

Retail Marketing Confronts for Urban Regions: A Comprehensive Analysis

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Abstract

This comprehensive research paper strives to ascertain and discuss the various challenges that retail marketers face while operating in the urban regions. The paper talks significantly about the retail marketing strategies used by various companies in the metropolitans of India, the costs involved in using those strategies, barriers involved, future consequences etc. In addition, the paper also discusses about the various retail marketing strategies which big corporate giants such as Indian Tobacco Company, Proctor and Gamble, Hindustan Unilever, Dabur, Hero Motocorp, etc. have been using to tap the urban customers and what challenges these companies come across. The paper discusses in detail the major challenges that retail marketers face in the urban regions such as heavy advertisement costs, promotional expenditures, constantly changing trend, consumer education and awareness, changing consumer tastes, government restrictions, heavy tax labs, high rental expenditures, high movement expenditures, numerous market segments, heavy competition, high consumer expectations, numerous tools for marketing, etc. Finally, the paper examines and analyses these challenges and intends to find as if how these confronts can be tackled and reduced.

Key Words: Retail Marketing, Retailing, Urban Retail Marketing, Urban Retailing, Urban Consumer Behaviour, Marketing, Urban Marketing, Advertising, Promotion, Channels of Distribution, Online Retailing, Product Reach, Urban Segments

Research Objective: The primary objective of undertaking this comprehensive research is to ascertain the various challenges which urban retail marketers face while making the goods available to the customers. In addition to this, the paper also intends to analyse these challenges and provide a means to overcome them.

Research Type: Analytical and Descriptive

Research Methodology: This research has been divided into two phases. Firstly, it shall comprise of studying and analysing the various urban retail marketing confronts which have already been identified. Secondly, it would involve collecting necessary information from the various retailers operating in the urban regions of Delhi NCR and studying them to derive a logical conclusion.

Research Scope: This analytical and descriptive research paper would help urban retailers and corporates in identifying and facing the various confronts which lie in the path of urban retail marketing.

INTRODUCTION

Urban retail marketing is a concept which has been derived from the concept of marketing. It refers to a set of decisions undertaken by the urban retail marketer to identify the needs of the urban customers and satisfying them. Identification of the needs of an urban customer is not an easy task, this is the reason why the discipline of urban marketing came into existence. The needs and desires of an urban customer are affected and determined by several factors. This descriptive and analytical research paper wishes to discuss these factors in detail.

A concept which sounds similar and occurs simultaneously along urban retail marketing is 'urban retailing'. The term urban retailing sounds similar to urban retail marketing but there is a huge difference between the two, urban retailing can be defined as 'the sale of goods and services to the ultimate urban customers'. Hence, one can say that the concept urban retailing is sales oriented whereas the concept of urban retail marketing is customer oriented. This paper will focus upon the 'customer specific' dimension of urban retailing and would determine all sorts of confronts that the retailers face while marketing their goods and services to the customers.

Urban retail marketing encompasses several crucial elements which when combined together give the concept of 'urban retail marketing mix' which has been covered later in the urban retail marketing mix section. In addition to that, urban retail marketing is a modern concept which has its utility and application only in the urban regions, that is, the tools of urban retail marketing may not apply in the rural regions.

Various multinationals and corporate giants all across the globe such as Walmart, Amazon, Tesco, Pepsico, Coke, Samsung, Toyota Motors, etc. have intensively taken the task of urban retail marketing in the past decade in order to ensure that are fully aware with the needs and requirements of the modern customers.

URBAN RETAIL MARKETING SCENARIO FOR DEVELOPING NATIONS

The concept of Urban Retail Marketing was introduced in the United States which later on got spread to several other developed nations as well such as United Kingdom, Germany, Japan, etc. The massive growth rate of developing nations such as India, China, South Africa, Russia, etc. has also resulted in these nations following the same concept.

Today in India, several research institutions and retail giants have intensively taken the task of studying the urban retail markets. Today, the metropolitans such as New Delhi, Mumbai, Kolkata and Chennai are experiencing development and advancement beyond proportions and this has resulted in an increase in consumer awareness and expectations. Companies nowadays are not shying from promoting their products via platforms such as social media and mobile apps because they know that an urban customer spends most of his time on these platforms.

The concept of urban retail marketing has also taken considerable pace in nations like China and South Africa where the transition in the attitude, needs of the customers have forced various companies to adopt new and better retail marketing strategies. Huge cities such as Shanghai, Honshu contain massive population and segments and for any retailer to be successful, it needs to be ensured that the requirements of all the segments are met in the best way possible. The only tool to accomplish that is urban retail marketing and this is the reason why all the various corporates and retail giants have taken this task intensively and have been successful as well.

Apart from India and China, nations such as Mexico, Russia, South Africa, Indonesia have also followed and practiced the concept of urban retail marketing due to massive and complex demands of the urban customers. The nations India, China, Indonesia, Thailand, Russia, Bangladesh, Malaysia, Mexico, South Africa account for almost half the population of our planet, therefore the tool of urban retail marketing becomes extremely crucial so that the needs of this massive population can be catered in the best manner possible. The role of governments of these nations also plays a crucial role in revamping the retail structures and providing the necessary support.

Hence, one can say that the scenario of urban retail marketing in developing nations seems promising and popular at the same time where all the retail giants and multinationals have been successful in identifying new and complex requirements of the urban customers.

URBAN RETAIL MARKETING CHALLENGES IN INDIA

In a densely populated nation like India, the implementation of any sort of marketing strategy becomes a tough task. The urban centers of India contain population in large numbers and therefore identifying the needs of this massive population which is further segregated into various segments becomes extremely challenging and complex. This is the reason why the one for all tradition tool of 'marketing mix' cannot be applied in these regions and therefore the concept of 'urban retail marketing' comes into action.

Now in a densely populated country like India, an urban retail marketer faces several challenges. First and foremost, identification and segregation of segments can give nightmares to any urban retail marketer. The population of urban centres of India such as Mumbai, Delhi, Chennai, Kolkata, etc. is in millions and therefore identifying the various segments such as

age, population, income, etc. of the customers becomes a big confront.

Secondly, the identification of the tastes and preferences of the urban customers is a huge challenge. Massive development all across the globe and introduction of latest and better products have always driven the Indian customers and their demands have kept on changing accordingly which becomes really difficult to match for any retail marketer. Thirdly, consumer education and awareness is another matter of concern for any retail marketer as an aware customer can never be deceived by any retail marketer and his expectations are always more than the ordinary or rural customers.

In addition to this, massive advertising and promotional costs are a big source of concern for any retail marketer in the urban regions. Promotional costs in the form of media costs, advertising, printing, communications, outdoor, sales promotion, etc. can increase the budget of any retailer beyond proportions and therefore urban retail marketing becomes a tough task. Furthermore, the costs incurred in the process of physical distribution, logistics and warehousing can turn out to be a costly affair as well due to expensive warehousing rentals and fuel expenditures.

In addition to these, the massive rentals of retail stores, expenditures incurred in retail store management can heavily increase the costs of any retail marketer. All the urban centres of India whether Delhi NCR, Mumbai, Kolkata or Chennai have extremely high rentals. At last but not the least, the costs involved in providing after sales services and customer retention can also increase the expenditures of any retailer multiple times.

URBAN RETAIL MARKETING MIX TOOLS

The concept of urban retail marketing mix has been derived from the concept of marketing mix. The only distinction between the two is in the terms of parameters and magnitude. The various components of urban retail marketing mix can be discussed as,

First of all, the most important component of urban retail marketing mix is 'product'. Product can be defined as a 'bundle of utilities offered to the customer so as to satisfy his needs and requirements'. The term product in actual is a complex term and much more than a mere commodity. In order to satisfy the needs of an urban customer, the product cannot be the same as that for rural customers. For example a car with auto door locking system may not seem a good idea for rural customers but it may be a great idea for the urban customers, this is what makes product so important for any retail marketer.

The next component is 'price', price can be defined as 'the value which is charged by a retailer in exchange of goods and services provided by him to the customer'. Pricing is a very important tool of urban retail marketing mix and depends upon several factors such as inflation, production costs, distribution costs, promotional costs, etc. all of the costs together make up the price of the product. Pricing strategy for urban regions may also fluctuate widely on account of factors such as income of the customers, festive seasons, discounts and rebates, etc.

The next tool of urban retail marketing is 'place', place can be defined as a 'set of decisions concerned with making the goods available to the ultimate customers at the right time and location'. Hence, one can say that the term place covers several crucial factors such as channels of distribution, physical handling, logistics management, store location etc. In urban regions the term store is also considered as silent salesman as the outlay and makeover of any retail store can grab the eye balls of customers.

The final tool of urban retail marketing mix is 'promotion', it can be defined as a set of activities undertaken by a marketer to make the consumer aware about the products and services he intends to sell in present or future. This tool of urban retail marketing is the second most important tool after price as it occupies a major share in it. The promotional costs in the urban regions can be huge and difficult to bear for any retail marketer. The platform of social media has really been a successful and inexpensive tool in promoting goods and services in the present era.

FACTORS AFFECTING URBAN RETAIL MARKETING

There can be several factors which may affect urban retail marketing. The study of these factors in advance becomes extremely important for any retail marketer so as to reduce the problems later on in the stage of application of retail marketing tools. The various factors affecting urban retail marketing mix can be discussed as,

To begin with, the most crucial factor that needs to be considered before executing retail marketing is 'consumer awareness and education'. Consumer awareness and education can pose a serious challenge for any retail marketer who wishes to operate in the urban regions because the customer residing in those regions cannot be deceived or allured for inferior or dubious products unlike the rural customers. The marketer has to ensure that what ever he is intending to sell must match the expectations and standards of the customer.

Secondly, channels of distribution, physical handling, logistics management, warehousing, insurance, risk management, etc. are crucial factors that need to be taken care off well in advance because the costs involved in these services will certainly add up to the cost of retail marketing thereby making things extremely tough for the retail marketer. In addition to this, consumer tastes and preferences is another factor that needs to be considered by any retail marketer because the tastes and preferences of urban customers vary by a significant amount when compared against the rural customers.

Furthermore, promotional expenditure is one factor which can hike the budget of any retail marketer if he wishes to operate in the urban regions. Promotional costs can arise on account of advertising, print media, electronic media. Outdoors, billboards, sales promotion, personal selling, telemarketing, societal marketing, social network marketing, etc. All these aspects need to be analysed and identified well in advance by any urban retail marketer before approaching the customers.

At last but not the least, government policies and regulations are another set of factors which need to be studied and understood well in advance before approaching the customers. The policies and procedures of the government keep on changing with time and these are always abiding on the various sections of the business society which includes retailers as well, therefore these policies and procedures cannot be ignored.

SHARE OF ELECTRONIC COMMERCE IN URBAN RETAIL MARKETING

The past two decades have all been about the internet revolution converting the entire planet into a global village. There is not even a single component of the economic and political system that has remained untouched from this huge revolution, but one component which has revolutionized completely is 'trade and commerce'. The landscape of commerce has been changed and redefined altogether in the past two decades. The term commerce has now been replaced by the word e-commerce which commonly stands for 'electronic commerce'

Big retail giants such as Amazon, Flipkart, Snapdeal, Walmart, etc. have very efficiently utilized this revolution in best of their interests. The retail marketing strategies used by these giants is based completely upon the platform of internet. Two major retail marketing strategies used by these e-retail giants can be discussed as,

First of all, the most common tool used by these retail giants is virtual branding, virtual branding comprises of a set of decisions where a virtual brand is created for any concerned product or service. This virtual brand is nothing but an attractive picture of the product or its logo as available in the actual form. All online platforms try their level best to ensure that a virtual identity of all their products and services is created. E-retail giants such as Amazon, Flipkart, Snapdeal etc. have been really successful in using this tool of retail marketing and it has acquired a market of billions of customers primarily residing in the urban centres all across the globe.

The second most common tool of retail marketing that is used in e-retail is providing value added and after sales services such as free home delivery, no shipping charges, constant delivery status update via apps, free refunds in case of dissatisfaction by the customers, free replacements, customer support for twenty four hours, etc. All of these strategies help any online retailer in alluring as many customers as possible and at the same time retaining them.

Hence, one can say that electronic commerce plays a massive role in the discipline of urban retail marketing where it becomes extremely convenient and inexpensive at the same time for the retail marketers to plan and execute their strategies. Since, the customers in the urban regions are tech savvy and prefer shopping and enquiring about new products and services online therefore this tool of retail marketing fits their domain and interest as well as per a report published by the PHD Chamber of Commerce, online platforms in metropolitans for any corporate account for almost seventy nine percent of the transactions and marketing strategies. This speaks volume

about the potential and share of electronic commerce in urban retail marketing.

FUTURE PROSPECTS OF URBAN RETAIL MARKETING IN INDIA

Keeping in mind the discussions so far, one can make several predictions regarding the future of retail marketing in the urban regions. First and foremost, nobody can deny the fact that the discipline of urban retail marketing is dynamic in nature and will never remain static, at the same time, the metropolitans of India will continue to progress and make advancements in the field of retail as well like always. This certainly reduces all the ambiguities and gives a clear picture of urban retail marketing in the coming one decade.

As discussed earlier, the heavy costs of promotion, distribution, insurance etc. have always bothered retail marketers the most and platforms such as online retailing, social media marketing have been really successful in curtailing those heavy costs. Therefore, one can keep a positive insight upon the upcoming future of urban retail marketing and can certainly project that electronic platforms will be more dominating than the other platforms.

The role of government becomes extremely crucial as far as urban retail marketing is concerned. Urban retailing has always been a matter of close concern for the government(s) in India because of their massive share in the economy, employment scenario and growth. This is the reason why the government(s) in India have been pitching high for modern retail formats such multi-brand retails, malls, etc. One more issue which the current as well as the previous governments have been raising is having a 'cashless' economy. This pitch of the government has led to a massive transition in the conventional forms of payments for retail products which were primarily cash and credit earlier.

The cashless initiation of the government has further popularized the concept electronic commerce, online payment systems, transfer of funds, etc. Hence, one can conclude that urban retail marketing in the coming future would comprise of tools and techniques that involve less of cash and more of online payments. Moreover, the most common tool for retail marketing in the urban regions would be 'virtual branding' rather than conventional branding. This concept of virtual branding will not only remain confined to e-retailers but all other sorts of retailers as well as it would reduce costs by significant amount and help the economy in becoming cashless.

UTILITY SHARE OF URBAN RETAIL MARKETING WHEN COMPARED AGAINST THE MASSIVE RURAL POPULATION

The rural territories of India account for almost seventy percent of the entire population, therefore it becomes very crucial for any retail giant, multinational, corporate, etc. to analyse this subject in detail if it wishes to operate in both the regions i.e. rural and urban.

Several multinationals such as Unilever, Procter and Gamble, ITC, Dabur, Pepsico, Coke, etc. operate in both i.e. the rural as well as the urban regions. Since the nature of rural and urban markets of India differ significantly, therefore these multinationals follow a separate strategy for rural and urban markets. With time, the gap between rural and urban markets is shrinking and several tools of urban retail marketing are also applicable for rural regions. The primary reason for it being an increase in the income and awareness of the rural customers.

In addition, the central and state governments have also taken several critical steps in narrowing the gap between the rural and urban markets. Key steps of the government include widening the reach for products and services via online and offline modes, direct purchase from the farmers, contract farming, providing short term loans for start-ups and retail stores. Popularizing electronic commerce and cashless transactions, etc.

Apart from this, the continuous revamping of rural regions of India into smart cities and manufacturing hubs by the government has also eased the pressure of multinationals by allowing them to develop and adopt only a single retail marketing strategy. The utility share of urban retail marketing certainly looks promising in the coming future and has already penetrated into the rural markets of India. The outlook of the customers residing in the rural markets of India has also changed considerably and this has further eased the pressure of multinationals as well as the government.

A few urban retail marketing tools which have penetrated into the rural markets are online marketing, electronic retailing, cashless transactions, virtual branding, outdoors, in-store branding, etc. This certainly shows a positive insight for urban retail marketing in the future to come and its utility for the rural markets as well. Several marketing and business research institutions in India have already conducted studies in the tier 'C' and tier 'D' towns which do not fall under the urban bracket and those studies have shown a positive outlook for modern retail marketing. The studies found that the consumers residing in these underdeveloped regions are positively inclined towards the modern retail formats rather than the primitive ones. Therefore, it becomes imperative on the part of any multinational entering the Indian market to keep this in mind.

RETAIL MARKETING CHALLENGES IDENTIFIED FOR SELECTED RETAILERS IN THE URBAN MARKETS OF DELHI NCR

This section contains a research conducted in the regions of New Delhi, Noida and Gurgaon. This research was primarily quantitative in nature and involved collecting valuable information from selected retailers (single, multi-brand, organised and unorganised) operating in the regions of New Delhi, Gurgaon and Noida. These retailers were handed over a questionnaire that contained short objective queries regarding the challenges they face while pursuing retail marketing. The findings of the study region wise can be discussed as,

The retailers operating in New Delhi for unorganized outlets did not express any concern in this regard and shared that they primarily do not incur much of expenses on account of retail

marketing as they focus mainly upon 'word of mouth marketing'. That is, they do not use expensive tools such as branding and promotions to sell and market their products apart from word of mouth marketing and therefore their challenges are minimal.

The feedback given by the retailers operating under the organized retail formats expressed their concern in this regard. The major retail marketing tools used by them were in-store retailing, outdoors, billboards, print media, pamphlets, coupons, discounts and free home delivery services. These marketing tools turned out to be a huge matter of concern for several organized retailers and accounted for almost four percent of their annual income. Giving discounts and print media made the highest share in the pie of these retailers.

At last but not the least, multi-brand retailers were approached and asked similar questions as the small organized retailers and as expected their expenses on account for retail marketing were the highest. The owners of selected malls and other multi-brand retail formats shared that they had to face a lot of problem in identifying the needs of the customers and had to undertake a detailed study of the trend before making their orders. Post making the orders, these retailers incurred heavy costs on account of in-store brand retailing, followed by keeping competitive prices, warehousing, discounts in the festive seasons, off-seasonal sales, customer support, promotion via advertising, electronic media, print media, outdoors and billboards.

All of the expenditures mentioned above accounted for almost sixteen percent of their annual revenue making retail marketing an extremely expensive affair. Similar studies were conducted in the regions of Noida and Gurgaon as well and the results obtained were almost the same. Hence, one can easily realize that the challenges involved in the path of retail marketing are directly associated with the format of retail. That is, more the scale of operations, more is the cost and can be easily seen in this study.

Apart from ascertaining the quantitative aspects of retail marketing, the study also involved collecting and analysing certain non-quantitative aspects such as pain involved in identifying the needs of the customer and trend, customer follow up, relationships, creating brand loyalty, etc. In these non-quantitative aspects as well, the multi-brand retailers faced the maximum problem of inconvenience due to heavy scale of operations.

The study clearly lays a foundation base for any multinational which wishes to enter the urban markets of India. Any corporate can easily identify its challenges well in advance through the findings of this study. That is, it can ascertain all sorts of costs which it may incur in the process of retailing and retail marketing, and well in advance create a provision for those expenses in its annual budget.

CONCLUSION

After carefully going through this comprehensive research paper one can certainly conclude that urban retail marketing is a challenging task which involves several steps and concerns

on the part of any retailer. The confronts faced by the retailer provide a basis for how the marketing strategy should be like in the future to come. All of these obstacles need to be identified and taken care of well in advance in order to ensure customer satisfaction and retention. With time, the gap between the rural and urban markets is narrowing down and this is making the rural marketing tools and techniques obsolete and giving a new dimension and path to urban retail marketing. The major urban retail marketing challenges identified in this comprehensive research were consumer tastes and preferences, consumer lifestyles and values, promotional costs, advertising costs, print media costs, electronic media expenses, in-store branding costs, customer retention costs, distribution costs, logistics costs, expenses on account of sales promotion and discounts.

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