

## Research Paper



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## MARKETING STRATEGIES OF ORGANIZED RETAILERS

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### ABSTRACT

The Global retail industry is progressing by leaps and bounds. Some of the factors like rising GDP growth, rapidly increasing population, greater disposable income, and increase in consumer spending are combining to drive the Global Retail industry. The retail market is forecast to reach an estimated \$20,002 billion in 2017 with a CAGR of 3.9% over the next six years (2012–2017). The Indian retail industry is escalating at a marvelous rate with an assortment of industry players ingoing the market as they anticipate an increase in the retail sector.

Organized retail is a new phenomenon in India and despite the current downturn in the market, the Great Indian Bazaar report (2015) says that “the market is growing exponentially, and as economic growth lifts more of India’s people into consuming class and organized retail lures more and more existing shoppers. By 2015, organized retail will have a 14-18% share of total retail and estimates are that in the year 2020 the organized retail segment is expected to rise to 30%”. This paper presents the different marketing strategies of organized retailers in apparel sector in the city Lucknow which is mounting in the stages of development with increase in infrastructure, investment and fashion. The study aims to understand the marketing strategies of organized retailers in apparel sector by employing a descriptive study. The population is the store managers of apparel retail outlets located in the malls in Lucknow. Primary data was collected by conducting interviews and questionnaires. Correlation analysis was used for data analysis and findings suggest the pricing, promotion and retention strategies were mostly pursued by the retailers.

**KEYWORDS:** strategies, organized retail, apparel, customer satisfaction.

### ORGANIZED RETAIL

Organized retailing comprises mainly of fashionable retailing with demanding shopping malls, multi stored malls and giant complexes that propose diversified products in terms of worth, value for money and also makes shopping a memorable experience. The retail sector at present is undergoing a changeover in India. In the past, customers used to go to kirana stores to make their purchases for the necessities. But today the concept has changed to larger shops run by one man with a few employees. Progressively the concept has become more complex with the existence of department stores. Beginning in the mid-1990s, however, there was an explosion of shopping malls and plazas where customers got a chance to interact with professionals. It is important to point out here that customers’ requirements were adhered to by the trained staff. In the present times,

organized retailing has developed into a know-how characterized by comfort, fashion and speed. Today organized retailing is offering a customer more control, ease and choice along with a pleasant experience. Organized retailing is on a constant increase of its market share from the past. Retailing can be categorized into different sectors like food and grocery, clothing and textiles, consumer durables, footwear, furniture and furnishing, catering services, jewelery and watches, books, music and gifts, mobile handsets and others. The apparel sector is the second largest growing sector in the organized retail sector.

### LITERATURE REVIEW

Dr. Pawan Kumar(2013) This paper concludes that retail trade has come into view as one of the main factor contributing to employment generation, income generation, increased turnover and increase in economic growth and development. Today



organized retailing is showing signs of massive creativity. It has slowly emerged as one of the most vibrant and fast paced industries with a number of players wanting to enter the market. The organized retail segment is contributing towards raising the standard of living of the people.

Mann and Byun(2011) This paper pointed out that Indian consumers' apparel demand is influenced by a number of factors like gender, age, income, ethnicity, and their geographic location. Particularly, in the apparel sector the consumption patterns show a major difference by gender. Men's clothing in India has experienced high brand proliferation and it has been the strongest category in organized retail department store format. This growth can be attributed to Indian men turning towards Western style clothing even in their everyday lives.

Batra and Niehm, (2009) This paper presents women's segment in contrast to men's wear. Indian women, particularly the mid-aged group that is the age of 30's and 40's, prefer conventional outfits like sari or salwar kameez as a result curtailing the demand for western apparel in this segment. As a result, approximately 75 percent of the Indian women's attire market caters primarily to ethnic wear, implying the importance of culturally appropriate clothing in foreign retailers' product offerings.

G. Hari Shankar Prasad (2014) This paper discusses the composition of purchase in apparel wear from organized retail. The studies in the paper highlight some of the imperative facts like majority (85 percent) purchase clothing on a regular basis from organized outlets. About 46 percent buy mostly casual wear while another 46 percent buy all types of commodities. Majority customers (56 percent) shop once in a month in an organized retail outlet. 75 percent of the

customers are either neutral or have the same opinion that shopping is not costly at organized retail outlets. In the study it was further found that customers gave high precedence for accessibility of latest designs, accessibility of options, shopping for middle class, ease of pick and choice and family shopping all under one roof. The studies also show that customers gave low priority for advertisements and trust. According to Asubonteng *et al.* (1996) due to deep competition and hostility of environmental factors, service value has become the most important marketing strategy for companies. This fact highlights how important it is for the organizations to improve service quality for their survival and growth since it could help them deal with the challenges they face in the competitive markets.

A number of empirical researches (Tanwar *et al.*, 2013; Sam, 2011 and Dabholkar *et al.*, 1996) acknowledged that physical aspects of the store and its facilities is an essential determinant of the shopping experience, especially in those nations where organized retail is at initial stage (Kim and Jin, 2002; Malhotra *et al.*, 1994). Radha Krishna and Shylajan(2007) proposed a conceptual model and considered the influence of various marketing and demographic factors on consumer's habitual buying behavior towards branded articles. But identification of factors, existence of which indulges the consumers to go in for organized retail apparel brands are still left unturned.

## RESEARCH METHODOLOGY

The proposed study employed a descriptive design to determine the retail marketing strategies and how these strategies contribute in gaining customer retention. The population of interest on the basis of above topic was the apparel retail outlets located in malls in Lucknow. A total of 5 apparel retail outlets were chosen from different malls in the city to determine their marketing strategies.

**Table-1: Names of the stores (Population)**

Si. No.	Name of the organization
1	Pantaloons
2	Shoppers Stop
3	Reliance Trends
4	Westside
5	Globus

**Table-2: Number of stores selected as sample**

Si. No.	Name of the organization	No. of stores selected
1	Pantaloons	3
2	Shoppers Stop	1
3	Reliance Trends	2
4	Westside	1
5	Globus	2
	Total	9

## DATA ANALYSIS AND FINDINGS

An interview was conducted with the store managers of the above apparel retail outlets in Lucknow to understand various marketing strategies employed by them and how these strategies help in gaining customer satisfaction and profits. Various questions pertaining to pricing, promotion, convenience and retentions strategies were asked from the managers and the conclusion was the pricing strategy was most useful in gaining footfalls in the store and also

converting them into customers. Various pricing schemes like Flat 50% off, EOSS and sale on special occasions witnessed maximum conversion at the retail outlets. Secondly the promotion strategy was highly contributing in handling footfall at the store. Attractive discounts and free gifts attracted more customers. Retention strategies also contributed significantly in gaining customer loyalty and satisfaction.

- 1- To analyze the importance of marketing strategies and why does the company do well, we tried to find out the relationship between the above factors.

strategies to retain customers	Mean	N	Std. Deviation
convenience in shopping	1.00	3	.000
pricing according to customers preferences	2.00	2	.000
good quality at low price	1.67	3	.577
Total	1.50	8	.535

On the above basis we can say that offering a good quality at low price was a significant factor in retaining customers. In these terms good quality at low price was an essential factor in retaining customers.

- 2- To understand the marketing strategies of organized retailers.

	N	Minimum	Maximum	Mean	Std. Deviation
strategies to retain customers	8	1	5	2.75	1.909
biggest selling point	8	1	3	1.75	1.035

On the basis of above study we conclude that low price was the most important marketing strategy with a mean of 2.75 and standard deviation of 1.909. The above analysis points out that offering low prices was the most successful marketing strategy.

- 3- To study the relationship between strategies to retain customers and company doing well.

**One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
strategies to retain customers	8	2.75	1.909	.675
company do well	8	1.50	.535	.189

**One-Sample Test**

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
strategies to retain customers	4.075	7	.005	2.750	1.15	4.35
company do well	7.937	7	.000	1.500	1.05	1.95

It is seen that strategies to retain customers have a standard deviation of 1.909 and a mean of 2.75 and the company is able to do well because of its retention strategies.

**RESULTS**

As per the above analysis we can say that marketing strategies influence the working of organized retailer especially in reference to apparel retailers. The pricing, retention and marketing strategies play a significant role in generating footfall, volume of sale and customer satisfaction. Pricing strategy contribute heavily in driving sales as the customers are more attracted by price discounts and free gifts. Today customers look for worth when it comes to spending and therefore retailers are providing better designs, features, colors and brands to satisfy their customers and maintain a long lasting relationship.

**RECOMMENDATION AND SUGGESTIONS**

On the basis of above analysis we conclude that the underlying factors that affect the buying behavior of customers and the marketing strategies of organized retailers are discounts, cost consciousness and worth for money. The recommendations of the paper are that retail managers should focus on having better pricing and promotion strategies. The

customers gave high precedence for better quality at low price. They also preferred better designs, convenience of picking and choosing and above all family shopping for which the customers gave high precedence. Retail managers should focus on incorporating the underlying factors determining the apparel buying behavior of the customers in their retail marketing strategies. Some of these factors are cost consciousness, worth for money, family shopping, shopping convenience, availability of options and durability.

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