CHAPTER 9
FORMULATION OF RETAIL MARKETING STRATEGIES

MODELS:

Figure 1: Types of Shoppers.

The diagram below shows the various types of shoppers, on the basis of purpose and buying habits, which have been identified in the branded menswear segment during the research project. Now let us discuss the characteristics of each type of shoppers and their buying pattern:

1. Festival Shopping:
These are the most common type of shoppers which are found in the Indian sub-continent, who shops for their requirements during the time of any festivals and occasions in the country like, Durga Puja and Diwali which are purely Hindu Festivals and the demand generally run from September to November every year. After this the Christmas and the New Year comes which are generally the main festivals for the Christians and the demand runs from late November to early January every year. And festivals like Id, Ramjaan, Muharram etc remains the main festival for the Muslims which generally come all round the first half of the year. As the Indians are customs and religion centric, buying of new clothes as per their individual financial strength became important habits. Apart from these festivals like Holi also generate good revenue for the retailers. Shoppers for this objective generally make a budget and they try to shop within it as because the purchases are generally in volume and their preferences for brands becomes important as per the persons for whom they are buying the products. As the religious tolerance level has increased a lot among the urban Indians shopping in religious festivals outside their own religion has become a very common factor among the population, which has expanded the market at a considerable level.

2. Gift Shopping:
In India this is a custom that during any small festivals apart from the mentioned above like 'jamai sasthi' or invitations from some friends, relatives or from social circle like marriage parties, birthday parties, anniversary parties etc, one is going to somebody's place for having lunch, dinner or snacks, people like to take some gift with themselves and apparel is one of the obvious choice in their choice set. The shoppers for this purpose often buys readymade garments and generally they are very much quality conscious for this purpose. As the social interaction among the Indians have increased a lot, throwing parties in any occasion or presenting a gift to
somebody in any occasion have become a common phenomenon among the Indians. People want to have a break from their busy schedules as a result of which social interaction has increased a lot, which directly affected the shoppers buying pattern.

3. **Leisure or Casual Shopping**
   These are the shoppers who generally go for shopping to spend their leisure time and have a casual shopping experience. They are more focused on the entertainment aspect in their shopping and give preference to the retail store ambience of the store. Housewives mainly constitute this type of shoppers and they generally prefer the Multi-Retail Malls for their total solutions. The next important constitute of this type of shoppers are the college students and younger generation below the age of twenty-five who uses the malls as their meeting ground and as a hangout places. If they find something attractive, which comes within their budget, they generally buy the merchandise. The shoppers do not have anything specific in their shopping list, but because of this type of shoppers footfalls in the outlets increases in retail counter but very few turns up to an actual customer. So for this type of shoppers, conversion rate is very low.

4. **Special Purpose Shopping:**
   These are the shoppers who go into the retail store of their choice only because of buying a particular type of merchandise, which they need for a particular purpose. So their shopping list is very specific and they do not go for impulse purchases. To discuss a case suppose there is a very special party and the shopper is interested to wear very special attire for the occasion. The shoppers in this category are not price conscious but are very much specific in their preferences; unless and until they find the right type of merchandise they are not going to settle down. This segment generally comes from the upper end of the market.

5. **Accompanying Shopping:**
   These are the type of shoppers who generally does not visit a retail outlet for their own shopping but they generally accompany a friend, family member, relative or colleagues for their shopping purpose. But when they visit a store with them if they find out something interesting and attractive they settle down for it and most of the purchases are impulse purchases not arising from any specific need but it should come within their budget. But these shoppers play the role of influencers in the buyers’ decision-making process.

6. **Cross-Shopping:**
These are the shoppers who visit the store for buying something else but seeing any apparel merchandise he or she takes a decision to buy it. Sometimes the customers end up some substitute or complimentary products. Their purpose of visiting the store is to buy some different product but at the end he is turning up buying something else also. These are the people who love shopping.
The usage, convenience and availability of the plastic money helps the above two type of shoppers a lot in their purchases as because even if they does not have cash money in their pocket they can buy their sought after merchandise with their plastic money.

Figure 1: Types of Shoppers.

Figure 2: Shopper’s Decision Making Steps:
Step-I: Decide the Date and Time of Shopping
Generally the shoppers who are going for festival shopping, gift shopping and special purpose shopping fix up the date and the time when they will be going out for shopping and the preferred time is the evening after 6pm and the weekends. The other three categories of shoppers namely leisure or casual shopping, accompanying shopping and cross shopping don’t follow the first step because these are individual and unplanned shopping. The other three categories have to follow it as because the shopping here becomes a family affair and joint decision making take place. Generally, when there is a family intervention in the shopping, shoppers like to fix up the date and time of shopping as per their convenience.
Step-II: Decide the Retail outlet or the Shopping Mall

Here we can categorise the shoppers into four segments.

The first segment takes the decision to go to a particular retail outlet in the city where they believe they will get their entire solution they are searching for. Festival shopping, gift shopping and special purpose shopping are the main category of shoppers who falls into this category.

The second category chooses a particular mall to shop from. Here also festival shopping, gift shopping and special purpose shopping are the main category of shoppers but the only difference is here the shopping list generally covers more than one type of merchandise and the variety is more. Retail Malls act as a destination point for the shoppers.

The third category selects a particular market place where they know that they will get many retail outlets dealing with branded products. Here the shoppers are from festival shopping and leisure/casual shopping category. Shopping is generally an entertainment destination for them and likes to hop from outlet to outlet. Generally their shopping list is also lengthy and contains variety of items.

And the fourth category is there who just starts of their journey for shopping without much planning and generally hops on from retail outlets to outlets and malls to malls unless they get the merchandise they are searching from. Entertainment and spending leisure time gets a priority in their preferences.

Step-III: Decode the Price Zone or the Budget:

Generally, in festival shopping, gift shopping and special purpose shopping the shoppers fix up the budget of their purchase or the price zone at what they are interested to buy their merchandise. Here also we can categorise the shoppers into two segments:

Firstly, there are some shoppers who go through the merchandise as per their budget or price zone they are interested to buy their merchandise or they even tell it to the sales personnel at the floor to show their merchandise as per their preferred price zone. These shoppers are more price sensitive and less brand oriented.

The second category is there who is less price sensitive and does not bother too much about the prices; they are totally focused on the other factors of their preferences and their likings like quality, services, variety etc.

Step-IV: Go through the Product Assortments:

The more the retailers are operating in the premium segment of the shoppers and the more the shoppers are buying speciality product where there is high involvement on behalf of the
shoppers the more this step elongates and take time. If the shoppers are coming from the middle segment of the market and especially coming from festival shopping generally are not very much specific in their preferences. Here the shoppers go through the selection of the brands also as because many customers who are very much specific about their brand preferences it is absolutely necessary for them so that they can take the rest of their decisions on their brand selection.

**Step-V: Decide the Colour, Design, Style etc of the merchandise.**

This is the first decision-making step on behalf of the shoppers regarding the merchandise. As the product portfolio of most of the brands and the retailers are increasing day by day and the consumer market is becoming more and more fragmented regarding their tastes and preferences the decision making process of the shoppers is becoming more complex and complicated. If any shopper wants a particular type of yellow, he is not ready to settle down any thing less as because he is paying the best price and over that the market here is becoming less price sensitive day by day. This is perfectly applicable especially for special purpose shopping, gift shopping and sometimes festival shopping categories.

**Step—VI: Check the Quality, Fabric and the Textures:**

Previously Indian shoppers were not very much aware about the textures and fabrics but now a day as because they are paying the best prices and as because the brands have also educated the customers through their product positioning the Indian shoppers have become very much aware about the quality, fabric and textures. These are also the parameters where the shoppers need to take decisions and they are least likely to compromise in these bases.

**Step—VII: Check the Size and the fittings**

This is the next step which every shopper is interested after choosing their merchandise. The retailers here must also focus on the varieties as because these are the parameters where the shoppers are least likely to compromise with their preferences, even if they get the design which they are searching for but they do not get the fittings they are least likely to buy it.

**Step—VIII: Choose the Product:**

This is the final stage of product decision-making. After checking all the parameters the shoppers take the decisions which particular merchandise and brand to buy. This stage of product selection can also create lot of dissonance in the customer's mindset.

**Step—IX: Check the Discount Policy:**
As most of the retail outlets runs sales promotion all through out the year or at least four times in a year, this remains a great attraction for the shoppers and they often like to check whether they are going to get any discount on their chosen merchandise. This particular step in the middle market shoppers sometimes can come at Step IV even before going through the product assortments.

**Step-X: Pay in Suitable Mode:**

Now the shoppers choose the mode of payment for their purchases and they decide whether to pay in cash or in plastic money. Sometimes the shoppers prefer to pay in plastic money because of the various schemes run by the banking sector on the usage of the cards. Sometimes the customers like to shop from a particular outlet as they hold a loyalty card of that outlet and during their payment they like to add on with the offers.
DECIDE THE DATE AND TIME OF SHOPPING

DECIDE THE RETAIL OUTLET / SHOPPING MALL

DECIDE THE PRICE ZONE / THE BUDGET.

GO THROUGH THE PRODUCT ASSORTMENTS

DECIDE THE COLOUR, DESIGN, STYLE ETC OF THE MERCHANDISE

CHECK THE QUALITY, FABRIC AND THE TEXTURE

CHECK THE SIZE AND THE FITTINGS

CHOOSE YOUR PRODUCT

CHECK THE DISCOUNT POLICY

PAY IN SUITABLE MODE

Figure 2: Shopper’s Decision Making Steps:
Figure 3: Brand Decision by Shoppers:

This model describes how the various types of shoppers choose their brand as per the product category. Basically the shoppers can be divided and segmented into three categories as below according to their preferences of certain parameters:

**Tier-I:** These are the shoppers who fall into the luxury and premium category of the market. They are very much specific about their preferences and tastes. Their likings of brands reflect their social status, lifestyle, professions and the economic strata of the society where they come from. As they already have a large collection in their wardrobe they generally search for merchandise, which are generally unique, something special, and exclusive and very few people possess it. So to them colour, variety, trends etc matters to them a lot. These are the shoppers who are the best payers and falls mostly into the rich and richer rich bracket and a large chunk of the segment are customers of the luxury market. They are early adopters who like to purchase those merchandise, which are latest in the fashion scene and trendy.

**Tier-II:** These are the shoppers who generally fall into the upper middle and the middle market who generally comes for shopping with certain priorities. First of all they check out whether their purpose of shopping is solved out through their brand choice. Like, if a shopper goes for buying a partywear, he checks it first whether the brand will be able to provide him a solution or not. Then he checks the quality, texture, fittings and other aspects of the assortments and then obviously he thinks for the brand name of the outfit. Generally they do not hesitate to pay premium price or something extra if they get merchandise within their choice set and are less price sensitive. They are the climbers and aspirants.

**Tier-III:** These are the shoppers who purely fall into the middle market. To them the most important aspects are the retail outlet, price and their reference group. If they find a brand within their budget or price zone they are searching for they prefer to pick that up. Then they are very much retail outlet specific. Most of the shoppers in this category have a preferred retail outlet, they are loyal to which, shopping for last few years and they feel comfortable to deal with the known sellers as they belief the retailers knows them very well, their choices and budget and the retailer will personally provide them their best solution. They are been motivated a lot by their reference group and checks it out whether their known ones are using the brand or not and if they are using it how much happy they are after using it.
In the research project we have identified the various factors, which generally influence the retail store choice of the shoppers at the various categories. Now let us discuss each factor one by one and its relevance and importance to various segments:

**Price:**
Indian consumers from the middle class and even sometimes in the upper middle class are very much price sensitive and wants for value for money. They like to keep their bill within their shopping budget. An imbalance in prices between two retailers offering the same brands can create a huge problem for the retailers. A retailer offering the best price always remains in the preference of the shoppers especially in the middle market and Tier-III type of shoppers.

**Quality of Merchandise:**
Indian consumers are very quality conscious and when they are dealing especially with the branded sector they are least likely to compromise and as the market have been flooded with branded quality merchandise, the shoppers have always a vast set of choice in every category. So the retailers should be very much careful while choosing their brands in their shelf space. Most of the good brands give a quality assurance to the shoppers nowadays and quality differentiation within the brands at the same price zone has minimised a lot.
**Geographical Location:**
Due to the busy schedule of the Indian working class very few shoppers are there who prefer to invest their time for exclusive shopping. As a result geographical location or proximity of the retail store or accessibility of the store to the shopper has gained prominence in the priority list of the shoppers. Many shoppers are interested to do their shopping while coming back from their offices or business centres in the evening or prefer to go to those outlets, which are near their residence. In the weekends and in holidays only they treat the retail outlets or malls as their destination shopping.

**Store Promotions:**
In the present retail scenario sales promotion has become an important marketing phenomenon and most of the retailers are running their sales promotion schemes and discounts all through out the year or at least four times a year. So the Indian middle class have also become habituated with the discount facilities offered by the various retailers and they check up which retailer is running what type of schemes which fits into their budget. Popular brands in the mass market are been judged by the discounting schemes the outlets are running.

**Product Assortments:**
As the consumers are wanting for value added products within their budget and as the preferences of the consumers are becoming more and more specific giving rise to a more fragmented market, product assortments, variety of products with varied colours, fabrics, sizes, fits, styles and designs are gaining prominence among the shoppers. If the retailers are too much choosy in their selection of merchandise then there is a probability to loose a large chunk of shoppers.

**Multi- Shopping Facilities:**
As we have already mentioned there is a time constraint among the Indian consumers because of their busy lifestyle, shoppers are more and more wanting for those type of outlets where there will be a facility of multi-shopping and the shoppers will be able to pick up some peripheral products with their core products in their shopping list. This is the reason for the growth of the hypermarkets and departmental stores in India.

**Extended or Entertainment Facilities:**
As we talked about generally when the shoppers are going for shopping in the weekends or in their holidays in any retail outlets or shopping malls they prefer to go for some other activities at the same time. At that point of time shopping become a destination outing for them. They prefer
to go with their families, spend some leisure time hanging out, have some foods in the foodcourts, watch a movie in a cinema hall, play some sorts of indoor games, surf internet, read an exclusive journal or book etc and they also consider that their children are also having a fair amount of their enjoyment there. Because of these presently shopping malls having these facilities are having a great demand in the cosmopolitan cities.

**Store Service:**

Store service is becoming a very important aspect for choosing a retailer especially for the premium category customers. When the retailers are dealing with an upper end shopper they have to be very much cautious about their offerings. With an exclusive offering the shopper has to be satisfied with the store service, so that it boosts his self-esteem. The loyalty programmes, parking facilities are all part of store service which can include flexible shopping time also. Some of the retailers are thinking of keeping their store open upto midnight for those shoppers who generally stay at their office at the late evening.

**Store Ambience:**

A retailer should try to provide a shopper an entire shopping experience with his services and offerings. The shopper must feel perfectly comfortable with the store atmosphere and the store ambience should perfectly fit according to the segment the retailers are catering to. The feel good factor in the store ambience should be well enough to attract the shopper alone. The retailers are also experimenting a lot with the store atmospherics.
Figure 4: Store Outlet Decision by Shoppers:
Figure 5: Retail Strategy through Retail Mix:

Every retailer is trying to create a niche for him or herself through an appropriate retail strategy, which can beat competition in the market. Through my research I would like to suggest the below mentioned model to reach their target segment. Now let us discuss each and every parameters of the retail mix one by one:

**Store Ambience:**

Store ambience in the retail industry now has become an important factor, which is being contributed by store facilities, visual merchandising and location. Store ambience is that factor which makes the shopper comfortable in shopping within the outlet, which gives the shopper the confidence that they have not make a wrong decision in choosing this outlet and which absolutely fits according to their type of shoppers. The factors, which affect the store ambience, are as follows:

1. **Store facilities:**

   Store facilities include the store services and the extended facilities, which the store has as a value added service for the shoppers. The behaviour of the sales personnel on the shop floor, their selling skill, their attendance towards the shopper, how they are making the shopper feeling something special, helping the shopper in getting the right merchandise what he or she is searching for, giving him time are some of the factors which adds on the store facilities. Those outlets, which are there within a mall, have an advantage over their competitors regarding this as because most of the malls now have food courts, playing area for children etc. Especially this becomes important, when the retailer is targeting at the premium and luxury segment and with few but exclusive, special type of shoppers. If one is operating at the lower market, the marketer can ignore the extended facilities in order to deflate his overhead expenses and decrease his acquisition of real estate cost.

2. **Visual Merchandising:**

   Visual merchandising of the store must commensurate with the brands the retailers are storing, the target segment of customer and of course the message the retailer intended to communicate to the shoppers. The interior store decoration which includes lighting, flooring, walls, colours, sound, retail space, traffic flow area, store design and theme create a different store ambience. The more premium, younger generation and affluent class segment the retailer serves the more important visual merchandising becomes.

3. **Location:**
Location of a store replicates not only the geographical position but also at what part of the city and the importance and relevance of that position to the population of the city. This creates a completely separate meaning of the store ambience. If the retailer is located at a well known mall in the city, which is a destination point for the city dwellers and if that too as an anchor store it gives an extra height to the retailer to create an enhanced store ambience. Or if the store is located at a posh region in the city or on some reputed roads or lanes of the city the ambience of shopping in that locality becomes something else. Or if the store is located at some famous market place of the city it creates some separate type of shopping ambience for the shoppers. Or if the store is situated at less known places or on some highways, it creates a separate store ambience.

As for example in Kolkata:-
--a store in Forum, Elgin Road or City Centre in Salt Lake City,
--a store in Park Street or Camac Street,
--a store in New Alipore or Ballygunge Circular Road,
--a store in New Market or in Gariahat Market,
--a store in EM Bypass or VIP Road,
--a store in less known places or in some stand alone region,
All the above mentioned cases will have separate type of shopping ambience and obviously a separate target segment.

Brands:
This is a very important decision for every retailer to decide what are the brands to store and what not to store in every product category they are offerings and not only that what amount of retail store to allocate for every brand the outlet is storing. Every brand has a separate product positioning and caters a separate group of customers. And among the brands what should be the proportion of national, store and private labels. The factors, which affect the brand decision, are as follows:
1. Store Image:
Every retailer wants to depict a separate store image for its store. The store image should contribute to the brands the marketers are storing and at the same time the brand decision should also contribute in building up the store image. So there should be a total match between the store image and the brand image.
2. Price:
The retailers should take decision what price zone they would like to cater in each and every category and according to this decision they should store the brands. Here many retailers loose their focus and ends up with piling up of stock at the end of the season. Generally the pricing strategy becomes more relevant when the retailers are storing private labels.

3. Promotion:
The retailers must take into account that if they are storing national brands what type of promotional support they are going to get from the manufacturers and if they are storing store labels they must look into their promotional budget. An appropriate promotional mix helps to build up the brand equity of the products and helps in strengthening the product positioning. Here I would like to covey a word of caution to the marketers that most of the retailers are turning up to running too much sales promotion either for the brands or for their stores to clear up the piling of stocks or to increase the sales turnover but this some time dilutes both the store and the brand image of the product.

Assortments:
Now let come to the core product offerings of the retailers in their shelf space because every marketers must understand one point that they may offer many extended services but at the end of the day a shopper turns up in a store for the right kind of assortments they are searching for. These are the following components of the assortment mix:

1. Category:
   In the retail management we are talking about category management in the storefront. The retailers should be really focused on what are the categories they are going to store in their shelf and what amount of space they are going to allot for every category maintaining their profitability and sustainability. This is important both for the large format stores as well as the speciality store so that the store image does not get diluted.

2. Quality:
   Some stores have positioned themselves just on the basis of the quality aspect of their assortments. The retailers must be specific on the quality of the products they are going to store, the fabrics, the texture, fittings, finishing and other aspects. Every retailer should try to communicate a basic quality assurance to the consumers.

3. Variety:
   As we have already talked about the fragmented market among the shoppers. So it is very important to notice about the varieties within the products in terms of colour, sizes, design,
trends, fashion and other aspects. The retailers can store only certain varieties and can specialize in it only or they can store all the varieties to offer a complete solution to the shoppers. And as apparel is a fashion product, variety becomes a very important decision for the retailers because of frequent replenishment of stocks.

**Customer Loyalty Programme:**

We have already discussed the importance of CRM in the retail industry. After taking the above mentioned decisions it is extremely important for the marketers to link up their offerings through an appropriate customer loyalty programme in order to retail your valuable shopper as well as to create a valuable shopper. Whatever the market the retailer is operating, irrespective of that he must introduce certain programme in order to reach the targeted customer.

![Retail Strategy through Retail Mix](image)

**Figure 5: Retail Strategy through Retail Mix:**