also. So, all these factors are indeed going to bring you a lot of benefits as far as developing customer loyalty is concerned.

1. Brand Image

How consumers think of the brand?

Combination of Emotions + Reputation + Belief + Impression

It is an aggregate of beliefs, ideas and impressions in conjunction with emotions

It is certainly an outcome of the consumers experiences with the brand or based on their beliefs about how the brand is



8

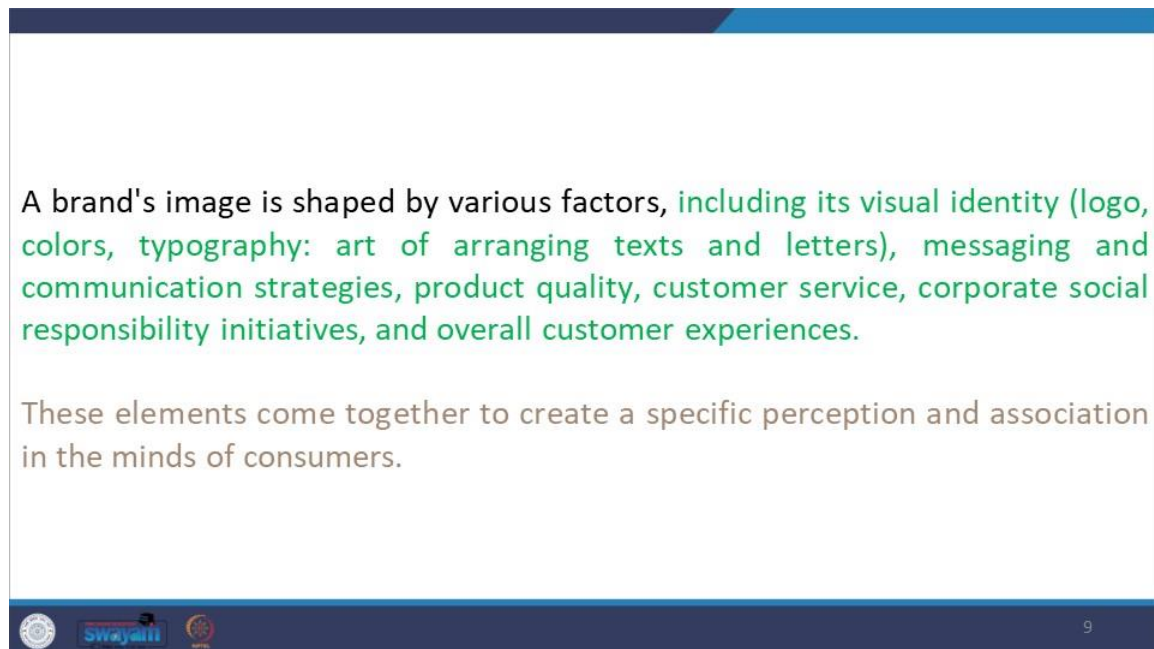
Now see whenever we are talking about brand image what we need to understand is the meaning right. Brand image simply means how consumers think of the brand right.

Let us say if I say apple you might have different thoughts you might consider the product to be very classy, very upper class, very elite and expensive also. Whereas if I give you an example of let us say a brand which is basically operating in domestic markets and is a national level brand maybe xyz you might have different thoughts about it. So, brand image basically is about how consumers think of the brand and if you want to understand this technically it is all about a combination of emotions, reputation, belief and impression right. Emotions means see emotions are going to develop one on the basis of integrated marketing communication program that a marketer implements. What is the message that they are trying to pass it on to the consumers? Now that can be related to the benefits which can be associated with the brand.

It can also be looked at it from the perspective of the relationship which they are trying to develop the emotions that they are trying to stimulate vis-a-vis that particular brand or retailer is concerned. Now it also takes account of the reputation and beliefs and impression as far as a particular retailer is concerned. Now whenever you are talking about beliefs it technically indicates the mental stance or your mental thought processes that you might have towards a particular retailer. The impression indicates most precisely what you have made out of that brand on the basis of the interactions that you have had with them. There could be a possible situations where let us say when you went to a particular retailer for the first time you had a very good experience and you started forming positive attitude towards it.

But in the consequential events or visits you realized that you did not have a great experience the sale promotions offers was not that good even the variety of the products which was available was not very good. So the impressions might change. So what I am trying to tell you is the impression that you have of a retailer which also gets translated into the beliefs that you might have about a retailer is going to change on the basis of the interactions that you have with them on regular basis right. So in ways it also indicates that a retailer needs to be on toes always to make sure that right kind of impressions or positive impressions are being created. But to sum up it is indeed an aggregate of beliefs, ideas, impressions in conjunctions with the emotions.

And it is certainly an outcome of the consumers experiences with the brand or based on their beliefs how the brand is which I just explained you now right. The brand image is shaped by various factors.



A brand's image is shaped by various factors, including its visual identity (logo, colors, typography: art of arranging texts and letters), messaging and communication strategies, product quality, customer service, corporate social responsibility initiatives, and overall customer experiences.

These elements come together to create a specific perception and association in the minds of consumers.

9

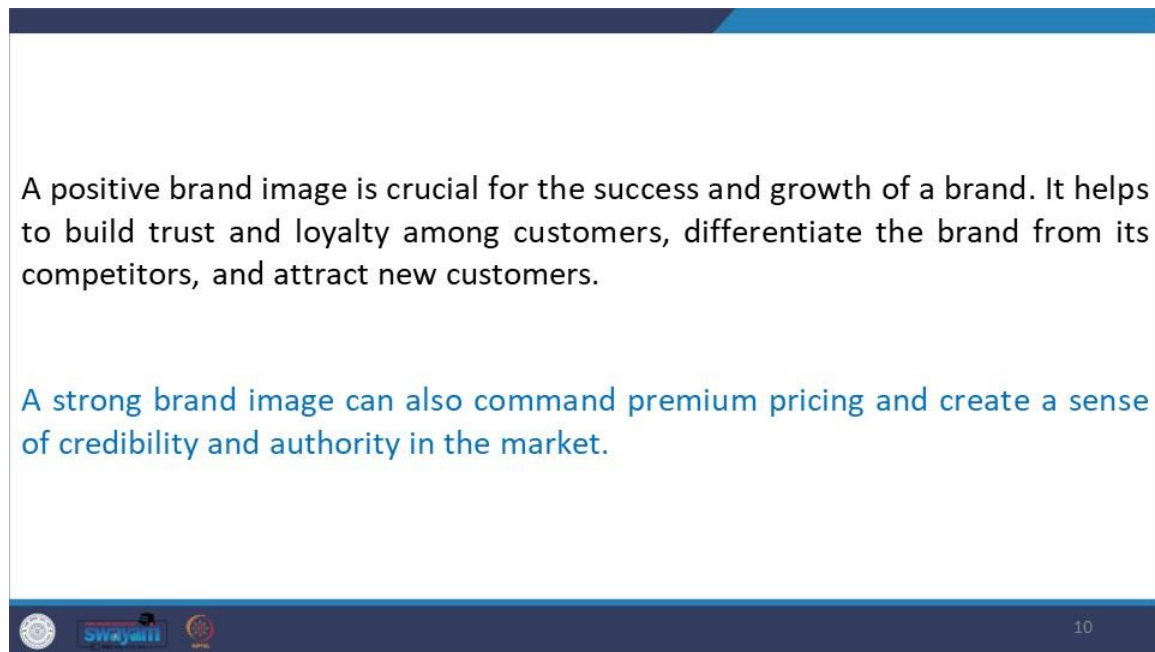
Now this could be dependent upon visual identity. What is the logo? What are the colors which are being used? What is the typography? Typography as in art of arranging texts and letters now this can be related to how the brand is being represented how it is written or how the logo is being represented right. Apart from that messaging and communication strategies precisely an integrated marketing communication campaign which a retailer adopts is also going to impact brand image.

Because see what you are communicating or how you want your brand to be positioned or what you want others to perceive it to be like is eventually going to get reflected in the communication strategies or communication that you are having with the prospects or your existing customers. Product quality is also going to impact brand image right. So this is one thing on which we cannot compromise right. You might have a brand which is

not spending too much on marketing communications, but when people buy their product they have best of experiences using it in terms of the quality right. So, that is also going to bring in a positive brand image.

We also considers factors like customer service, corporate social responsibility initiatives which are being taken by a retailer or a marketer in general and overall customer experience. So all these factors are collectively going to impact the brand image of a particular retailer or a marketer right. So these elements come together to create a specific perception and association in the minds of consumers. See one thing which I want you to understand here is brand image indeed exist in the mind of the consumers itself. What the marketer or the retailer can specifically do is work towards creating the kind of brand image which they want and that again needs to get translated into the integrated marketing communications program which they are having right.

And see we all know that the market today is kind of you know cluttered with a lot of retailers. If I want to buy groceries I might have 5, 6 options even within that 1 or 2 kilometers range right, but what is going to work is the positive brand image. So certainly it is crucial for the success and growth of the brand.



A positive brand image is crucial for the success and growth of a brand. It helps to build trust and loyalty among customers, differentiate the brand from its competitors, and attract new customers.

A strong brand image can also command premium pricing and create a sense of credibility and authority in the market.

10

It helps to build trust and loyalty among customers, but it also provides you avenues to differentiate yourself from the brand or from other retailers that exist in that particular vicinity and then again it also provides you avenues from attracting new customers right. So a strong brand image can also command premium pricing and create a sense of credibility and authority in the market.

Once you have established a very strong brand image which is quite positive you will also be in a position to command higher prices as compared to other retailers who are operating in the same area or competing with you. But this again has to be done very strategically depending upon the kind of product categories that you are dealing with. In case of groceries this might not work because many people might be looking for savings and discounts or daily savings as far as this particular activities or buying groceries is concerned. So this again need to be looked at from a different perspective right. Now let us say if you are comparing these three brands you are comparing Starbucks, CCD and Barista.



Now when you are talking about Starbucks the brand image that you might have it is very sophisticated it is elite and you might also consider it to be expensive, but this also gets justified from the customer experience that they offer in their stores. But whenever you are talking about Cafe Coffee Day you might consider it to be a precisely youth driven brand which is funky and this also gets reflected in the ambience that they have in their stores. CCD is more about youth going to stores to have conversations or to have a good time. But if you talk about Barista which is in a way very direct competition of CCD at one time they are trying to project to be a place for office meetings because somehow they wanted to differentiate themselves. Another thing is the ambience many times is also indicate the brand image right.



Source: <https://www.luxurysociety.com/en/articles/2018/10/exclusive-interview-starbucks>



12

If you talk about Starbucks now this is basically an image of one of the biggest Starbucks roasteries in Shanghai China if you remember we also had a discussion about it. So, the ambience itself indicates the brand image which Starbucks want to create. Now that could be elite very sophisticated or offering a world class coffee experience.



Source: https://www.tripadvisor.in/Restaurant_Review-g12106125-d5069514, <https://foursquare.com/v/cafe-coffee-day/4e0afef545ddb226bd8a6e28>



13

Whereas if you talk about Barista and Cafe Coffee Day it is completely different as far as Starbucks is concerned right. So, maybe on the basis of these images I want you to highlight certain things that you think the ambience indicates in case of brand image.

So, please head to the forum and we will be happy to read your views there about your thought processes with respect to how ambience can actually impact brand image. So, as we move further if you remember I also talked about the context of emotions alive with brand image.



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

Source: Official YouTube Channel of McDonalds India

 McDonald's India
37.8K subscribers

Source: https://www.tripadvisor.in/Restaurant_Review-g12106125-d5069514, <https://foursquare.com/v/cafe-coffee-day/4e0afef545ddb226bd8a6e28>

14

Now many times you will see retailers we will also be doing a lot of activities or we will have strategic planning with respect to how emotions can be stimulated. So, one such very popular or excellent example can be Happy Meals which was indeed a very popular product by McDonalds where along with burgers they were offering kind of a bundle along with the meal the kids were also getting some toys. Now this can be considered as a way out to stimulate emotions.






So, many parents were simply visiting McDonalds because the kids wanted to go there or the children wanted to go there precisely because they would get an Happy Meal along with the burger. So, as far as this particular example is concerned we will be looking at this fantastic video which has been derived from the official McDonalds YouTube channel. So, please enjoy this video and this in a way will give you a context of how emotions can be stimulated as far as the retail experiences are concerned. But see this is one way of looking at emotions, but the other way is definitely going to be the emotions that you associate with the brand with respect to the even the experiences that you might have by using their products at home or in the way that you are using them. So, emotions can also be triggered in those respects.




So, please enjoy this video now and then we will be moving forward.

So, I really hope you enjoyed looking at this video and you gain some perspective about how the emotions of happiness, joys were stimulated as far as kids or particularly children were considered as a target market segment for McDonalds. Now as we are moving forward we will be looking at the elements of brand image. So, the first one is brand identity. Now this precisely captures the essence of visuals.

Elements of Brand Image

Brand Identity: This encompasses the visual elements that represent the brand, such as the logo, color palette, typography, and overall design. These elements create a recognizable and memorable brand identity.





15

Now that can be looked at from the perspective of logo, color palette which is being used, typography and overall design right. And these elements actually are arranged in such a way that they bring in the benefits of easy recognition and memorable brand identity. Now if you look at Amazon, if you look at the arrow which connects A to Z this indicates that everything is available on Amazon from A to Z which means everything which you need or customers need is most precisely available. Now this logo is much more than indicating just an arrangement of letters they are trying to indicate their philosophy that everything is available and will be largely catering to the everyday needs of the consumers. Now the next logo is definitely of Nike and just do it right and I am very sure you must also be able to recognize this because that is where the purpose of logos lie.

Now if you look at the next logo which is of FedEx now if you kind of very minutely look at ENX you will be able to notice an arrow there which is all about moving forward. Now that also captures the essence of the brand which is all about moving your parcels from one location to another in the best possible ways and that too quite economically. Now the next logo that you see is of Burger Singh and the logo indeed captures the essence of the fun and quirkiness of the brand. And the last one that you see is again one of the very popular brands Domino's Pizza.

So you might be wondering why I picked this up. So you will be surprised to know that the three dots indicate initial three stores that were established and the idea or philosophy was to add a dot every time a new store would be opened. But they were not expecting the store to grow so faster and initially with time as it grew 17000 outlets were opened. So you can just imagine it would have been very difficult to keep on adding dots every time. But I really hope this definitely provided you something new as far as the brand logos were concerned. Now the next element when we look at brand image is definitely about brand positioning.

Brand Positioning: Brand positioning refers to the unique space that a brand occupies in the minds of consumers relative to its competitors. It involves defining the brand's target market, understanding consumer needs and preferences, and positioning the brand accordingly.



Source: <https://www.moneycontrol.com/news/business/earnings/motilal-oscwal-upgrades-dmart-to-buy-ups-target-price-to-rs-4200-10768431.html>, <https://www.indianretailer.com/news/nature-s-basket-expands-footprint-in-kolkata.n10466>

Now it refers to the unique space that a brand occupies in the minds of consumers relative to competitors. See brand positioning is all about how consumers perceive the brand. It exists in the mind of the consumers. As I was telling you earlier also retailer can definitely make a lot of efforts or have a very strategic integrated marketing communications program to work towards creating the image that he wants as far as a particular brand or a retailer is concerned. But eventually the ball definitely lies in the coat of the consumers and they will be kind of processing the information which is being available to them and then it is completely on them how they perceive a brand.

And it can work well when you clearly identify a brand's target market, understand their needs, preferences and positioning the brand accordingly which means once you have understood your target market and you kind of figure out why they would be buying their product, what are their needs, what is it that they are specifically looking for and if you strategize your positioning accordingly it is definitely going to be wonderful. Now if you compare Dmart and Nature's Basket both these are positions very differently. Now if you talk about Dmart it is all about daily savings. It is more like a no frills store where

you might not even find too much of the sales staff or customer service agents supporting you because the whole ideology of Dmart is to save and pass on these benefits to the customers who are visiting them daily to buy everyday needs product which could be groceries or other things. Now the whole facet is about saving and passing it on to the customers that is why they even project themselves to be like that if you remember even in their mission it is written the whole idea is about offering benefits or value for every rupee spent.

Vis-à-vis if you look about Nature's Basket it is more like a store which wants to offer or bring in the best of exotic products or gourmet products for their customers. They are not aligned with respect to the fact that they want to cater to customers who want to save or get best value for every rupee spent. Now see value proposition can also work for Nature's Basket. Let us say even if you are spending 1000 rupees on a product you could be provided the value for the amount spent. Now it might come from the product which could be let us say imported from a foreign country or could be amongst the best products which could exist in the world or there could be a lot of factors that can be allied with providing value to you.

But the whole differentiation lies in the fact that they are not working with the ideology of letting you have more of savings that is not going to be the ideology of Nature's Basket because indeed as compared to DMart the products are definitely going to be a little more expensive and even the merchandise which is being offered will be completely different because they are indeed catering to a different target market segments. Now the next element which you need to understand is brand personality.

Brand Personality: Brand personality defines the human characteristics and traits associated with the brand. It helps to create an emotional connection with consumers and differentiate the brand from competitors. Brand personality traits could be friendly, sophisticated, innovative, or trustworthy, among others.

Personality of Taj Hotels

CLASSY
SOPHISTICATED
ROYAL

<https://www.youtube.com/watch?v=qxD6nhsoAvQ>

Source: Official YouTube Channel
Taj Hotels

 Taj Hotels
35K subscribers

Now brand personality is all about associating human characteristics with the brand or it is more like associating a few traits with the brand which we might actually associate with humans. Let us say you might find a brand to be very simple, very rugged, very sincere or very exciting so all these qualities can also be kind of associated with humans. So brand personality precisely helps to create an emotional connection with consumers and it also helps them to differentiate the brand from competitors.

Brand personality traits could be friendly, sophisticated, innovative or trustworthy among others. So what we will do is let us say if you are talking about Taj hotels as compared to other hotels or maybe let us say if you are comparing them with fab hotels there is a different brand personality that can be associated with Taj. So it is more classy, sophisticated and royal. So you might be wondering how this can be concluded or why we are associating terms like classy, sophisticated, royal and when we are talking about Taj hotels. So what we will be doing now we will be looking at this video and this is definitely going to answer this question.

This video has been officially derived from the YouTube channel of the Taj hotels. So please have a look at this video and I am very sure you will be able to understand why classy, sophisticated and royal have been associated with Taj group of hotels.

So, this is again one of the models which I wanted you to understand has been proposed by Akar.




This basically says that there are five personality traits which can be associated with let us say products and services and precisely we will be utilizing this to understand retailers

right. So first personality trait is sincerity which is all about wholesomeness, trustworthiness, honesty, authenticity and cheerfulness.

Now if you talk about India maybe you can associate with the Tata group right with respect to the services they are offering you will definitely see a sense of sincerity in them right. Now when you are talking about excitement it basically captures the essence of passion, adventure, enthusiasm, boldness and imagination right. Now when you get to the next category which is about competence it precisely captures intelligence, dependability, vice, principled and consciences. Now whenever you are talking about competence you can definitely associate it with companies like Volvo right you can even associate this with brands like Apple because the products have that competence to deliver on the quality right.

Now another personality trait is sophistication. Now this precisely takes account of things like elegance, composure, worldliness, confidence and tact. Now even when you are talking about sophistication Apple and its products can be considered as a part of this. Now when you get to the traits like ruggedness what you look at is precisely toughness, athletic, sturdy, outdoorsy and reliable. So one brand which can be considered in this category is definitely Woodland.



<https://www.youtube.com/watch?v=5505NGCGp40>

<https://www.youtube.com/watch?v=nKGOi-kLALY>

Source: Official YouTube Channel of Woodland,
<https://www.woodlandworldwide.com/>

WoodlandExploreMore
7.53K subscribers

Woodland Bangladesh
5.26K subscribers

19

Now Woodland is a brand which can be associated with traits like ruggedness, strong and outdoorsy.

So as far as this is concerned in order to get the essence of why we consider Woodland to be a rugged brand and how even the company is trying to portray itself to be when will be understanding this from two advertisements which were released by Woodlands. One

of them has been derived from the Woodland explore more and another one from Woodland Bangladesh and both are the official YouTube channels of the Woodland. So we will be looking at this videos one by one and then we will be moving forward.

So I really hope that you enjoyed looking at the videos so we are definitely discussing a few exciting elements like brand image and we are also trying to understand how a retailer can actually give a push to customer loyalty and we will be carrying on the discussion forward with respect to the brand personality in the next session. So looking forward to meeting you in the next session wishing you a good day for now. Thank you. Thank you.