

Retail Marketing Strategy

Prof. Sourabh Arora

Department of Management Studies

Indian Institute of Technology, Roorkee

Lecture-3

Good evening everyone. Today we will be beginning with session 3 of the course retail marketing strategy. As far as session 1 and 2 are concerned I hope you really got an enhanced perspective about retailing basics. Now as we move forward and as far as this module is concerned we will be looking at retailing from a strategic standpoint.



Learning Objectives:

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

- 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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We will be actually understanding why we need to give so much importance to retailing with respect to economic factors as far as the social significance of retailing. Along with this we will also be looking at the evolution of retailing.

We will be actually looking at how far we have come. We will be looking at the journey from the shandy markets to the present retailing dynamics which heavily rely on technology. And finally, we will be understanding how retailers create value. But let us hang on for a minute.

If you remember in the last 2 sessions I mentioned twice about our 2 exciting elements which we have added to the course. The first one is extra fodder for thought and the next one is learning something new. So, I thought why not begin this session with that. So, we will be first beginning with the session of extra fodder for thought. Now if we get

back to our last 2 sessions I mentioned a couple of times about the experiential retailing right which is all about creating unique and memorable experiences for the customers.

The whole idea of experiential retailing is to make sure that the customers engage very highly with the brand and it occupies a larger part of their share of memory, share of heart as well as share of wallet which means that the customer not only considers the brand first preference when it comes to buying, but also develops a very strong emotional connect with the brand which actually indicates that it occupies a place in their heart as well.

Extra Fodder for Thought: Experiential Retailing

LIVING
The World's Largest Starbucks in Shanghai Is Like a Coffee Amusement Park
BY ELISE TAYLOR
December 5, 2017




Photo: Keith O'Neil / Courtesy of Starbucks

CNBC Tours Starbucks' Massive New Shanghai 'Coffee Wonderland' | CNBC
CNBC 3M subscribers

<https://www.youtube.com/watch?v=DCamd289VWc>

Source: <https://www.vogue.com/article/starbucks-reserve-roastery-shanghai>, CNBC Official YouTube Channel

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So, we will be beginning with one of the marvellous examples of experiential retailing which actually is the largest coffee shop in China which is based in Shanghai. This is basically considered as the coffee wonderland and you might be wondering what is so special about this. So, the first thing is it is very very high on aesthetics. It is a visual treat for the people who just step in.

Along with that the people who have developed the idea of setting up this coffee wonderland have used the best mix of audio and visuals which actually makes it one of the best examples of multisensory retailing. Trust me the people who have entered the store have always believed that the sounds have been used in the best possible ways in the largest roastery to create grand experience for the coffee lovers. The roastery focuses on developing very strong relationship with the customers by creating memorable experiences by going beyond the expectations and whenever I say going beyond the expectations when we will be talking about in detail you will be able to understand why I am saying this. Another thing which definitely makes this roastery or coffee wonderland

very special is the fact that it also has a pairing bar which anyway can be considered as another marvellous example for upselling. So without further ado we will be first looking at the video which gives you an overview about the idea of this coffee wonderland and why this has been considered as one of the best examples for experiential retailing.

So please have a look at the video first and then we will be digging more into it.

Hey guys we are at the Starbucks Shanghai this is the largest Starbucks roastery in the world they are opening today 30,000 square feet we got a big show coming up from here lots of different interviews but let's start with a tour that Howard Schultz just took me on of this very Starbucks. Welcome to a coffee wonderland the likes of which you have never seen in your life. Twice the size of the original Seattle Roastery and I would say everything we have done at Starbucks for the last 46 years has led us to this moment. It took us 18 years to get to 10,000 stores in the US I think in half that time we will have 10,000 stores in China.

So what we want to do is create intimacy and an experience with the customers like they have never had. So they are sitting at the bar we have wonderful people who are not only experts in coffee but experts in really I think theatrically demonstrating what we are doing. We have built the first Teavana T-Bar with Teavana merchandise and product and this is a whole different environment. The values of what we have been able to do culturally in the US we have replicated. Every Starbucks partner or employee in China is an owner.

Everyone has incremental healthcare beyond the government that we provide. We provide healthcare to the parents. We provide housing allowance. So all the things that we have done as a company to enhance the life of our people. What we have tried to do in addition to the design and obviously everything we are doing with coffee and food is most importantly really be respectful and dignify the Chinese culture. Guys it is pretty incredible to see what is going on here.

So apart from looking at the video which I hope you must have enjoyed.

The screenshot shows a Business Wire news article. The header includes the Business Wire logo and navigation links: HOME, SERVICES, NEWS, EDUCATION, ABOUT US. The main headline is "Starbucks Opens State-of-the-Art Premium Reserve Roastery Experience in Shanghai with the First Fully Immersive Coffee Wonderland in China". Below the headline, there are three bullet points describing the immersive experience: manufacturing and cafe environment, integrated AR digital experience, and debut of food by Italian purveyor. A paragraph states that China is Starbucks' fastest growing market. Another paragraph mentions a \$20 million USD social impact commitment over five years. The source URL is provided at the bottom of the article content.

Source: <https://www.businesswire.com/news/home/20171204006204/en/Starbucks-Opens-State-of-the-Art-Premium-Reserve-Roastery-Experience-in-Shanghai-with-the-First-Fully-Immersive-Coffee-Wonderland-in-China>

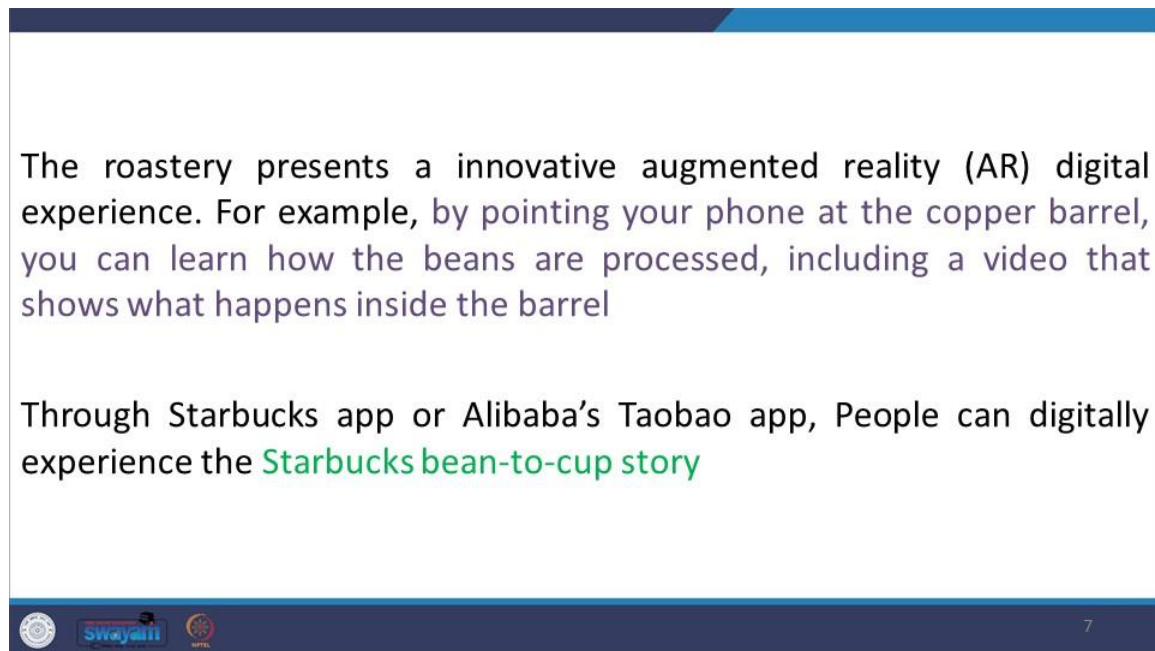
you can also go through this article by Business Wire which actually explains in detail the specialities of this coffee wonderland and how it offers a marvelous experience to the customers. Now let us sum up the best about this coffee wonderland.

The slide has a green title "Summing up on the Coffee Wonderland". It contains three bullet points: "The multimillion dollar roastery building looks like a giant coffee bean when viewed from the sky.", "Freshly roasted coffee beans are kept in a two-story, four-ton copper barrel, and the Starbucks history is commemorated with more than 1,000 traditional Chinese stamps", and "Unique, small-lot Reserve coffee which Starbucks sources from more than 30 countries around the world is roasted in the bar by highly trained Chinese coffee roasters".

So the first thing which is so peculiar about this coffee wonderland is the fact that if you look at it from the sky it actually look like a large coffee bean. Apart from that as and when you enter this coffee wonderland what you see is one of the largest coffee barrels which actually has the capacity of storing 4 ton of beans and if you use your phone and you point at this coffee barrel you will actually be able to see what is happening inside

this which means you will be able to see how the coffee is being roasted and later on how it is being brewed.

So another thing which makes this coffee wonderland much special is the fact that in this particular coffee roastery small lot reserves of coffee is being kind of imported from 30 countries. Now you can imagine the speciality which this particular coffee bar is offering. 30 countries means there is lot much to offer to the customers who just step in and this also maintains the element of speciality as far as the best coffee from these 30 countries is concerned.



The roastery presents a innovative augmented reality (AR) digital experience. For example, by pointing your phone at the copper barrel, you can learn how the beans are processed, including a video that shows what happens inside the barrel

Through Starbucks app or Alibaba's Taobao app, People can digitally experience the Starbucks bean-to-cup story

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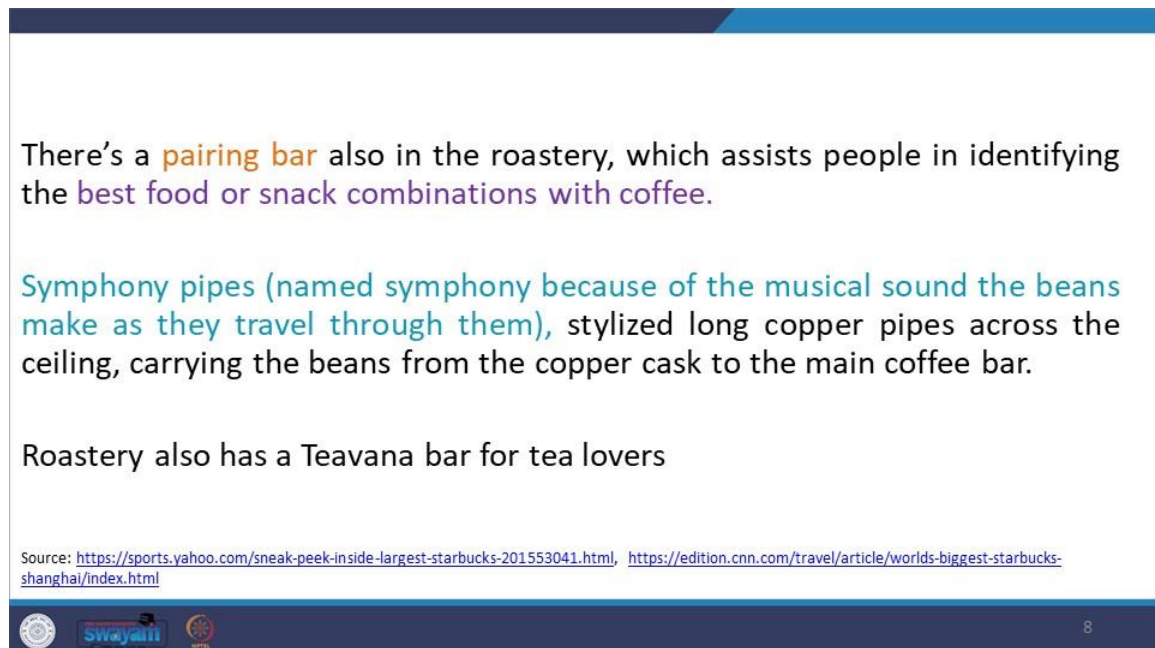
Apart from this another thing which makes this coffee wonderland quite special is the best use of innovative augmented reality. If you remember I just mentioned about the large coffee barrel which you see as and when you enter the store.

So with respect to that barrel also the element of augmented reality has been brought in and in the best possible way. So if you use your phone and you point it towards the coffee barrel you can not only learn about how the beans are processed but it also displays or showcases the journey of Starbucks from bean to cup story. So this is definitely a delight for coffee lovers. They not only get to enjoy their favourite coffee but they also get to know about the Starbucks marvellous journey from scratch to where it is today. And trust me guys there are a lot of people who are coffee lovers they enjoy this a lot because in many ways it also brings an element or stimulates a strong emotional connect with the brand.

So in the beginning if you recollect I also mentioned about the pairing bar which can also be considered one of the best examples for upselling. Upselling means whenever any

organisation is able to sell more of its products to the existing customers. Now in this bar it has been executed marvellously. What they have done is they have actually established a pairing bar. So whenever you enter the bar it will actually give you recommendations what goes best with the flavours of the coffee that you are presently consuming.

Now just imagine how enjoyable it would be for the customers to get to know about the best combinations which can go with their favourite coffee. In any ways it is not only encouraging upselling but if the combination is liked by the customer who is presently in the pairing bar loyalty is definitely going to be enhanced and they would love coming back to the roastery a couple of times. Along with this we also need to understand how the bar emerges as a audio delight for the customers. Now they have particularly called some pipes as the symphony pipes




There's a **pairing bar** also in the roastery, which assists people in identifying the **best food or snack combinations with coffee**.

Symphony pipes (named **symphony** because of the **musical sound the beans make as they travel through them**), stylized long copper pipes across the ceiling, carrying the beans from the copper cask to the main coffee bar.

Roastery also has a Teavana bar for tea lovers

Source: <https://sports.yahoo.com/sneak-peek-inside-largest-starbucks-201553041.html>, <https://edition.cnn.com/travel/article/worlds-biggest-starbucks-shanghai/index.html>

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and the only reason why they have been called as the symphony pipes is because of the musical sound the beans make as they travel through them. These are technically the stylised long copper pipes across the ceiling which carry the beans from the copper cask to the main coffee bar.

So just imagine it is also definitely going to catch the attention of the customers or the people who are inside the bar when they look at the ceiling and they hear these marvellous sounds which are definitely catchy and they also go well with the bar because it is very well executed with the idea of developing the bar which means the sound which is actually used is related to the roasting of the coffee beans. So we have talked a lot about coffee lovers and how this particular bars emerges as a marvellous experience for them, but how can we forget tea lovers. So as far as tea lovers are

concerned the bar definitely has something special for them too. They have actually dedicated a certain section to tea lovers which is basically called as a tea vana bar. So as far as tea is concerned new and exciting flavours are also being offered to the customers specifically to the people who love tea.

So just imagine it is not only just restricted to coffee they are also offering a lot more to the tea lovers. So I really hope you enjoyed learning about what makes this roastery so special or how this idea of coffee wonderland is gaining so much popularity in China. I would again urge you to go back and read more about it or maybe when you google even specific web pages have been dedicated on the websites like TripAdvisor because rather than just being a place for coffee lovers this is definitely emerged as one of the most popular tourist places in Shanghai as well. So I would request you to go back and read more about it.

Learning Something New

Slotting fees:

A fee paid by the manufacturers to retailers to get (some) space in the retail shelves.



Source: <https://www.repsly.com/blog/consumer-goods/merchandising-shelves-shelf-location-retail-merchandising>

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I am very hopeful that you enjoyed learning about our new segment which was extra fodder for thought.

Now we will be getting to the another exciting segment which is learning something new. So as far as this module is concerned the topic which I have picked up with respect to learning something new is slotting fees. Now you might be wondering what slotting fees actually is. Technically this is the fee paid by the manufacturers to retailers to get some space in their retail shelves. Now let's understand this with an example.

Let's say you own a grocery store and you have a particular shelf where you can place products. So if you look at physical dimensions or the physical space which is available for the store it is definitely going to be limited. It is not going to be like online retailers

where you can display as much as products you want right. So when it comes to a physical store there is definitely going to be a fight or dilemma with respect to what should be kept on shelves. So as I just mentioned we will understand this with an example.

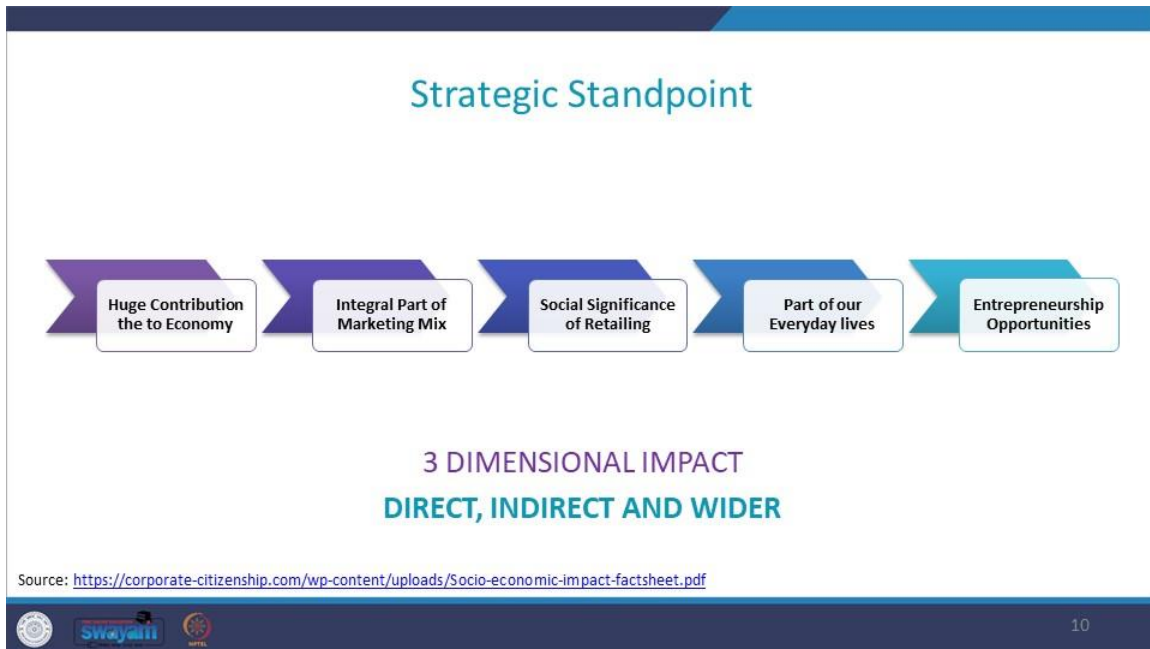
Let's say you have some shelf space in your store which is being dedicated to noodles. Now if I ask you which brands you are most likely to keep you might think of keeping Nestle Maggi or you might think of keeping Top Ramen or you might also decide to give some portion of the shelves to Patanjali Atta noodles right. These are a few brands or there could be a few more that you might decide to keep on the shelves right. But the whole idea of picking up these brands is precisely the fact that either these can be sold like hot cakes and you have the confidence that you will be able to sell them and at least make some profits out of these. Now let's say there is a new player in the market who approaches you to keep their brand or to dedicate some space to their noodle brand in the shelf space that you have.

Now why would you keep them right. Because there is definitely an opportunity cost which is associated with it. Why would you keep a brand which is new or let's say which consumers are not much aware of and precisely it also indicates that you might not be able to make much profits out of it or the stock could even be returned. The situations could even get that worse. So in order to solve this problem usually retailers charge manufacturers with the fee which is called as slotting fees.

Now this gives them the confidence that even when the product will not be sold this basically comes as an incentive to keep their product. So I am very hopeful that you got the idea of slotting fees and if you look at it from the opportunity cost perspective which means the cost of keeping brands which could be sold like hot cakes then keeping a new brand you will understand what is the relevance of slotting fees in the present retailing dynamics. And in the contemporary times this becomes much more important in the retailing world because there are too many brands or new players which are entering into the market and definitely the shelf space is very limited. So this comes as one of the solutions for the retailers to kind of you know secure them with respect to keeping new products. So as far as this segment was concerned I really hope that you enjoyed learning about this also.

For this topic also I would request you to google more about it and even if you get to visit a retail store near you just try to make an analysis of the brands which you know and which you do not know then maybe you can have a smaller conversation with the retailer as well if he or she is charging any slotting fees for the brands which are not very popular. So now we will be moving forward and we finally get to one of the most important topics which is the strategic standpoint why we need to use the term strategic

adjacent to retailing. So precisely I have tried to put this with respect to five factors one is



with respect to the contribution which retailing sector makes to the economy apart from that we will be looking at it from the perspective of retailing being an integral part of marketing mix. Now I will elaborate a little more on this just imagine that a marketer or manufacturer has done a fabulous campaign with respect to coming up with the product which is very unique which definitely comes across as a value offering and people are just waiting to buy that. They have also done a marvelous job with respect to executing a ntegrated marketing communications campaign and creating right kind of awareness among the segments that are most likely to buy them.

They also did a fantastic job with respect to pricing the product right but when you get to the retail store the product is not available just imagine how everything is just gone for a toss or maybe could appear to be a waste with respect to all the efforts that have been made in making sure that the product can be sold like hot cakes but just imagine the product is not available in retail stores even when you like it you can't buy that so everything as I said has gone for a toss. Now you can imagine why retailing becomes so much important when we look at the marketing mix and why it is considered as one of the most critical and crucial piece along with pricing product and the promotions aspect. So as we will be moving forward in the journey of understanding strategic standpoint we will also be looking at the social significance of retailing along with this how can you not consider retailing as a strategic standpoint when it is a part of our everyday lives. Just imagine you could be starting your day by going out and buying milk or bread from a grocery store then at night if you are going with your family to enjoy ice cream to a

nearby ice cream retailer you are ending your day with the retailing as well even when you are sleeping if you are looking at a video let's say you are watching something on Netflix on YouTube it also becomes a part of entertainment retailing. So we have a lot more reasons to look at retailing as far as the strategic importance is concerned and finally we will get to the aspect of entrepreneurship opportunities which again attaches a lot of importance to the retailing.

Along with this we will also be understanding the three dimensional impact which the retailing makes to an economy and which can be understood from the perspective of direct indirect and wider impact. So now in order to understand the contribution which retailing makes to an economy we will be looking at some of the statistics as per the latest IBF report and Statista.

Why is Retailing So Important?
Let's look at some statistics as per the latest IBEF Report and Statista

IBEF
INDIA BRAND EQUITY FOUNDATION
www.ibef.org

statista

IBEF: Government of India's Department of Commerce, Ministry of Commerce and Industry established the **India Brand Equity Foundation (IBEF)** as a Trust. The main goals of IBEF are to spread information about Indian goods and services and to promote and raise awareness of the Made in India label in foreign markets. IBEF collaborates closely with stakeholders from government and business to achieve this goal. The trust also maintains and prepares reports about changing trends in Indian markets and about retailing in India.

STATISTA: Online platform specialized in offering and analyzing market and consumer data.

Source: <https://www.ibef.org>, <https://www.statista.com/>

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Now we will be first understanding what IBEF is. So this is one of the trust which has been established by the Ministry of Commerce and Industry under the Government of India's Department of Commerce. The main goal of IBEF is to spread information about Indian goods and services and to promote and raise awareness of the Made in India label in foreign markets.

Now you can just imagine what kind of important and crucial roles which IBEF playing. They have taken upon the responsibility of making sure that Made in India brands become so much popular globally and they start enjoying the same benefits which other global brands enjoy as far as the consumer fairness in preferences are concerned. IBEF also collaborates closely with stakeholders and definitely with the government and other business partners to achieve this goal. The trust also maintains and prepares reports about changing trends in Indian markets and specifically about the retailing in India. So

the only reason why I picked up IBEF is the fact that they are regularly involved in analysing consumer and market data which eventually becomes crucially important for the retailing sector.

I would urge you to go back and log in to their website and you will be able to see a lot of reports which would be related to trending, exports and imports. Along with that you will also be able to see a lot of enriching blogs talking about consumer preferences across different market segments. Now apart from IBEF the statistics which you are using basically belong to Statista which is a very popular online platform specialised in offering and analysing market and consumer data. So even if you log in to Statista you will be able to see a lot of marvellous reports regarding consumer and market perspectives. Even with respect to different countries you will be able to see a lot of good insights coming from the reports and one thing which makes Statista unique is the fact they have a flair for presenting data in such simplistic ways that you will not have to invest a lot of cognitive effort in understanding so many things and same goes with IBEF also which is India Brand Equity Foundation.

Now here are the statistics which you need to understand. So as we all know just imagine the contribution which retailing sector is making not only in generating employment, but also to gross domestic product. When it comes to employment the overall contribution amounts to 8 percent whereas,

- One of the main economic sectors in India is quickly becoming the retail industry. It adds 8% to employment and 10% to GDP.
- The organized retail market in India is growing at a CAGR of 20-25% per year.
- Indian retailers climbed by 14% in October 2021 compared to the previous year.
- The retail sector in India recorded an investment of US\$ 417 million in 2020.
- India's real gross domestic product (GDP) at current prices stood at Rs. 195.86 lakh crore (US\$ 2.71 trillion) in FY21, as per the second advance estimates (SAE) for 2020-21 and the per capita income at current prices was estimated at Rs. 127,768 (US\$ 1,765.43) in FY21.

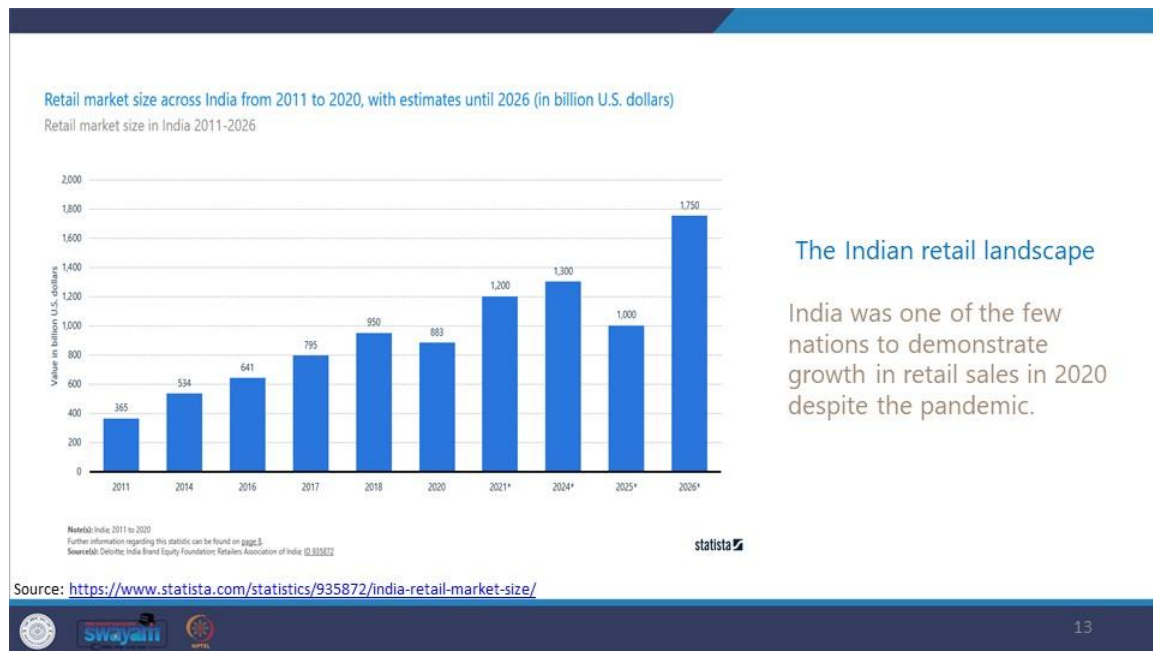
Source: <https://www.ibef.org>

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with respect to GDP it comes to 10 percent. Apart from that the organised retail sector India is growing at a CAGR of 20 to 25 percent per year. Now whenever we are talking about organised retail market we also need to understand the difference between organised and unorganised retail market.

So whenever we are talking about the organised retail market it basically considers the activities of those retailers which are licensed by the government or are registered for the different kinds of tax regimes that we have in India for example, sales tax. And whenever you are talking about unorganised retail markets we only consider the traditional formats which are not registered under any legal provision as far as the law of the country is concerned. Along with this when we will be moving forward with the different modules we will be talking a lot more about the organised and unorganised retailing in India. But as far as another information is concerned Indian market is basically captured by the unorganised retailers. For example, you all must be aware of the kirana stores that we have in India in almost all residential areas.

So they basically constitute a part of unorganised retailing as far as India is concerned. Another statistics which actually establishes the economic contribution which retail sector makes is the fact that retail sector in India recorded an investment of 1417 US million dollars in 2020. Along with this India's real gross domestic product at current prices stood at 195.86 lakh crore. Now if you look at this particular number you will be able to kind of decode the contribution which it makes to the economy.



So even if we look at the Statista reports which is basically on retail market size across India from 2011 to 2020 with estimates until 2026 you can actually see the retail market size in India is expected to grow to 1750 US billion dollars by 2026. And the same report also establishes the fact that as far as India is concerned it was amongst the few growing nations which were able to demonstrate the growth in retail sales even during the pandemic. So I hope you got some perspective about the importance of retailing as far as

the economy is concerned. So as far as these statistics were concerned I hope you really got some perspective about the contribution which retailing makes to an economy.



Business Standard
Thursday, April 23, 2020 11:23 AM IST 01:16 AM

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Home / Economy & Policy / News / India retail sector to add 25 million new jobs by 2030: Report

India retail sector to add 25 million new jobs by 2030: Report

A lion's share will be the offline+online model, the report said

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Source: https://www.business-standard.com/article/economy-policy/india-retail-sector-to-add-25-million-new-jobs-by-2030-report-121030800888_1.html

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Along with this we also need to look at this report or new snippet by the business standard which actually says that Indian retail sector to add 25 million new jobs by 2030.

We will also be going through one of the quotes by Amitabh Kant who is CEO at Niti Aayog. Retail sector is one of the growth engines for the nation's economy with a doubledigit contribution to the GDP and employment to nearly 35 million individuals. See if you start looking at the jobs which retailing creates just consider this micro example even when you enter a mall you have security guards who are working there you have a lot of cashiers who are doing their jobs as and when you buy products and you make payments for them. You also have customer care executives who are helping you provide information about the products apart from that you also have sales executives who keep on stimulating you to buy other brands which they are associated with. Apart from that you also have a long list of people who are working on the back end let us say in supply chain dynamics to make sure that the products are delivered to you at right time.

So this was a micro example and this anyway gives you a very larger perspective about the jobs which retail sector creates right. Along with this we will also be looking at the quote by Debjani Ghosh who is the president at NASCOM. Retail 4.0 is rapidly evolving to the offline and online retail models that will bring incremental economic contribution, job growth and definitely the exports.

Now you might be wondering what retail 4.0 is. So whenever we are talking about retail 4.0 what we are actually saying is we are bringing in the role of technology at the fulcrum. Retail 4.0 is basically driven by the big data analytics as well as the analysis of data to bring in rich insights from the retailing industry and this only becomes possible because of the technology.

So retail 4.0 actually presents the best mix of the traditional retailing formats in conjunction with the technology which we are using along with the emerging retailing formats to make sure we can take retailing sector to the next level. So I assume that the discussion which we had with respect to the economic contribution which retailers make to an economy has been well through and I am hopeful that you really gained rich insights about this not with respect to data but also with respect to the small points that we just discussed. Now as I had told you retailing not only makes a significant economic contribution it is also very important as far as the social significance is concerned. Now this also happens in a variety of ways.



So the first one is comfortable lifestyle. See a person or any individual will only be going to live a comfortable lifestyle when they have enough money to do that or a reasonable amount of money to do that. Now how retailing is contributing to that with respect to jobs it is only with respect to the creation of jobs that retailing offers to a lot of people and which eventually emerges as their source of income to afford a comfortable living right. So just look at the social perspective that it brings in it is only through the retailing sector that a lot of people get jobs and work in varied fields and they use their salary to actually afford the comfortable living. Apart from that it also brings in a lot of

convenience. Now just imagine if you want to buy a bottle of shampoo if you want to buy a bag or if you want to buy a mirror or if you want to buy a clock some stationary chair or some other products you might be going to 10 different shops right.

Now just imagine how time consuming this is going to be and how much resources you will be investing in terms of financial as well as cognitive effort to go to all these different places and buy different products. But retailers solves all these problems for you quite easily. They bring in a lot of convenience by offering you a larger assortment of products under one roof so that you don't have to travel to different places to buy different products. So another factor which anyway highlights the social significance of retailing is socialization. Many times you must have been to malls with your family with your friends or many times even when you are going alone you might have a good chat with the person who is sitting at the sales counter or maybe let's say at a grocery store.

So this basically captures the essence of retailing because retailing indeed allows people to shop together and enjoy the time spent with friends and family while shopping in stores right. So even if you go back to the marketing literature and you start reading about it you'll be able to find out that socialization or moving out and talking to people in retail stores and while shopping it has been considered as one of the most crucial values when people started understanding why people shop right. So this again brings in a different perspective. Apart from that it also makes a huge contribution in supporting public services whether it happens with respect to the tax collections which happens that the government is utilizing by investing in education, healthcare and infrastructure or it also happens to the corporate social responsibility initiatives which retailers or organizations take on their own. So in both ways a huge contribution is being made in terms of supporting public services and finally we get to the aspect of development of local communities which actually captures the essence with respect to the fact that whenever a retail establishment grows it also makes a contribution in flourishing of other sectors.

Let's say transport services could be developed you might be acquiring a lot of services from other people who could be working in transport sector or you could be acquiring a lot of materials for manufacturing of your own private label brands. So just imagine let's say if there is a big retailer like Reliance and they start manufacturing a private label of their own in respect of tomato ketchup they might start sourcing a lot of tomatoes from the local farmers. Now you will be able to align the contribution which retailing with respect to this micro example is making to the local communities this is definitely going to enhance a lot of income for the farmers if all of their produce is being purchased by the retailers but here we are assuming that they are definitely being given right prices for their produce.

Corporate Social Responsibility: “Involves an organization voluntarily engaging in business practices that meet or exceed the ethical and legal expectations of its stakeholders – its employees, customers, community and society in general”

- Stage 1: Doing what the law prescribes

<https://www.udayancare.org/sites/default/files/CSR%20Provisions%20in%20India.pdf>

- Stage 2: Doing for short-term benefit
- Stage 3: Believing it to be the right thing to do, Think of Tata Group and Infosys

Source: Retailing Management, Levy, Weitz and Pandit, Mc Graw Hill, Pp. 12



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So in the last slide I gave you a brief perspective about corporate social responsibility.

So we will first begin by understanding what it technically means. It involves an organization voluntarily engaging in business first practices that meet or exceed the ethical and legal expectations of its stakeholders, its employees, customers, community and society in general. So whenever we are talking about CSR this precisely can also be understood from three stages which can be attributed to it. So the first one is doing what the law prescribes, second one is doing for the short term benefit and stage three is believing it to be the right thing to do if you think of Tata group and Infosys you will be able to understand why we bring in the perspective of believing it to be the right thing to do because this definitely has become a huge part of the organizations mission and both vision. Now we will first start with understanding doing what the law prescribes. Now as far as the ministry of corporate affairs is concerned they have notified under section 135 and schedule 7 of the companies act as well as with respect to the other provisions of the companies rules 2014.

What they have specified is that all those companies which either have a net worth of the company to be rupees 500 crore or more or the turnover of the company to be rupees 1000 crore or more or the net profit of the company to be rupees 5 crore or more they are required to spend at least 2 percent of its average net profit, profit before taxes for the immediately preceding three financial years on CSR activities in India. So this is what the law prescribes which means that if we look at these particular threshold limit for the applicability of the CSR of the company whether this is with respect to the net worth turnover or net profit all these companies are required to spend at least 2 percent of their average net profits on the CSR activities. Now along with this we also need to

understand the activities which have been prescribed by the law as far as corporate social responsibility initiatives are concerned. Now as per the schedule 7 of the companies act 2013 now this can be aligned with either eradicating poverty, hunger, malnutrition or promoting health care including preventive health care and sanitation right. Apart from this this is also associated with promoting education including special education and employment enhancing vocational skills for either children, women, elderly and differently abled.

This is also aligned with promoting gender equality empowering women setting up homes and hostels specially for the women. Along with this they also take account of ensuring environment sustainability or all the initiatives in which you are investing if they are aligned with ecological balance and protection of flora and fauna they are also going to be considered as a part of the CSR initiatives along with the initiatives which are being taken for the protection of or conservation of natural resources or maintenance of good quality of soil air and water. Along with this this also considers the benefits which can be given to armed forces veterans war widows and their departments. Along with this this also takes account of training to promote rural sports or nationally recognized sports or Paralympic sports or any contribution which has been made to the prime minister's national relief fund is also going to be under the aspect of corporate social responsibilities. So, this was a brief which I gave you about what the law prescribes as far as CSR initiatives of the organizations are concerned, but if you want to know a lot more about it I would urge you to use the link given in the slides and you will be able to enhance your knowledge much more about the legal provisions with respect to CSR initiatives.

Now we will be talking about the stage 2 which is all about executing CSR initiatives for short term benefit. Now an organization could be doing this just to win the heart of the consumers or to enjoy a positive image, but trust me this is not going to work for a longer time. It is very very important for a country like India that CSR actually becomes the right thing to do as far as the larger organizations are concerned. Whenever we are talking about the aspect of larger thing to do what we are trying to say is this becomes a core part of the mission and vision of the organization or in other words we can say it occupies or in or in other words we can say that it occupies a major place in the heart with respect to contributing to the society in all genuine ways. So, as I was mentioning we can think we can consider the example of Tata group and Infosys.

So, I thought why not dig out something as far as Tata power is concerned.

TATA POWER

CORPORATE | BUSINESSES | ENERGY SOLUTIONS | REGULATORY | INVESTORS | TENDERS | SUSTAINABILITY | CAREERS | MEDIA | CONTACT

Sustainability - Social
CSR Overview

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Tata Power's commitment to Corporate Social Responsibility (CSR) is rooted in the Tata Group's ethos that is aptly expressed in the words of Tata Group's founder Jamshedji Tata, "In a free enterprise, the community is not just another stakeholder in our business, but it is in fact, the very purpose of its existence."

Tata Power has always undertaken various initiatives with an aim to improve quality of life and ensure holistic development of its surrounding communities.

Source: <https://www.tatapower.com/sustainability/social/csr-overview.aspx>

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So, if you look at this snapshot they have given their perspective on why CSR is rooted in the organizations ethos. It is written it is written that if you go by the words of Tata group founder Jamshedji Tata in a free enterprise the community is not just another stakeholder in our business, but it is in fact the very purpose of existence. Now, this can be very much corroborated with the fact which I was just mentioning that it has to be a part of the very purpose of why an organization exist.

OUR IMPACT

- ✓ Tata Power CSR has been undertaking long-term philanthropic investments, voluntary programmes and commitments for community development in over 95 geographical clusters in our neighbourhoods across 15 states of India. This also covers over 10 aspirational districts as declared by the Government of India.
- ✓ More than 1.3 lakh youth trained in industrial safety, power sector related skills and employable skills through our flagship Skill Development initiative, TPSDI.
- ✓ More than 13 lakh community members across 15 states to access social welfare schemes worth more than Rs 200 crore through our Adhikaar digital literacy and financial inclusivity program.
- ✓ 2.6 lakh+ youth benefitted through Tata Power's skilling initiatives since 2018.
- ✓ More than 26000 women micro-entrepreneurs benefitted through Tata Power's flagship Anokha Dhaaga initiative.
- ✓ Tata Power's extensive COVID response benefitted more than 1.6 million community members in 16 states and the company extended direct support to Public Health Facilities across 63 locations in the country covering total 158 PHCs.
- ✓ Aligned to Tata Group's philosophy of empowering socially and economically disadvantaged sections, Tata Power's CSR efforts across themes positively impacted lives of 4 lakh youth.

Source: <https://www.tatapower.com/sustainability/social/csr-overview.aspx>

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So, along with this you even if you look at this snapshot it presents an overview of the initiatives which Tata power has been involved in with respect to making a contribution

as far as CSR initiatives are concerned. So, I would request you to read all these points and you will definitely get to know the activities which are being undertaken by the Tata group.

But I wanted to highlight one thing here

POWER HER UP | Our shining examples

Dhaaga

As part of its flagship CSR Initiative "Dhaaga" promotes Women Empowerment by engaging with both rural and urban women. It is a woman based micro-enterprise initiative for improving the social status and providing sustainable livelihood.

Tata Power supports the women for production and marketing of Apparel (Kurti, Palazzo, T Shirts), Bags - (Hand Bags, Clutches, Jute Bags), Hand Embroidery and Tie & Dye Work (Rabari work of Kutch), Handicrafts made of Tiger Grass, Wall Hanging (Kutch Embroidery), Warli Paintings & Products.

- 1170 Women
- Rs 3000 - 4000 monthly income
- 7 locations

Source: <https://www.tatapower.com/sustainability/social/csr-overview.aspx>

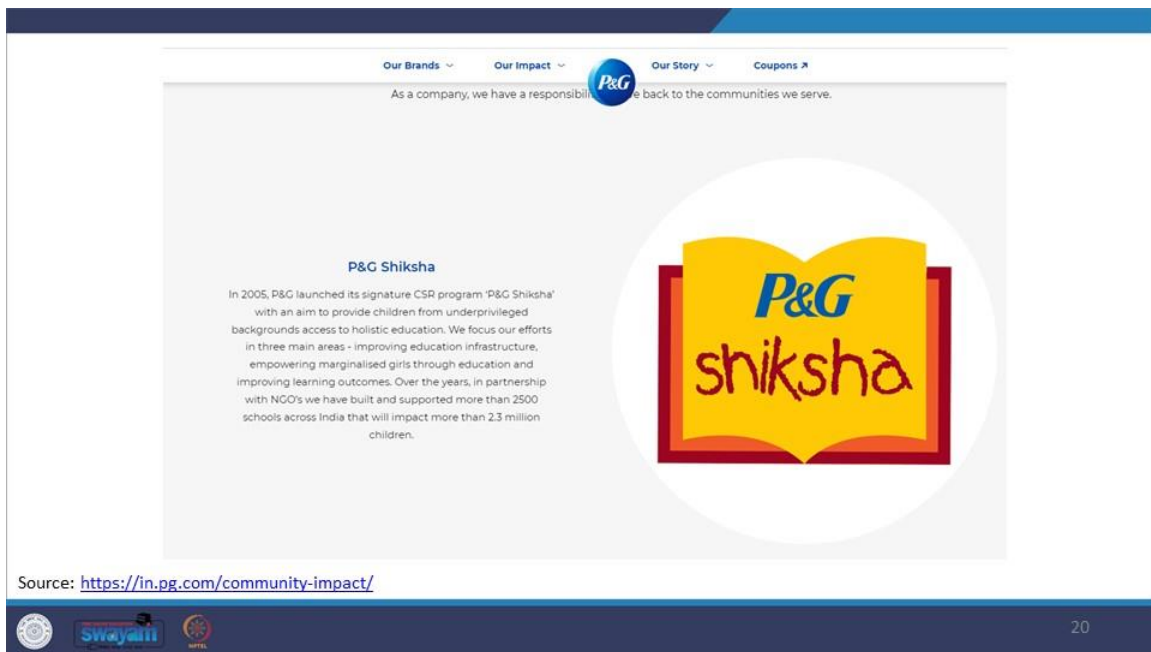
one of their initiatives which actually becomes very popular and is working towards making a contribution to the development of women. So, if you recollect the points that we had discussed working for the empowerment of women or investing resources in the upliftment of women as per law is also considered is also going to be accounted under the CSR investments which are being made by the organization. So, Dhaaga actually is one of the flagship CSR initiative of the Tata power and is working towards supporting the women for production and marketing of apparel, bags and other products which could be related to hand embroidery and tie and dye work. So, considering this we will be first watching this video on this specific initiative by the Tata group considering Dhaaga.


Every thread, every stitch has a story to tell. This story began in 2017, 45 kilometers from the city of Pune in a village called Kamshed. This is the story of Dhaaga. The mission was clear to create an opportunity for rural women who otherwise only engaged with household chores by empowering them to use their skills to provide for their families. Fifteen women from a self-help group came together to train themselves and others to make garments like palazos, aprons, kurtis and handbags. A plan was chalked to fine buyers in nearby cities and then, armed with sewing machines, bobbins, needles and spools of thread, Dhaaga was born. In just three years, Dhaaga has sewn together embroidery and handicraft from across

the country. From the craft of the Rabadi community in Kutch to traditional tiger grass handicrafts of Mehton in Jharkhand, Dhanwad district and Warli art from Jawahar in Maharashtra, Dhaaga is knitting a whole new life for these women. In the financial year 2020 alone, they have spun a revenue of over rupees 20 lakhs with each member earning a monthly income between 2000 and 5000 rupees. This would not have happened without the timely intervention of Okhai. When the unit was going through a tough phase and had shut down, a team from Okhai lived with the women of Dhaaga and helped set it up once more.

They were and still are the biggest buyer of Dhaaga's work. Today, Dhaaga involves 1120 women in 17 locations across Delhi, Maharashtra, Jharkhand, Madhya Pradesh, Rajasthan, Karnataka, Tamil Nadu and Gujarat. Their work reaches all over the country ever since they integrated with Amazon's women's seller program, Amazon Saheli. The women of Dhaaga, however, are more proud that they too are earning members of the household. The story doesn't end here because you have a part to play in it too. We pledge to continue supporting the women of Dhaaga. Will you? Visit us on [datapower.com slash Dhaaga](http://datapower.com/slash/Dhaaga).

So I really hope that you enjoyed this watching this video on Dhaaga. Apart from this, I would also urge you to look at this snapshot which basically come from P&G





Our Brands ▾ Our Impact ▾  Our Story ▾ Coupons ▾

As a company, we have a responsibility to give back to the communities we serve.

P&G Shiksha

In 2005, P&G launched its signature CSR program 'P&G Shiksha' with an aim to provide children from underprivileged backgrounds access to holistic education. We focus our efforts in three main areas - improving education infrastructure, empowering marginalised girls through education and improving learning outcomes. Over the years, in partnership with NGOs we have built and supported more than 2500 schools across India that will impact more than 2.3 million children.

Source: <https://in.pg.com/community-impact/>

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and provides information about their very popular CSR initiative which is Shiksha.

The screenshot displays the P&G website's 'Brands leading the way' section. It features three columns, each with a circular image and a text block. The first column shows a healthcare worker and a parent, with text about Pampers' hospital program. The second column shows a person in a uniform, with text about Vicks' Touch of Care campaign. The third column shows a classroom setting, with text about Gillette's Safalta program. The website header includes navigation links for 'Our Brands', 'Our Impact', 'Our Story', and 'Coupons'. The footer contains logos for Swajati and other partners, along with the page number '21'.

Source: <https://in.pg.com/community-impact/>

Along with this, you can also look at the another snapshot which provides more information about their other campaigns like Touch of Care campaign which was basically focused on doctors and nurses which have been considered as much celebrated COVID warriors during the pandemic.

Along with this, you also need to read more about the Safalta program which again is one of the CSR initiatives by P&G. See again if you recollect, even when you are spending on the upliftment or empowering youth to get better jobs or taking activities which will help them grow better or for their grooming they have also been considered as a part of CSR activities. So this was one such campaign which was executed by the Gillette group and focused on enhancing the grooming skills of the youth. So even if you Google more about it, you will be able to see a lot of videos. So as far as today's session was concerned, I really hope that you enjoyed learning about what technically CSR is and the different stages that we discussed.

Apart from that, broadly I am also hopeful that you gained a lot more enhanced perspective about the economic and social significance of retailing or why we need to assign too much of importance to us as far as countries like India are concerned. So as and when we will be moving to the next session, we will be learning a lot more interesting things about retailing. Thank you and good luck for now. Thank you.