

Advantages of Retail Marketing in Urban Regions: A Thorough Analysis

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Abstract

This comprehensive research paper encompasses all studies and researches relating to the utility and viability of retail marketing in urban regions. The paper covers several important sections like present scenario of urban retail marketing in India, urban retail marketing tools, journey of urban retail marketing in India since 1991, role of foreign direct investment in urban retail boom, organized retailing: the present and future of retailing, government initiatives, urban retail marketing in China, Mexico, Russia and South Africa, privileges of urban retail marketing identified via research study conducted in the selected regions of Delhi NCR. The major urban retail marketing privileges that the paper talks about are massive size of the markets, scope for huge profits, no restrictions from the government, easy viability and accessibility of electronic commerce, better reach through efficient channels of distribution, quality physical distribution and logistics management, high purchasing power of the customers, supportive government and industrial regulations, availability of inexpensive and quality talent, scope for foreign collaborations, efficient return on investment, placing strategies can be carried out easily. In addition to this, the paper also talks about the various urban retail marketing strategies undertaken by global retail giants such as Wal-Mart, Costco Whole-Sale Corporation, Kroger, Tesco, Carrefour and Amazon, and how these strategies if followed and practiced in India can totally revamp the structure of present retail.

Keywords: Retailing, Retail Marketing, Urban Retailing, Urban Retail Marketing, Urban Retail Marketing Mix, Urban Retail Marketing Tools, Retail Management, In-Store Retailing, In-Brand Retailing, Promotion Mix, Outdoors, Advertising, Electronic Commerce.

Research Objective: The core objective of undertaking this comprehensive research is to identify and analyse the various privileges that lie in the path of urban retail marketing in India.

Research Type: Analytical and Descriptive

Research Methodology: The methodology adopted for this thorough research comprises of two stages. Firstly, analysing and studying all the advantages of urban retail marketing already identified by various researchers and retail organizations. And secondly, identifying new and modern privileges through a research study in the urban centres of Delhi NCR.

Research Scope: This critical research will help researchers and retail marketers in knowing and implementing new and modern urban retail marketing strategies and privileges.

INTRODUCTION

The term urban retail marketing has been derived from the term retail marketing and can be defined as 'a set of activities undertaken by a retail marketer in order to identify the needs and requirements of the urban customers and satisfying them in the best manner possible'. To put that in simple words, one can say that urban retail marketing is nothing but a way through which the demand of the potential urban customer can be ascertained in advance and finally meeting those demands in the most appropriate manner.

The term urban retail marketing is often confused with the term 'urban retailing'; both the terms sound similar but the later can be defined as 'the sale of goods and services to the urban customers'. Hence, one can clearly see that both the terms are distinct where urban retail marketing is customer oriented whereas urban retailing is sales oriented.

Urban retail market is an all inclusive and comprehensive discipline encompassing several activities beginning from market research, study of consumer behaviour, study of market trends and government policies, study of channels of distribution and reach, sampling, data analysis, experimentation, test marketing, response examination and finally approaching the customer. All of these critical steps need to be followed in the exact order in order to achieve the desired results.

Dr. Philip Kotler, the father of modern day marketing has always laid stress upon the study of consumer behaviour and market trends in his lectures and research works, the same is applicable to urban retail marketing as well where it becomes imperative on the part of the retail marketer to thoroughly undertake the tasks of study of consumer behaviour and market in the regions where he wishes to operate.

PRESENT SCENARIO OF URBAN RETAIL MARKETING IN INDIA

The discipline of retail marketing has undergone a considerable change in the past few decades and has furthermore become diversified and specialized dividing it into two separate branches- rural retail marketing and urban retail marketing. These specializations have led to the creation of two separate disciplines of retail marketing. Urban retail marketing has always been more dynamic and competitive and therefore, the first concern of any retailer whether operating in India or overseas.

The present scenario of urban retail marketing is certainly customer driven and apart from the customers, other factors are pushing it forward too. For instance, the entry of global retail giants such as Wal-Mart, K-Mart, Tesco, Amazon have raised the bar of urban retailing and retail marketing by considerable margins. In order to face stiff competition, all retailers operating in the urban regions have started taking concrete steps in strengthening their knowledge base and have therefore started undertaking tasks like study of consumer behaviour, sampling, market research, etc.

All of these activities lay down the foundation for retail marketing in the urban regions and this is the reason why most of the retail marketers are undertaking these steps. The researches done by global retail giants and business schools and research organizations have also played a critical role in raising the standards of urban retail marketing.

Nationally dominant players like Hindustan Unilever, Dabur, Proctor and Gamble, ITC, Britannia have also started adopting and practicing modern retail marketing tools and techniques. These companies have ensured that global retail giants such as Wal-Mart, K-Mart, Tesco do not eat up their market shares due to efficient retail marketing tools and techniques from their side.

The current scenario of urban retailing is also driven by government policies and procedures. The government in the past one decade has tried its level best to ensure that organized retail formats enter India. The government's focus has been on ensuring wide coverage of organized retail formats in the urban centres of India. In spite heavy protests and lockouts, the government's vision has been on making a modern India with modern facilities and tools. This is the reason why the retail sector of India has always been on its priority list.

Hence, the current scenario of urban retail and retail marketing in India is looking positive and is trying to catch up the pace of other developing nations such as China, Mexico, Russia, Brazil and South Africa.

URBAN RETAIL MARKETING TOOLS

Urban retail marketing is practiced using a set a tools collectively known as 'urban retail marketing mix'. The various components of urban retail marketing mix are product, price, place and promotion. All of these components can be discussed as,

Product can be defined as 'a bundle of utilities satisfying the needs of a customer'. That is, product means more than just a commodity or service, it is rather a set of utilities which is meant to satisfy the needs of the customers. Modern retail marketing has to ensure that the product which is being offered to the customers is as per the needs and requirements of the customer and therefore, this tool involves providing tailor made or customer specific products. The needs and requirements of urban customers keep on changing rapidly, therefore, it becomes imperative on the part of retail marketer to ensure that the products keep on changing and become innovative and better as per the needs of the customers

The next component is price which can be defined as the value paid by the customer in exchange for the product or service which is being offered to him. Unlike the rural markets, the prices for commodities are a bit expensive in the urban markets, but still it becomes imperative on the part of the retailer to ensure that the prices are kept as competitive as possible so as to attract people from middle and lower income segments as well. Therefore urban retail marketing implies charging a competitive price for the products and services.

The next tool is place which can be defined as 'a set of decisions undertaken by the retail marketer in order to ensure the delivery of the required amount of goods at the right location and at the right time. Place involves a set of inter-related activities such as selecting the channels of distribution, physical handling of goods and services, logistics, warehousing, insurance, risk management, etc. All of these decisions need to be taken keeping mind the needs of the urban customers.

The final and the most important tool of urban retail marketing is promotion which can be defined as 'a set of activities undertaken by the retail marketer to make the urban customer aware about the product or service he intends to offer'. Promotion can turn out to be an extremely expensive affair in the urban regions due to heavy advertisement costs, print media, electronic media, outdoors, billboards, sales promotions, offering discounts and premiums, expensive in-store branding, etc.

JOURNEY OF URBAN RETAIL MARKETING IN INDIA SINCE 1991

1991 is regarded as one of the most crucial year for economic reforms in India and since then the landscape of business in India has undergone a complete alteration. In 1991 three crucial economic reforms were undertaken namely liberalization, privatization and globalization. These key economic reforms offered a path to several multinationals to enter the Indian market. The key feature of these reforms was to remove all the taxes and regulations involved in conducting business. The restrictions for entering the Indian market for any overseas player was reduced by a considerable amount.

This decision of the government laid down a foundation for several companies to enter the Indian markets without any constraint. The process created an entirely new and fresh environment for development and business in India. This ambitious decision of the Indian government laid to the entry of multinationals and giants such as Pepsico, Coke, Hindustan Unilever, Dabur, Proctor and Gamble and other big players operating in India today.

These companies invaded the Indian markets and gave us the concept of retail marketing which was adopted by almost all the payers operating locally and the ones which could not act upon were forced to exit the market. Companies like Unilever and Dabur gave us the concept of urban retail marketing and the concept of retail and sale got established in the Indian Market. The concepts of product, price, place, promotion were never ever practiced until the entry of these players in the market.

Since 1991, several transitions have taken place in the discipline of retail marketing in India such as studying consumer behaviour was insignificant earlier but now is one of the most important tasks of retail marketing. Similarly competitive pricing was never a priority of businessmen operating small businesses in India but later on they were forced to reduce and keep their prices as competitive as possible so as to survive the massive competition from international players.

The role of government since then has been as liberal as possible and with time it has been encouraging all sorts of retailers whether organized, electronic, etc. to enter the Indian markets and conduct business in a free manner without any restrictions. The journey has seen several transitions whether in the form of entry of small departmental stores to the entry of big organized retail stores to the entry of shopping malls to electronic retailers. All of these activities and events since 1991 economic reforms have helped the retail marketers to learn and adapt new retail marketing strategies and have been successful in implementing them.

ROLE OF FOREIGN DIRECT INVESTMENT IN URBAN RETAIL BOOM

Foreign direct investment undoubtedly has played a massive role in transforming the entire retail structure of the Indian Markets especially urban markets. Ever since the strong pitch of the central government in 2010 to bring foreign direct investment in retail, the markets of India have witnessed a massive boom. The popularity of organised retailers whether single brand retailers or multi-brand retailers is enormous in the regions of Delhi, Mumbai, Kolkata, Chennai, Bangalore, and other urban centers.

The foreign players which entered the Indian markets have taught the old and conventional retail marketers a lot of lessons. First and foremost these retailers made and established retail marketing a discipline rather than merely an activity. These multinationals and big corporates ensured and justified that retail marketing is an activity that needs to be taken seriously in an organized manner in order to achieve the desired results.

Foreign players such as Wal-Mart, K-Mart, Tesco and also collaborative players in the market such as Bharti Wall-Mart and other local giants introduced the concept of sample survey, study of consumer behaviour, ascertaining the needs of the customers in advance, budgeting, etc. All of these activities undertaken by these retail giants have made the discipline of urban retail marketing more professional and efficient and therefore the companies adopting them have made profits in large numbers.

Foreign direct investment has been considered an asset by various economists and business researchers in India and they have agreed upon the fact that the entry of foreign retailers in the market have totally revolutionized the concept of retailing and retail marketing. These corporates have shown us a better path and means to ascertain the needs and requirements of people in advance, and planning the next strategies conveniently.

Foreign players such as Wal-Mart and Tesco have taken the discipline of retail marketing even further wherein the production these days is carried out as per the study conducted upon consumer behaviour. That is, if the studies conducted give a positive outlook then orders for production are given simultaneously right after test marketing and experimentation. This is the utility of modern retail marketing in India.

ORGANIZED RETAILING: THE PRESENT AND FUTURE OF RETAILING

The biggest topic of debate and concern for government and small unorganized retailers working in India has been 'organized retailing'. This format of retailing has gained considerable amount of popularity as well as economic viability in the Indian markets in the past one and a half decade.

The urban markets of India have been occupied by the organized retailers by a huge amount although the share of organised retail is comparatively less in the rural regions. The present retail sector of regions like Delhi NCR, Mumbai, Bangalore, Chennai, Kolkata have been dominated by the organised retail formats and the prospects for future appear positive as well. The popularity of brands such as Reliance Fresh, Big Bazar, Bharti Wal-Mart, etc. are the perfect examples of how organized retailing is spreading widely in India.

The attitude of the people residing in the urban regions is also pro-organized retail outlets and they prefer these outlets more in comparison to the conventional old and unorganized retail outlets. Few major reasons why organized retailing is the preferred choice of the customers in the urban regions can be discussed as,

Firstly, quality and branding of the product in organized retail formats is much better in comparison to the unorganized markets. The quality of the products such as watches, electronic equipment, clothes, etc. is always better in comparison to the local unorganized retail stores where the possibility of purchasing inferior and dubious products is extremely high.

Secondly, the reason why urban retailers prefer organized retail formats is due to reasons like store ambience and atmosphere. The ambience of any organized retail outlet such as a shopping mall or store of multinationals such as Adidas is always very good and pleasing which eventually grabs the eyeballs as well as the preference of the urban customers.

Thirdly, organized retail outlets never indulge in unfair business practices. For instance, while purchasing any commodity, a proper bill, guarantee or concrete evidence of exchange of service is handed over to the customer due to which there exists no possibility of any customer to get cheated. In case the customer is not satisfied with the product, he can easily replace the product in future at his own convenience.

These are the broad major factors why the popularity of organised retail formats in urban regions is spreading quickly and the rural markets are next target in the time to come.

GOVERNMENT INITIATIVES

The government of India has undertaken several initiatives to enhance and improve the structure of retail markets in India. It was the government in 1991 which allowed the entry of foreign players in the Indian market and since then, there has been no stopping and looking back. The government in the past two and a half decades has been trying its level best to match the Indian retail markets with the ones in China, Mexico, South Africa and Russia.

Since 2010, there was a strong pitch for bringing in foreign direct investment in single and multi-brand retail and the government after facing several roadblocks in the beginning, was finally able to accomplish its target of successfully bringing in foreign players in the Indian retail market and the response of the crowd that is, the citizens of India has been positive as well.

The government has been successful in ensuring that the players such Wal-Mart, K-Mart, Tesco, Amazon etc. enter the urban as well as the rural markets of India and has tried its level best in reducing the restrictions which existed earlier and has eased the rules, regulations and clearances by a considerable margin. The government has also undertaken special initiatives whereby it has provided land in adequate amounts to big retail giants to undertake retail outlet establishments and has also been successful in providing essential supportive tools such as power and labour.

The basic agenda of the government is to ensure that India starts sharing the same retail boom and success as the nations like China, Mexico, Russia, Ireland, Singapore, South Africa and Indonesia. The government's focus is upon studying and analysing the markets of these countries and implement the same in the Indian markets as well in the best manner possible. The initiatives of the government have also been in modernising and developing the retail markets of the rural regions as China so that Indian can establish itself as a big global retail market and this is only possible if the rural retail markets are developed and modernized.

The government's initiatives have also been towards ensuring that necessary capital is provided to the farmers and other marginalized sections of the society so that they can come up with the activities of start-ups and self-owned businesses. The government has undertaken several schemes in this regard in the states of Maharashtra, Karnataka and Haryana. All of these steps undertaken by the government indicate a positive sign for retailing and retail marketing in India.

URBAN RETAIL MARKETING IN CHINA, MEXICO, RUSSIA AND SOUTH AFRICA

The business practices followed all across the globe collectively determine the fate and protocol of any industry, the same applies for retail industry as a whole as well. The retail markets of Russia, China, South Africa and Mexico are passing through the same phase and stage as India is and therefore, a lot can be learned from these emerging markets. The status of retail marketing and retailing of these nations can be discussed as,

First and foremost, China is the biggest competitor of India and therefore, it becomes imperative on the part of Indian retail marketers to learn and study the tactics applied by retailers in the Chinese urban markets. The retail markets of China have grown by a huge margin of 18 percent in the past one decade and no one can even deny the fact that organized retailing entered the Chinese markets a decade before the Indian markets, this is the reason why we have been lagging behind but still a lot can be learned and practiced in the Indian markets as well.

Mexico is another massive market which has shown positive signs for all kinds of retail formats especially organised. It is the first South American nation where Wal-Mart and Amazon made their inroads and since then, the prospects of retailing have shown a positive decent growth of around 8.8 percent and India is catching up the pace with similar figures of 7.9 percent.

Russia has shown a tremendous growth in its online retail markets in the past one decade due to the preference of the people and severe weather conditions. The preference of the people in this massive nation for organized retailing looks extremely promising and is spreading rapidly in the rural regions as well. Retail giants such as Wal-Mart and K-Mart have been really successful in ensuring a major share in the retail markets of Russia. Retail marketing strategies popular and successful in this nation are home delivery services, warehousing strategies, ownership and risk management.

At last but not the least, the retail marketing strategies used in the urban markets of South Africa are equally effective and innovative as the ones practiced in China and Mexico. The major privileges of urban retail marketing in South Africa are high purchasing power and paying capacity of the customers, massive size of the urban markets, effective promotional strategies, customer brand loyalty, good demand for imported products and brands, preference for global retail giants such as K-Mart and Tesco.

PRIVILEGES OF URBAN RETAIL MARKETING IDENTIFIED VIA RESEARCH STUDY CONDUCTED IN THE SELECTED REGIONS OF DELHI NCR

This section contains the findings and discussions of a comprehensive research conducted in the selected urban centers of Delhi NCR where the retailers operating in these regions were asked certain questions regarding the retail marketing tools and techniques they use and what privileges does retail marketing offer them. The findings of the study can be discussed as,

First and foremost, the retail marketers operating in the urban regions of Delhi NCR shared that the profit margins for products and services they promoted was extremely high. The sole reason why the profit margins in these regions was high due to the fact that the market was huge in size and the purchasing power of the consumers was high unlike the rural regions where the income levels of the consumers is extremely low.

The second common privilege of retail marketing discussed by these retailers was availability of quick and efficient channels of distribution. The channels of distribution in Delhi NCR was extremely good due to which there was always adequate supply of desired amount of goods and services. This supply ensured that the demand of the customers was met in the least time and the best manner possible.

Next, the various services facilitating business were extremely good in these regions such as better insurance and risk management services, warehousing, logistics, physical handling, documentary evidence of transactions taking place, fair government involvement, etc. all of these factors ensured that the retail marketer had to focus simply upon his marketing and branding strategies without bothering about other factors.

The next privilege discussed by the retailers was quick response of the customers to any newly launched product or service. The customers of Delhi NCR preferred new and innovative products with better features and therefore, it motivated retail marketers to promote and pitch for new and better products at regular intervals unlike the rural regions where the nature of demand was static and required less promotion.

The utility, scope and viability of electronic commerce was another big privilege in the urban centres of Delhi NCR. The enquiries done at the regional head offices of Amazon and Snapdeal gave us the crucial data that the first choice of the customers residing in the urban centers of Delhi and NCR preferred shopping online rather than offline. The basic reason why the customers were so comfortable with online retailing was that it was extremely convenient for them to shop online and it gave them plenty of choices and varieties for the same class of products along with their substitutes. This is the sole reason why the retail marketers of these giants preferred marketing of goods and services via online.

Online retail marketing is not only confined till electronic commerce but also social networking sites like Facebook, Twitter and Google +, etc. All of these social networking sites have also given a great platform to the retail marketers to promote and sell their products and services. Moreover, all the companies on individual basis also make sure that their websites are managed and developed in a very attractive manner. These websites maintain the product line of their company in the best manner possible so as to grab the eyeballs of the potential customers.

At last but not the least, another privilege that the retail marketers operating in the urban regions of Delhi and NCR discussed was that quality personnel was easily available in these regions when compared against the rural regions. Multinationals and corporate giants working in Delhi NCR shared that they could easily find and hire quality retail marketers in the urban centres but could not find the same and had to struggle a lot in the rural regions. This was regarded as one of the most important privileges by Proctor and Gamble which thrived upon their urban retail marketers talent.

CONCLUSION

After going through this comprehensive research paper, one can make a valid conclusion that urban retail marketing is a huge modern discipline offering several privileges to any retail marketer. The basic reason why this discipline has evolved is the fact that the format and landscape of retailing in India and overseas has undergone a massive transition in the past one and a half decade and this demands new, better and innovative retail marketing strategies from any company whether operating locally or internationally. The major urban retail marketing privileges of the modern era are capitalizing the huge market, high scope for margins due to high income levels and purchasing power of the customers, efficient channels of distribution, logistics, marketing platforms, electronic boom and transition in the tastes and preferences of the customers.

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