

Retail Marketing Strategy

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Lecture-30


Welcome back everyone. And now we will be beginning with the session 7 of the week 5 of the course retail marketing strategy. So, if you remember in the last session we were precisely discussing the strategic retail planning process and we are also supposed to discuss the growth strategies which a retailer can adopt to take his business to the next level right.




Learning Objectives:

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

- Strategic Retail Planning Process (Continued)
- Growth Strategies

Extra Fodder for Thought: "EatQual"
Learning Something New: "Mystery Shopping"



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Along with that in this particular module we will be talking about the section of extra fodder for thought where we will be discussing Eatqual and as I had told in the last session we will keep it as a mystery with respect to the brand like with which Eatqual is associated with along with that we will be learning about the mystery shopping what does it mean and what are the advantages and disadvantages that it provides to retailers. Now considering the last lecture we had precisely discussed about defining the business mission and what it means we had also discussed about conducting a SWOT analysis. Now in this particular module we will move ahead with the remaining steps of the strategic planning process.



Identify Strategic Opportunities:

Once situation audit has been done, efforts must be made to identify strategic opportunities to foster the growth of a retail establishment in the market.

A marketing opportunity is an area of buyer need and interest that a company has a high probability of profitably satisfying.

- Supply something that is in short supply
- Supply existing products in superior way (Problem detection: ask for suggestions, Ideal Product: ask to imagine the best version of product, consumption chain: chart steps in acquiring, using and disposing)
- Develop a new product or service

Now when you talk about the stage of identifying strategic opportunities this is definitely going to happen one situation audit has been done. Now you have made an analysis of your strength and weaknesses right. Now you are precisely moving towards identifying the strategic opportunities which you can actually capitalize on considering your strength and weaknesses vis-a-vis the competitors that are kind of competing in the same market or we can say which are sharing category membership with you right. So, technically a marketing opportunities is an area of buyer need and interest that a company has high probability of profitably satisfying.

Let us say if you have an opportunity, but you do not have the required skill set or the strength to kind of capitalize on it in profitable ways then indeed it is not going to make much of a sense for you. So, one thing which you need to consider as a part of marketing opportunity is what are the skill set or strength that you have or even weaknesses with respect to competitors or whether you will be able to kind of execute this particular opportunities in profitable ways or not. So, this is the thing which you need to consider. Now how can we actually identify opportunities or let us look at it different ways what are the various occasions or situations in which a retailer can actually sense that there definitely exist some kind of opportunities right. So, first is if there is something that is in short supply, but the demand is very high definitely you can enter kind of in this particular domain to bridge the gap between demand and supply, but you also need to make sure that you can do this profitably right because there could be other competitors also who could be eyeing this situation.

Now let us say they might have more of muscle power resources or high tech technology to do it much better than you then it might not make much of sense for you to get into this particular domain. Another way of looking at opportunity is about supplying products in much superior way than what competitors are supplying, but you really need to look at some kind of techniques or tactics that can be utilized to execute this as in to identify if you can improve the competitors product and you can come up with the version which would be much better than them and would satisfy the needs of the customers in advanced ways and thus would attract them to your retail establishment and products as compared to competitors. So one is problem detection you should try to see what are the problems that customers are facing with the competitors product and you can also ask for their suggestions and then eventually you can improve your product. Another strategy is about thinking of the ideal product now this again can be done in conjunction with the discussions with the customers. You can ask them to imagine the ideal or best version of the product and then you again you can see where the competitors product can be ranked with respect to the ideal product and how you can make improvements to the same product and serve better as far as the target markets are concerned.

Another way of looking at this could be analyzing the consumption chain which is all about charting steps with respect to how consumers acquire use and dispose of the products which they buy. Right now this can also indicate some of the loopholes in which you can definitely see an opportunity whether this is with respect to acquiring a particular product using it and disposing it off as well. Now when you are talking about acquiring you might also see an opportunity in just being a platform which is making it easier for the people to order products and then you can definitely deliver it to them. Another way of looking at opportunity could be through an unmet need which means you will have to eventually think of a new product or service which is going to bridge this gap and will fulfill the needs or will satisfy the unmet needs of the customers. Now these are a few ways in which you can actually identify strategic opportunities.

Now the other thing is how you can actually evaluate them. Now the best way of doing that is through a market opportunity analysis but before that if you want to look at it from a simplistic way it is all about understanding if the retailer has the potential to achieve sustainable competitive advantage with respect to the particular opportunity which they would like to

capitalize upon. If you think that the competitors will be able to do much better than you then definitely it will not make much of a sense. If not now in let us say after some time the customers will definitely gravitate towards those competitors or offering them more of value as compared to what you are offering and you might not even be able to make profits out of it. So as a part of evaluating strategic opportunities a retailer must answer these questions.

Evaluate strategic opportunities:

Assess a retailer's potential to establish sustainable competitive advantage and make profits out of the opportunities available

Market Opportunity Analysis:

- Can we articulate the benefits convincingly to a defined target markets(s)?
- Can we locate the target market and reach them with cost effective media and trade channels?
- Does our company possess or have access to critical capabilities and resources we need to deliver the customer benefits?

Can we articulate the benefits convincingly to a defined target markets which means are they going to find worth in the benefits which you think your product will offer to them even if it is an advanced version of the existing product or if there is an improvement in the competitors product. If you are not able to articulate the benefits to them so just imagine the situation is more going to be like chaotic and they might not give preference to your products. Can we locate the target market and reach them with cost effective media and trade channels? Yes only then it would make sense right if you cannot reach out to the target market for which you are thinking of improving a particular product and it might be a situation that the cost of sending the products to them or even for them to kind of acquire the products could be very high then also it will not make much of sense right. Does our company possess or have access to critical capabilities and resources we need to deliver the customer benefits. Again this indicates the same facet if you do not have the critical capabilities to capitalize on the opportunity or to manufacture the product which this particular opportunity demands then also this is not going to make much of sense or is not going to be fruitful for you.



- Can we deliver the benefits better than any actual or potential competitors?
- Will the financial rate of return meet or exceed our required threshold of investment?

Can we deliver the benefits better than any actual or potential competitors? Will the financial rate of return meet or exceed a required threshold of investment? Initially you might be ok with even being on breakeven or let us say even incurring a few losses, but if this is going to happen in long term or if the let us say the simulation indicates that even in long term you might not be able to make much of profits then there is not going to be any point in being this particular industry or manufacturing this particular product because eventually every retailer is doing it for a some level of profits right. If you are able to sense that this is not going to be profitable for you or you might not even be at breakeven or might not touch the required threshold then indeed it is going to be a futile exercise. So once you have identified the opportunities and you have decided upon that this is the strategic opportunity which is going to be profitable or favorable for you then you need to specify your objectives in order to kind of capitalize on that and also allocate resources. Now precisely the three factors which you need to consider with respect to specifying objective is what is the performance that you are trying to achieve. Now this can be related to certain product parameters which you need to consider right in which time frame the objectives can be achieved and what is going to be the level of investment needed vis-a-vis the objectives that you have set for yourself as in we are talking in the context of a retailer.

Now once you have set up your objectives you will be definitely coming up with the retail mix in which you will be taking decisions like what is going to be your nature of operations, what is going to be the retail mix that you will be offering, the merchandise that you will be keeping, the type of format whether it is going to be a brick and mortar retailer or an online channel if an online channel then whether it is going to be a mobile application or a website or you might even decide to just go by catalog or you might simply just decide to offer the chance of catalog shopping. So all these decisions you will be taking as a part of retail mix along with that you will also be working upon the promotional programs that you will be executing how the store design is going to be the ambience which you want to offer to your prospective customers and

you will also be working towards visual merchandising and locations. Finally the last stage is when you need to evaluate if you are on right track with respect to achieving your objectives and if you see any deviations you need to take the right corrective measures to get back on track.

Develop a Retail Mix to Implement the Strategy:

Nature of operations and its retail mix (type of format, type of merchandise and services offered, advertising, promotional programs, store design, visual merchandising and locations)

Evaluate and Adjust:

Evaluation against planned and what is being achieved must be done at important check points. This might sometimes also require a major overhaul even impacting the mission of the organization.



Sometimes the environment may change so much that you might even require a major overhaul even impacting the mission of the organization which means you might even be required to give second thoughts why does a business exist, what is it that you are trying to achieve or what are the problems that you are trying to solve for your customers. So as far as the strategic retail planning process was concerned these are the all the stages that we have discussed which you need to follow as a part of the robust strategic retail planning process.

Growth Strategies

There are technically four types of growth strategies that retailers can pursue to expand their base to capture a larger set of customers:

- Market Penetration
- Market Expansion
- Retail Format Development
- Diversification

Now as we move forward we will indeed be discussing about the growth strategies which a retailer can actually execute to grow in a particular markets in which they are operating. Now as far as growth strategies are concerned they can be looked at from the perspective of market penetration, expansion, retail format development and diversification.



Source: Retailing Management, Levy, Weitz, Pandit (8e) Page 159

This is how it look likes when a retailer is using the existing retail format and is targeting existing customers it is called as market penetration. When by using the existing format they target new customers it is called as market expansion whereas when they decide to come up with

the retail format for the existing customers it is called as format development and when they come up with the new retail format and also try to target segments which they have not targeted before it is precisely called as diversification. Now this can be unrelated as well as related.

Market Penetration:

Directed towards existing customers using the retailer's existing retailing format

Its like attracting new customers from retailer's current target market that have not yet patronized the retailer, making existing customers buy more and visit the store more often

Keeping existing stores open for more hours or opening more stores for target market.

Pushing impulse purchases and focusing on cross-selling



Now whenever we are talking about market penetration it is indeed directed towards existing customers using the retailers existing retailing format. It is more like that you are trying to attract new customers from your current target market which definitely indicates those customers who have not yet purchase from you or have not yet patronized you right. It means like let us say in a particular target market you might have a very huge size but only 50 percent of the people are buying from you. Now when you try to target the remaining 50 percent now that can be through let us say sales promotions offers or by coming up with a very quirky integrated marketing communications campaign or by offering some rewards now that can be considered as a case of market penetration. Now another way of looking at market penetration could be when you are trying to keep your existing stores open for more hours right which means you are giving kind of a larger window to customers to come and buy from you right now that again can also increase sales to an extent.

Another way is you even think of operating more stores for your target market right. Even pushing impulse purchases and focusing on cross selling can also be a case of market penetration right. Let us say even when you are opening more stores this also indicates the fact that it could give an opportunity to the people who are your target market but have not been buying from you let us say because of lack of convenience or accessibility to your stores will start buying from you now right. So this again will increase your business and can be considered as a case of market penetration. Now as far as penetration is concerned even up selling selling more of your products to the existing customers will also qualify as a part of this particular discussion.

See as far as products are concerned I can give you an example now when you think of Kisan Jam the company starts kind of promoting you know you can even consume jam with let us say parathas which they have been doing for long vis-a-vis is only bread. Now giving them more of options where the product can be applied and can be used or can be consumed will eventually take its utilization or consumption to the next level which means you are selling more of your existing products to the same target market which again qualifies to be a case of market penetration.

The screenshot displays the 24SEVEN website's 'Locate the nearest store(s)' page. The header includes navigation links: HOME, ABOUT, VIP ADVANTAGE CARD, HOME DELIVERY, and a 24SEVEN logo. Below the header is a large 24SEVEN logo with the tagline 'Locate the nearest store(s)'. A search bar allows users to select a state (currently 'Punjab') and a city ('Select City'). Below the search bar, three store listings are shown for Chandigarh:

- Chandigarh Sector 126**
Ground Floor Imperial Tower, Sec-126, Chandigarh Kharar Highway, Mohali, Punjab 140308 -
09050003541
Open 24 Hours
View on Map View Details
- Chandigarh Sector 33**
M/S Sukhna Adhoc, IOCL, Sec-33, Dakshin Marg, Chandigarh - 160020
0172-2614247
Open 24 Hours
View on Map View Details
- Chandigarh Sector 7C**
M/S Sidhu Service Station, IOCL, Sec-7C, Chandigarh - 160019
0172- 2795247
Open 24 Hours
View on Map View Details

Source: <https://www.24-seven.in/locate-stores-near-me>

The footer contains logos for Swiggy, 24SEVEN, and MTL, along with the page number 12.

Now in this particular case of market penetration I wanted to share this particular example with you. If you talk about 24X7 and if you see the time for which it is open it says open for 24 hours. Now this again definitely indicates a case of market penetration because when the store is open for 24 by 7 throughout day and night you will have some customer who will come and buying from you in the odd hours as compared to the usual business hours in which people come.

Market Expansion:

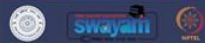
Using existing retail formats to target new market segments

Dunkin' Donuts – new stores at gas stations

Retail Format Development:

Multi-channel retailing:

A new retail format with a different retail mix for same target market. For eg. Tesco Express



Now this indeed indicates that your sales are going to be much more than they have been in the past. Now when you talk about market expansion it is all about using existing retail formats to target new market segments right. In this case you can consider the example of Dunkin Donuts who decided to open their stores at gas stations as well right which means you are using the existing format but you are opening it at such places where people were not expecting now you have a larger base who is coming and buying your product. But when you talk about the facet of retail format development it is all about kind of executing or figuring out new retail formats with different retail mix for the same target market. Now if you talk about Tesco who was basically into the business of satisfying the daily needs of customers or let us say groceries they came up with the idea of Tesco Express which are precisely opened at places where people live and work and they were completely into the business of selling ready to eat meals to the customers right.

So this is an example in which you will be able to see they have not only come up with the new retail format but they are also selling a different retail mix to the same target market segment that is why we call it retail format development. But I would again repeat it the essence lies in not only coming up with the retail format but also a different retail mix for the same set of customers or same target market.

Diversification

Introducing a new retail format for a market segment not being served currently

Related (something in common) vs Unrelated diversification (nothing in common)

Vertical integration : Wholesaling or manufacturing



Now when you talk about diversification it is about introducing a new retail format for target market segment which was not being served currently. Now you might get into the business which could be related which might have something in common with your past businesses or existing retail businesses which could be on the basis of technology raw materials being utilized or this could be completely unrelated diversification in which there is nothing in common. Let us say if there is a particular organization who is in the business of let us say telecommunications now they decide to get into education business now this will be indeed unrelated diversification.

But as far as diversification is concerned we also talk about the facets of vertical integration which means which could be either forward or backward. Forward means manufacturer is opening its own retail stores to sell products directly to the consumers and when we talk about backward it simply indicates that the retailer is getting into manufacturing. Now in this case you can also consider the case of manufacturing your own private labels when we are talking about backward integration. But as far as integration is concerned we have precisely discussed about this in one of our previous sessions as well. Now finally, we are back to the two exciting elements which is extra fodder for thought and learning something new.

Extra Fodder for Thought: Eat Qual

Celebrate Inclusiveness with 'EatQual'

By McDonald's on January 25, 2021

What's Hot



<https://www.youtube.com/watch?v=Alr5btESyNA>

Source: Mc Donalds India
Official YouTube Channel



McDonald's India
37.9K subscribers

Source: <https://www.mcdonaldsindia.com/celebrate-inclusiveness-with-eatqual>



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So, as I had told you in the beginning for this particular module you will be learning about Eatqual. Now this indeed was one of the campaigns by McDonald's in which they wanted to bring inclusivity and kind of make the specially abled as a part of their campaign indicating that they care for everyone. So, we will be looking at this fantastic video which has been derived from the official YouTube channel of McDonald's India and trust me this is definitely going to give you a perspective what companies are doing to connect well with each and every segment. So, this definitely is going to give you a perspective how companies are kind of going beyond to connect with each and every target market segment. So, please have a look at this video now and then we will be getting to the facet of learning something new.

Learning Something New



Mystery Shopping:

Method use to measure quality of offerings, service experiences or level of services. It is done by companies as a part of their marketing research tactics or could also be executed by watch out groups or the companies own executives to check for compliance.

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

Source: CBS Chicago Official YouTube



CBS Chicago
331K subscribers

Source: CBS Chicago Official YouTube Channel



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So, I really hope that you enjoyed looking at this video. So, as a part of learning something new we will be learning about mystery shopping. Now mystery shopping actually indicates the methods which are precisely used to measure quality of offering, service experiences or level of services offered. It is done by companies as a part of their marketing research tactics or could also be executed by watch out groups or the companies own executives to check for compliance. Many times this could also be used by competitors as well to understand how the other player is behaving.

I will give you one example to understand this let us say if there is a particular chain of hotels. Now as a mystery shopper I would go there and I would try to create problems to see how the particular retailer is behaving. Let us say I might indicate the bed sheets are not clean or the room is not clean just to see how much responsive they are with respect to my demands or the problems which I am indicating. Another ways could be let us say you might have a product which have you have bought from a particular retailer. So, as a mystery shopper in this case you might go to the retailer directly to see again how responsive they are with respect to kind of returning the product or giving you a replacement or refund if it was a part of the deal right.

So, that can also be considered as an aspect of mystery shopping. So, for this also we have a particular video which has been derived from the CBS Chicago official YouTube channel which is definitely going to highlight some unheard things about mystery shopping. So, please go and have a look at this video and then we will be talking about the benefits and kind of problems which can be associated with mystery shopping.

Tonight's original report is all about side hustles, good ways to make extra money on the side. And one way to do it is to sign up to be a mystery shopper.

As Dorothy Tucker reports some people actually rake in thousands of extra dollars. I have made as much seven or eight thousand in a year. That's income Zipporah Jones makes on her side hustle as a mystery shopper. What do you do as a mystery shopper? I'm a customer and I'm just trying to get information. So this retired teacher blends in with other customers.

But Jones is the one shopping for companies, looking to gauge customer service, check out product displays or rate restaurants. I took pictures of menus, billboards, center bonds. Photos snapped combined with surveys sent to the companies equals cash. This one is for \$74.

This one is for \$300. This check was for \$815. Jones is one of an estimated five million mystery shoppers working for some 160 companies. Those looking for jobs can find them on the mystery shopping providers association website. Rich Bradley is the past president. People say, well, I love to shop, so I'd be a good mystery shopper.

And that's not always the case. A great mystery shopper is dependable. They have a fine attention to detail and they have a great mastery of the written language. So I tried it. I do other brands that are likely I go by. I downloaded several apps that offer jobs to mystery shoppers.

An easy shift, I took an assignment at Bed Bath and Beyond to conduct a product survey. Twenty minutes later, I'd made 11 bucks. Take a photo. Okay. At Target, I worked for Field Agent, taking photos of a new display.

It's important to take good photos. Look on that confirmation screen to make sure there's no blurriness. Can you read the product? Is there glare? With apps, you can earn several thousand dollars a year and get paid almost immediately. What have you learned over the years to work more efficient? Pick the ones that are kind of close by so you can do two or three at a time and you're not going out for just \$20 when you go out you make \$60 or \$80 that day. Jones keeps a notebook writing down all of her jobs and when she expects to be paid.

It's great. It gives me something to do and make extra money by doing it. Now there are mystery shopping scams so be careful. For example, you do not want to sign up for a job that charges a fee to apply. To make sure that you are choosing a legitimate business, go to our website. We have the link where you can find companies looking for mystery shoppers.

Rob and Erica reporting and making a few extra bucks on the side. Not bad. Multitasking. We're getting closer to the holidays. Do they have mystery shoppers more during this time or is it just really all year long? They have them all year but this is a great time to do it.

Because you download this app and you might find three or four jobs right in your neighborhood and it doesn't take but a second to become a mystery shopper. Nice.

So as we end this module we'll be looking at the advantages and disadvantages of mystery shopping.

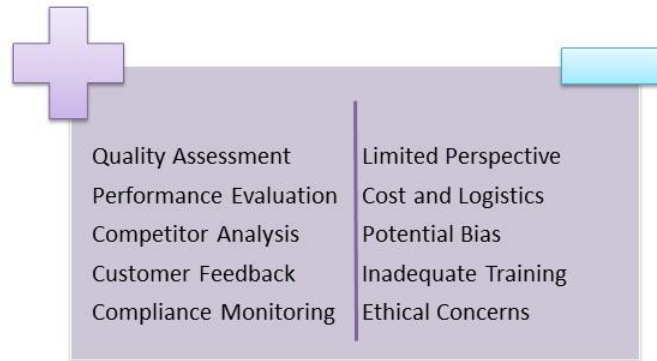
Advantages and Dis-advantages of Mystery Shopping

So when you talk about advantages the first is indeed quality assessment. See mystery shopping allows companies to assess the quality of their products and services from a customer's perspective.

Many times you will also see companies sending mystery shoppers on their own or they hire certain people who kind of behave as mystery shoppers when they go to the retail establishment. Which actually gives them an opportunity to assess the quality of the services which are being offered. Let's say there could be a franchisee where the franchisor might send mystery shoppers to see. Now this can also be done with respect to various compliances. Now let's say if there is a compliance with respect to minimum prices that can be charged as a part of mystery shopping you might like to see or the franchisor might want to see if the franchisee is complying with that or not.

Along with that mystery shopping can also be used to evaluate and incentivize employee performance by setting specific criteria and objectives. Companies can indeed measure how well employees are there to standards and identify training needs. Now mystery shopping as I just said can also be a source of identifying training needs right. Let's say if you did a quality check to see how you know let's say the human resources or the sales agents or customer care agents are interacting with customers right or with the mystery shopper they might realize that they do not have that much product knowledge if it is a technical product or let's say if it is an electronic product showrooms then in that case it clearly pin points that there is a need to conduct trainings or to make sure that they are well versed with the product knowledge. Competitor analysis now as I was telling you many times companies send mystery shoppers which might appear to be unethical to just see how their competitors behave with respect to the quality of services that they are providing.

Advantages and Disadvantages of Mystery Shopping



It also helps them to understand where they are standing with respect to the services being provided by the competitors. Now this indeed can also be a very good source of taking customer feedback and as I told you in the beginning for compliance monitoring. But there are definitely certain disadvantages of the mystery shopping as well limited perspective. There could be a situation or let's say that particular time if the issue basically comes from the customer service agents you know maybe that day was not good definitely it is going to be non acceptable. But what we are trying to understand this mystery shopping just might provide you only a snapshot of the customer experience and may not capture the full range of interactions or situations.

As it is based on the subjective experience of a single shopper it might not reflect the experiences of all the customers. There is definitely a cost associated with mystery shoppers if you have seen that video you will be able to see that mystery shoppers are paid for the kind of executing these activities which they do as mystery shoppers which could be an analysis of the compliance situation or a customer service situations. Along with that there is definitely a potential bias which might creep in the results of mystery shopping can be influenced by the shoppers personal biases opinions or preconceived notions. This subjectivity may affect the accuracy and reliability of the feedback. Along with that the other issue is inadequate training the mystery shoppers might not be properly trained like even if we go back to that video a mystery shoppers is required to have a knack for registering or kind of taking account of very minute details right if they are not doing it properly then the whole purpose may be lost right.

And definitely they also need to conduct these activities by not exposing themselves or by kind of giving any kind of hints that they are there as mystery shoppers ethical concerns right. As I was telling you if it is being done for competitors it might not be looked at from very ethical perspectives. So, what we just discussed now definitely gives you a snapshot of the advantages and disadvantages that can be associated with mystery shopping. Now and finally, we have come to the end of this module and I am really hopeful that you enjoyed learning about the

strategic retail planning process along with that the campaign by McDonald's indeed I hope gave you a very different perspective along with that I also hope that you kind of enjoyed learning about the facets of mystery shopping. But there are a few topics which we will be taking to the week 6 otherwise week 5 will get very heavy for you considering the range of topics that we have discussed.

So, as we will enter the week 6 we will be talking about the integrated marketing communications program and also about the location decisions which a retailer is required to undertake to operate in the best possible ways. So, looking forward to meeting you in the next week wishing you a good day for now. Thank you.