

## Retail Marketing Strategy

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### Lecture-6

Good morning everyone. Today we will be beginning with session 1 of the week 2. As far as week 1 was concerned I am really hopeful that you gained a much more enhanced perspective about what retailing actually means, evolution of retailing and why it holds a so much strategic importance as far as the economy dynamics are concerned. But in this module as we begin once we are done with this the learner will definitely be able to appreciate how we can increase or offer an enhanced value to the customers as far as the perceived benefits and sacrifices are concerned

#### Learning Objectives:

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

- Tips for increasing customer value
- Retailing theories
- A retailer's role in supply chain

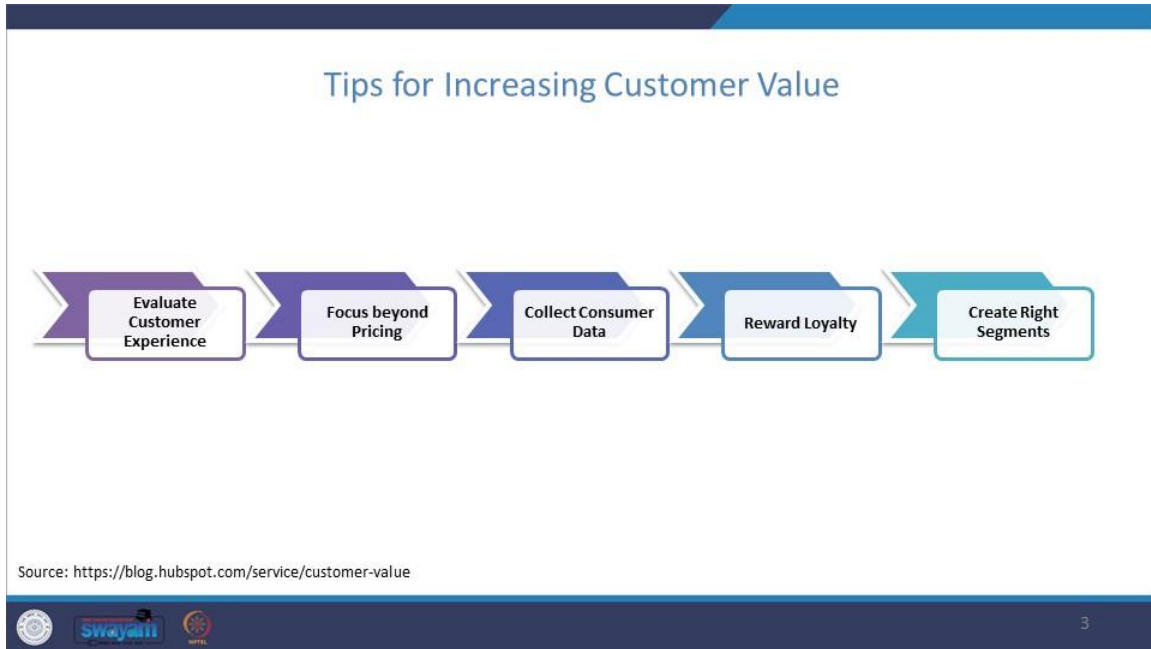
Extra Fodder for Thought: "Firing Customers"  
Learning Something New: "A/B Testing"



along with that we will also be looking at some fascinating retailing theories which can indeed also be aligned with the evolution facets of retailing and then we will be finally looking at a retailers role in supply chain. Now as I have been telling a couple of times we will also be looking at the 2 exciting elements which is extra fodder for thought in which we will be learning about firing customers. I am very sure you must have heard about companies firing employees, but have you ever heard about companies firing customers.

So, this is something new that we will be learning apart from that as a part of learning

something new we will be learning about the facets of A B testing. Now if you remember



in the last lecture we had precisely discussed what consumer value is right and we also look at it from the perspective of the benefits which a customer gets by using the product. Now that can be functional that can be social experiential in terms of sacrifices we precisely look at cost which need not be always monetary can also be looked at from the terms of time and effort which a person spends in acquiring the product or that can also be psychological with respect to the efforts that a customer makes let us say in collecting information about the product. Now if we do not discuss about how we can actually enhance the value for the customers this particular loop will not get closed right.

So, we will be looking at how you can actually create or enhance value for customers. Now these are the five key points that we will be discussing starting from evaluating customer experience then getting to focusing beyond pricing then finally, about collecting consumer data then why we need to reward loyalty and finally, how what kind of right segments can be created for the customers.

## ■ Evaluate Customer Experience

*Create customer journey maps* to understand where and how the *value* can be created or heightened for the customer

**Customer Journey:** Series of interactions that a customer has with the product or service offering or the brand (while using or buying it)

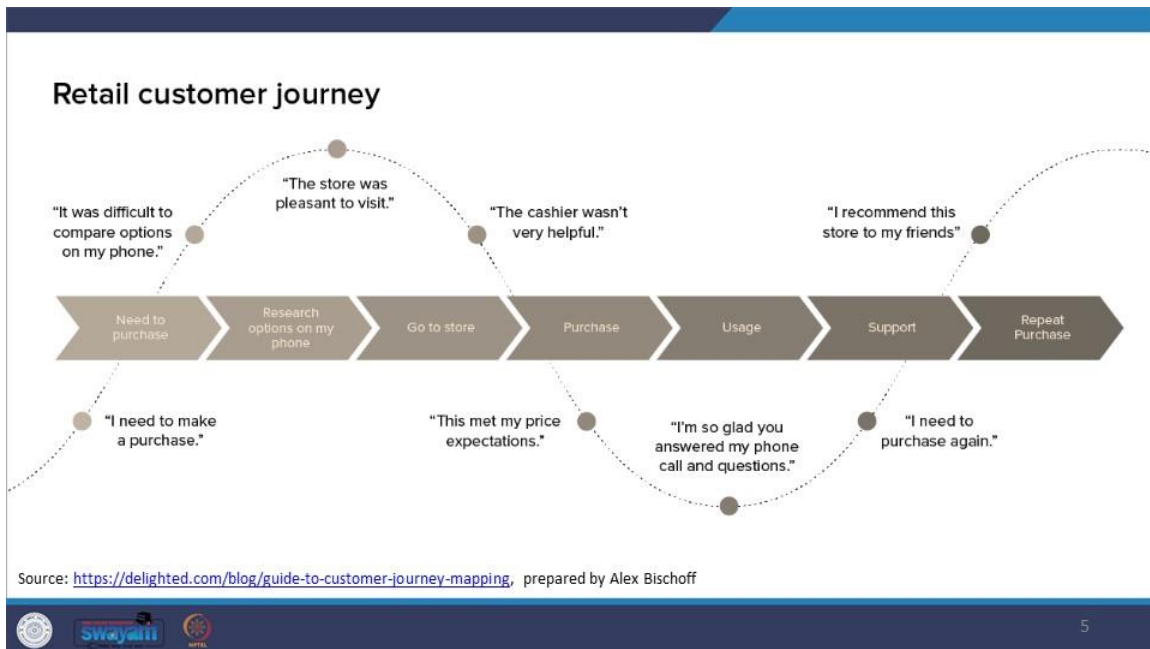
Once you can visualize all steps that customer takes while purchasing or using your offering, it becomes easier to add value

Now let us look at the first month evaluate customer experience now see whenever we are talking about customer experience we definitely look at it from the perspective of how retailers can actually create new and memorable experiences for the customers. And if you remember we also talked about the coffee wonderland in Shanghai which gave us some perspective about how retailers are now getting to the next level with respect to you know offering a much more heightened feel good positive experience to the customers. But in order to figure out how you can actually enhance the value for the customer in the journey we first need to understand what customer journey maps are.

Now customer journey maps simply indicates the series of interactions that a customer has with the product or service offering of the brand. Now this can happen while the customer is using the product and also in the process of buying. Now let us say these customer journey touch points can be looked at from the perspective of while you are searching for the product while you are collecting information let us say from the retailers own website or by visiting the retail store or by even through the other Google links that you might come across. Apart from that customer journey can also be looked at from the perspective of while you are deciding from which channel you should buy the product. A retailer might have the presence of both online and offline channels then even when you are making those decisions and how the journey can be made more smoother with respect to buying online or offline is also going to be a part of customer journey.

Let us say even when you decide to buy the product offline and when you are making the payment for the product the options that you get which could be payment in cash or let us say through credit cards or through other e-wallets just imagine if these other options apart from cash are not available and you at that time might not have sufficient cash to

pay that is also going to impact your experience. So this in ways also becomes important along with this how the cashier is even behaving with you is again going to be of too much importance along with this in customer journey you can also look at the paradigms concerning let us say if your product becomes faulty you need repairs so we where you need to call how much is the turnaround time for the call in the sense like if I call the helpline and if it is taking 10 minutes to me in reaching to the right executive then definitely this is going to be a huge cause of dissatisfaction not only satisfaction but the customer loyalty with respect to future buying prospects is also going to be impacted but there is a one knack or I would say the best way of looking at the consumer journey that is you should visualize all the steps which a customer takes with respect to purchasing and using your offering and then you can see how you can make it much more easier or in other ways how you can remove pain points or you can enhance the value as far as the whole process of need recognition and eventually buying and as far as we look at it from a strategic way enhancing loyalty with respect to repurchasing is concerned.




Now let us look at this retail customer journey which has been written by Alex Bishkov and this has been derived from the website delighted this is more of a blog with respect to guide to guide customer mapping. Now if you look at that the whole phases of consumer buying decision making process have been indicated which starts from need to purchase then getting on to researching options then finally going to the store if a consumer or a prospective consumer wishes to then purchasing and using the product and then looking for support if required and finally repeat purchase. Now if you look at this entire journey there are two red flags which can be identified one is it was difficult to compare options on my phone the other one is the cashier wasn't very helpful.

Now we will first talk about it was difficult to compare options on my phone see today it becomes very important that the retailer should make an effort to reduce the cognitive effort for the consumers or prospective consumers which means there is definitely a too much of information available on various websites or let us say even on the online retailers there are a lot of reviews which can sometimes also confuse the customer with respect to what they should buy and what they should not buy or which brand they should consider or which brand they should not consider right. So one thing is it is the job of a retailer to help them and definitely we should be getting to the facet of sense making in which you work with the consumer in helping them out in making right product choices on the basis of information available. Other thing is majority of people use mobiles because one point it is definitely handy so it becomes easier for a lot of people to search for information with respect to products and even buy products so you also need to make sure that your websites if of any retailer are mobile responsive which means that if you are trying to look for information on the mobile the website the mobile website should be responsive which means that everything should not even load in the fastest possible times but should also be comprehensible and completely visible otherwise the experience of searching information is definitely going to be unpleasant. Now if you get to the next facet the cashier was not very helpful see we also need to dig deeper into it one way of cashier not being very helpful could be there could be too much of crowd or there could be too much of queues as far as the people who want to make payment are concerned right. So in this case we need to figure out different ways to solve this problems right either we can offer people the options with respect to making payments online and the load on cashier could be reduced apart from that we also need to have some interviews with the cashiers to figure out where the problem actually lies in case there is an issue with respect to the emotional labour or attitude of the cashier the best way would be to train them so that they can treat or greet people in the best possible ways because this again becomes a very important moment of truth as far as that is satisfaction facets with respect to retailing are concerned.

Now even in other cases where the customer is saying this met my price expectations I am so glad that you answered my phone call and questions I need to purchase again I need to recommend this this does not mean that you will not be thinking about how you can enhance value on this parameters if there is a possibility of taking things to the next next level and creating a wow factor for the customers then we should be working towards this only. So, I really hope you got some perspective about how we need to create visual maps and then we can figure out the various touch points or the experience points for the customers where the values can definitely be enhanced for them.

amazon.in


Source: <https://www.amazon.in>



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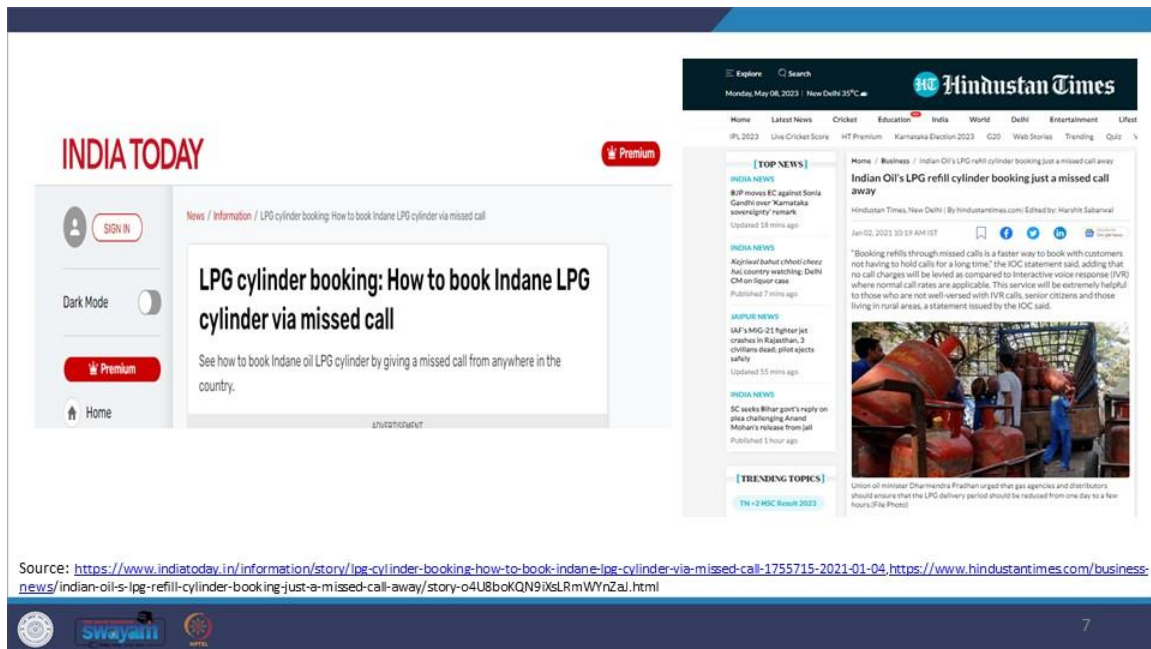
Camera Description	Front, Rear	Front	Front	Front, Rear	Rear, Front	Front
Screen Size	6.72 inches	6.72 inches	6.67 inches	6.72 in	6.71 inches	6.7 inches
Screen Type	LCD	LCD	AMOLED	LCD	LCD	AMOLED
Battery Power (in mAh)	5000	5000	5000	6000	5000	5000
RAM	8 GB	6 GB	256 GB	6 GB	64 GB	8 GB

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So, if you recollect I was just telling you about how we can make it easier for the customers to search for information. Now if you want to buy a mobile or any electronic gadget from Amazon this is what they present on their website which makes it very easy for you to compare the products and you can figure out which product is going to be best suitable for you. So, as far as this mobile comparison is concerned they are providing you a comparison on important parameters that people precisely use while making purchases for a mobile phone with respect to camera description, screen size, screen type, battery power and RAM.

So, this is in one ways that online retailers have mastered the art of helping consumers in making right product choices and also working towards decreasing their cognitive load with respect to processing information. So, if you buy something from Amazon next time I would definitely urge you to look at this comparison map and then share your thoughts in the forum and we will be happy to discuss about them.



Now as we were discussing about how we can create value for customers just imagine how we were buying cylinders earlier. So, in order to understand another perspective of how we can create or bring in more value for customers you can precisely look at it from the perspective of how we were buying cylinders earlier. Now see earlier you would go to the physical touch point you will carry your booklet and definitely there are going to be a lot of people which again is going to be a source of inconvenience.

Now this is just a missed call away. Now this again is a perspective how the retailers or the marketers or the companies are trying to enhance the value for the customers. Now when you are able to book the cylinder through just one missed call it is definitely going to bring in a lot more convenience for the customers and definitely reduce a lot of pain points whether these can be looked at from the perspective of going to the physical touch point being in the queue there and a lot of time being wasted in this. Now along with this we can also look at another example which is definitely about Blinkit. See in all sectors or domains you will see retailers are trying their best to offer much more value to the customers.

There was a time when if you would place an order online it would actually take 2-3 days for the products to be delivered to you and sometimes more than that. Even for certain products this definitely takes this much of time these days also. But it was only for the grocery sector that you might find that people will not be willing to wait that long because groceries are used on regular basis and hence waiting for longer for them may not be possible. Sometimes the people order groceries for the same days usage itself. Now if they are being delivered next day that is not going to make much of a sense as far as the customers are concerned.



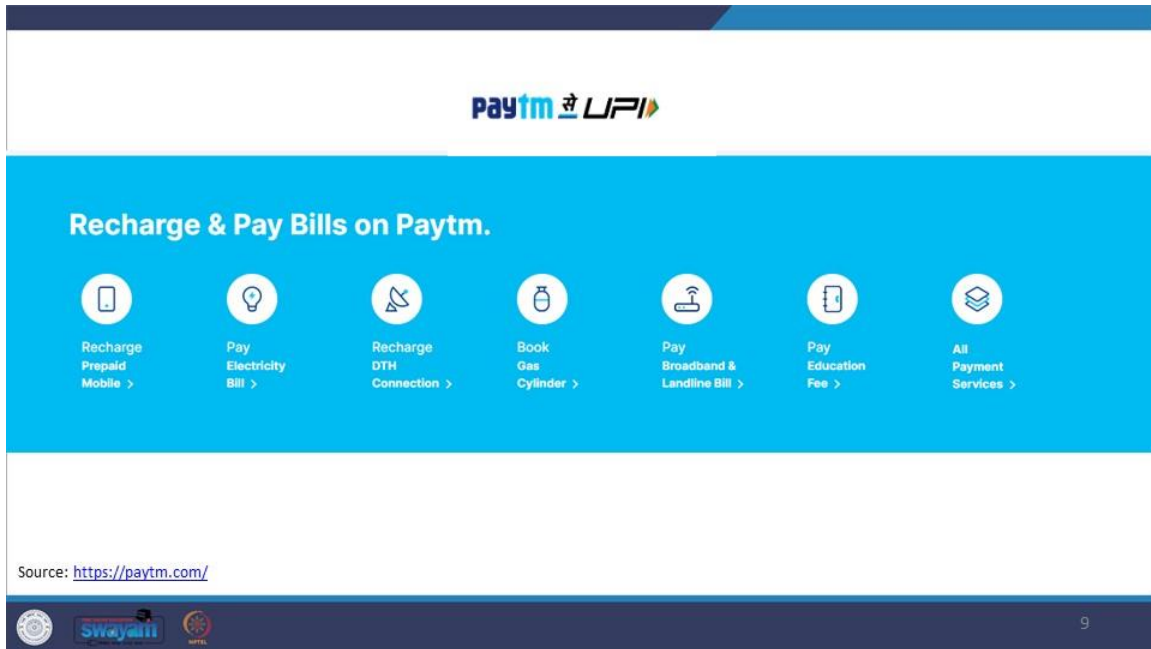
## **blinkit** 10 minute grocery and e-commerce



Source: <https://in.fashionnetwork.com/news/Blinkit-to-increase-micro-fulfilment-centres-by-40-,1485657.html>

So Blinkit definitely came up with the 10 minute grocery delivery time which has become now very popular with respect to customers and now you can get groceries in just 10 minutes. Now just imagine the convenience factor which it is bringing in as far as the time savings which happen for the customers along with the immediate delivery of goods which consumers definitely enjoy. Now if customers are given the option to pick up from a grocery retailer who might take let's say 1 hour or 3 hours in delivery visa with Blinkit who is only taking 10 minutes Blinkit is definitely going to be the choice for a lot of customers. Now this again is one of the perspectives where we see how we can actually enhance the value for the customers.





Now another example could be Paytm if you try to recollect the good old days you will see that Paytm was only used for maybe doing recharges or doing a few other activities.

But now if you go to Paytm or you log into the Paytm app you can not only use for recharging your mobile but also pay electricity bills, recharging your direct to home connections, you can book gas cylinders, you can pay for your broadband and landline bill, pay education fees along with that you can also pay rent. Now just imagine how these companies are trying to enhance value for the customers by definitely making it a one stop point for a lot of online payment needs.

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"SWAYAM" – Our automated passbook printing facility enables hassle-free updating of your passbook and saves time.

**Passbook Printing Queue Mein Kyon?**  
*SWAYAM HAI NA!*

1 Visit your branch for barcode sticker

2 Select your language on the kiosk

3 Insert the last printed page of your passbook

4 Turn overbook if printing exceeds more than one page

**Queueless, Effortless, Time-less!**

Please contact branch in case of any help required.

Contact your branch for new passbook, if your passbook is full.

4:00 PM - Nov 27, 2014

Source: <https://twitter.com/TheOfficialSBI/status/537916337801027585>

**Queueless, Effortless and Time-less!**

Now there is another thing which I wanted to definitely highlight as far as the perspective of enhancing value for customers is concerned. See if you even go back in time just a few years you will be able to see that there were a lot of people who were going for getting their passbook updated to the bank right. Now this definitely has an opportunity cost because the customers who are going to who are coming to the branch to get their passbook updated are definitely taking the time of the officers which can eventually be spent on the customers which could bring in more of monetary value or add to a lot of profits.

I am not denying the possibility of selling more of products to the people who have come for passbook updation but more or less broadly this activity was something which was not bringing a lot of profits and otherwise the people who wanted to get their passbook updated also had to wait for longer times in the branch. So definitely the State Bank of India decided to launch SWIAM which was a automated passbook printer. Now this again can be looked at one of the facets as far as enhancing value for the customers is concerned. In one way it is helping people who want to get their passbook updated to not to stand in queues and not to even wait as far as other customers in the branch are concerned. Along with that it also gets very effortless and timeless for them because this can be done at any time of the day because these machines have precisely been installed along with the ATM.

So definitely there are multi level benefits one is queueless, effortless and timeless. So I really hope that all these examples whether that was related to Paytm or with respect to SWAYAM which is an automated passbook printer or the example which we discussed with respect to Blinkit have added value for you in understanding the facets of how we

can enhance the value for customers by looking at the customer journey maps. Now as we move forward



I also want you to understand one of the popular behavioural models in marketing theory which is basically AIDA and we also add S to it which stands for satisfaction which means it actually becomes attention, interest, desire and action. Now one way of looking at this model is with respect to products and services which means retailer or the marketer will make efforts to attract the consumer or catch the attention of the consumers with respect to the product and services then they will work towards kind of stimulating a more of interest as far as the product or service offering is concerned then they would try to encourage consumers to have a liking and trust for their product or service offering these both will definitely require different kind of strategies and eventually they would want the customers to buy or the marketer would want the customers to take action and come forward and buy their product and even start talking positively about it. Now this is one way of looking at this theory the another way is that this can also be looked at from the perspective of a retail store which means it also becomes the responsibility of the retailer or the retail store owner to make sure that they get the attention of the people in that particular vicinity they are able to attract people to visit their stores now this can be done in a number of ways one is maybe you can have a get together on the launch day of the stores which will definitely bring in a lot of crowd if you are offering something or let us say this can also be related to offering some free snacks or free grips or also some attractive discounts on the first day this can also be a source of attention otherwise you could come up with a very creative very smart and just very catchy billboard which can even attract the crowds in the city or I would say any integrated marketing communication campaign.

Now once the retail store had caught the attention of the people they need to develop the interest of the people in that particular retail store now this is precisely done by sharing more information about the store now this can be shared from the perspective of the new brands which the store caters to and is not available in other retail stores of the city this can also be driven by announcing some very attractive or catchy sales promotion offers which could not be offered by other retailers this can also be done by highlighting what are the other benefits that your retail store provides now let us say this can be related to you have a specific dedicated sales staff which will be handling your queries with respect to the technical products and will be all there to provide you demo for each and every electronic gadget now this can be used as a mechanism to stimulate the interest of the people in that particular retail store now other way could be in order to stimulate or encourage the desire you will be definitely working towards developing a liking and trust for the store now for this also you need to have different strategies now one way could be developing a relationship with them sharing information with them when they have gone out of your store you still keep in touch with them or you come up with warranties and guarantees which actually foster trust let us say and physical store can also come with the policy of taking returns with no questions asked policy which is very much popular in online domain this can also be used as a mechanism for developing trust and liking for the store finally as far as action is concerned you would want customers to come to your stores and buy products not just once but more often which actually captures the essence of loyalty as far as retailing is concerned so as far as AIDA model is concerned I hope that you really enjoyed learning about it with respect to the perspective of a retail store whereas majority of times this is only discussed with respect to a product or service offering now as we move forward we will be looking at another important point which can be used for enhancing the value for the customers

## ■ Focus Beyond Pricing

Competing with pricing only in these challenging times may not be enough

The focus in such cases must be on identifying the alternative ways to add value for the customers

Just imagine a situation where all retailers are offering discounts for groceries in a locality, what is it that you can do extra?



and that is you need to focus beyond pricing just imagine if you have a lot of grocery stores in a city or let us say departmental stores if everybody is competing on pricing then how you will be able to develop loyalty for your store because everyone is lying at par so you need to figure out different strategies to attract people to your store which means the focus must be on identifying cases or alternative ways to add more value for the customers like if we take this example forward let us say if there are a lot of grocery stores in a vicinity then which one would customer prefer this is definitely going to be dependent upon what extra you are offering one simple way could be that there is one store which started taking orders through whatsapp which is definitely becoming popular these days now this can also enhance some value but the problem is this is definitely going to be copied by other retailers in just no time because this is that much easier so the whole idea is to figure out something which cannot be easily copied by other retailers now one way of looking at it could be having a retail staff which is working towards developing very strong relationship with the customers and once that has been established the relationship which the retail staff and the customer shares will not be easily copied but I want to leave here with the thought of identifying much more alternative ways to figure out how a grocery store can actually differentiate itself with other stores in the city now

## ■ Collect Customer Data

Consumer insights can indeed be magical in these competitive times

Approaches: Qualitative and Quantitative

Predictive segmentation can be highly beneficial for retailers to decide on future offerings, and for utilizing the shelf spaces in best possible ways

Consumer data also provide enough fodder for recommendation systems



another way is definitely about collecting consumer data because once you have data you will be able to figure out a lot more insights by digging deep into the available data or by using some kinds of structural equation modeling to figure out rich insights from that particular data and consumer insights can definitely be magical in these competitive times and you can either use qualitative and quantitative approaches both quantitative approaches are basically dependent on conducting surveys collecting data and then using structural equation modeling and other statistical tools to figure out insights from the data available or you can even use secondary data and apply some tools to dig richer insights as far as consumer shopping behavior as concerned like one example of this could be predictive analytics which means you can collect data or you can kind of retrieve data about how the shopping basket of consumers has been looking like in the past 6 months and you can then use this data to figure out what is to be kept in shelves precisely you are using secondary data another approach could be qualitative which means you could be taking their interviews or you can adopt a narrative based examination and then analyze that qualitative data by using various tools like Envivo and Atlas and then you can dig deeper much further to draw written sites as far as qualitative and quantitative approaches are concerned and definitely the insights that you dig can also provide a lot of fodder for the recommendation systems which means what should be recommended to the customers when they visit our stores or with respect to the online channels.

## ▪ Reward Loyalty

Even when a customer is loyal to your offering or the store, efforts must be made to reward loyalty

This will not only act as shield that will prevent customers from moving to competitors but will also give them more reasons to buy



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Now another tip which becomes very important with respect to enhancing value is definitely rewarding loyalty see if a customer is loyal to your store that does not mean that you should not be making any efforts to reward loyalty for them because this can indeed be used as a shield to make sure that they do not move to the competitors as well as you are giving them more reasons to buy concerning your relationship with them not just more reasons to buy, but buy more of quantity also.

## ▪ Right Segmentation

Going beyond Demographics and Behavioral Segmentation

Segments based on Customer Lifetime Value (CLV), Profitability and Predictive Segmentation

**CLV:** Revenue a business can expect from a customer throughout a business relationship

Source: <https://blog.hubspot.com/service/customer-value>



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Now the last facet which we need to discuss here is definitely about right segmentation. So one thing is we definitely need to go beyond the demographics and behavioral



segmentations or the psychographic segmentation which we have been using quite often in marketing research and retailing literature as well. Now demographics basically encompasses the segments which are created on the basis of the gender or let us say income level, education profile, occupation levels or if you look at psychographic segmentation we precisely talk about or create segments on the basis of activities interest and opinions of the prospective individuals.

So now whenever you are talking about behavioral segmentation you need to look at it from the perspective of user status whether the prospective customer is a regular user or is a first time buyer or is a potential user or even a non user for your product. Then also you need to figure out what is it that the competitors are offering better than a few customers or prospective customers are gravitating towards the competitors. Apart from that in behavioral segmentation we also consider a buyer's readiness which means whether they are aware of your brand or they are not aware of your brand. We also see the consumer buying behavior with respect to different occasions as far as behavioral segmentation is concerned. But in today's scenario we also need to look at the customer lifetime value as a basis of segmentation or the profitability right.

Now in order to dig deeper into it first thing which I want you to understand what CLV or customer lifetime value actually means. It indicates revenue a business can expect from a customer throughout a business relationship. Now the whole idea is let us say if you are just looking at the customer from the perspective of being profitable or not being profitable as of now and it indicates that a particular customer X is not very profitable as far as the present time is concerned. You might decide to drop it. Now just imagine a situation where as if you would have considered or played around the statistics as far as his long term association with you is concerned he or she could have been too much profitable even more profitable than the others.

So the whole idea is to make sure that you do not end up making these mistakes or dropping out customers who are not profitable as of now but can be profitable in long run. So right so CLV is definitely going to give you that perspective and again I will touch upon the predictive segmentation aspect which means that you need to utilize the data as far as the consumer buying behavior in the past is concerned and you can utilize that data to figure out what is it which can be offered to the customers or how the future offerings for a particular segment of customers are definitely going to look like. So as far as this particular section was concerned I am really hopeful that you enjoyed learning about and you gained some perspective about how we can actually enhance the value for customers and now we will be able to understand what is the importance of customer journey maps and what is the value that they bring on the table when we need to understand various touch points or moments of truth and where we can actually remove pain points or increase the value for the customer.

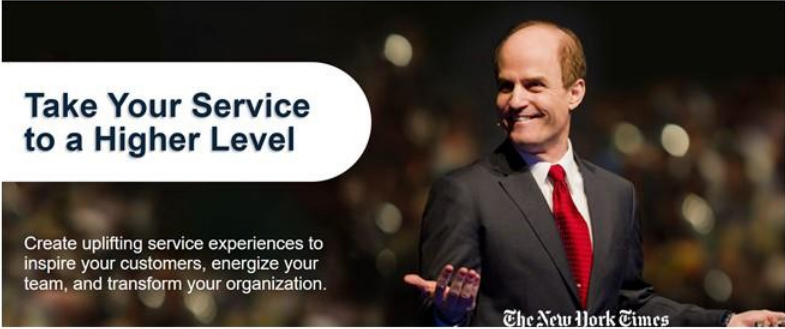
**Four Ways to Add Value for Customers**

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## Take Your Service to a Higher Level


Create uplifting service experiences to inspire your customers, energize your team, and transform your organization.




*The New York Times*

<https://www.youtube.com/watch?v=l6kFLNztgiM>

Source for the Video: Official Youtube channel Ron Kaufman

**Ron Kaufman**  
10.6K subscribers

Source: <https://www.ronkaufman.com/>



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Now as we move further there is one more exciting thing which I wanted to share with you and that is the small video by Ron Kaufman he is very popular as far as his talks on enhancing customer value or creating customer delight is concerned. So we will be now looking at this video and I am very sure that you are going to enjoy this.

Please have a look at this video.

Thank you.