



## EFFECT OF RETAIL MARKETING STRATEGIES ON CONSUMER PURCHASE DECISIONS

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### ABSTRACT

Retail industry in India has risen as the most encouraging with quickest developing businesses, in ongoing time. Globally it is the fifth largest destination in retail space. The consistently changing way of life of the buyers has contributed hugely to the development of this industry. It makes and produces enormous work openings, and has contributed to the GDP of the economy. Retail marketing also involves the management of sales personnel, selection and ordering of merchandise and promotion of selected merchandise as well as inventory control, store security and product accounting. To be successful, every retail business needs to add value to its products by adopting basic strategies related to pricing, promotion, distribution, penetration, retention, customer relationship and corporate social responsibility. This paper examines the relative importance of the various products purchased at organized retail outlets and the choice of format, the consumer has when purchasing a product. The paper also discusses the expected development of organized retail in the future, focusing on aspects with potential effects on consumer purchasing behavior.

**Keywords:** *Retailing, Purchasing behavior, Demographics, Business climate, GDP*

### INTRODUCTION

The origin of the "retail" word comes in the French language as "retailer" that means to cut a piece off" or "to break bulk". In other words, it shows a first hand-transaction with the customer, Retail sector is the fastest growing sector providing employment to 40 million Indians and contributing enormously (14-15%) in the growth of the economy.(Selvakumar & Muthumoni, 2011) The Indian Retail Industry is the fifth largest in the world. Comprising of organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially the retail industry in India was mostly unorganized, however with the change of taste and preferences of consumers, the Industry is getting more popular these days and getting organized as well.(Goyal & Aggarwal, 2009)

Shopping in India has witnessed a revolution with the change in the consumer buying behavior and the whole format of shopping also altering. Industry of retail in India which has become modern can be seen from the fact that there are multi- stored malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof. India retail industry is expanding itself most aggressively; as a result a great demand for real estate is being created.

The Indian retail experience has gone beyond the traditional brick-and-mortar store and includes numerous touch points such as online stores, social networks, call centers, etc. Changing economic dynamics, diverse choices in products and services, numerous shopping formats and unparalleled access to information has empowered customers to expect more from their retail experience.(Fisher, 2006) The



recent economic downturn has taught discipline to the customers. In today's rapidly changing and digitally connected world, customers are more value-conscious while making purchase decisions.

Retail marketing is comprised of the activities related to selling products directly to consumers through channels such as stores, malls, kiosks, vending machines or other fixed locations. In contrast, direct marketing to consumers attempts to complete a sale through phone, mail or website sales. The successful implementation of the components of the traditional marketing mix (product, place, price and promotion) is essential for success in retail marketing. Retail marketing strategy has to create interest and converse store planning concept to customers by way of developing competitive retail marketing review, by targeting customer behaviour and by identifying the branding. An analysis of internal environmental factors, marketing mix plus performance analysis and external environmental factors customer analysis, competitor analysis, target market analysis, as well as technological, economic, cultural or political/legal environment likely to follow success of market plan. Each market plan has to focus on monitoring the progress and set of contingencies.(Sharma & Thakur, 2020)

### **Issues in Retailing**

The pace with which innovations in retailing have occurred, some issues in retailing have also emerged. Compelling factors like lack of trial, lack of interpersonal trust, lack of instant gratification, high shipping and handling costs, lower customer service, loss of privacy and security, low economies of scale, unstable customer base, poor logistics and inexperience can limit the success of internet retailing. Likewise, internet also poses threats to the privacy of consumers .Which is why the hyped 'internet revolution' has failed to meet expectations, and how pure e-retailers are finding it hard to maintain a sustainable advantage over the traditional retailers.(Prof et al., n.d.) Hence, to assess the effectiveness of online retailing, the Stimulus-Organism-Response model has been suggested. It explains how certain atmospheric elements (high or low task relevant) of the online “store” influence the affective and cognitive internal states (perception of the online store), which intervene the approach responses to the online shopping experience. If the stimuli successfully appeals to the cognitive states of the online shoppers, it will translate into buying behavior.

Another emerging issue in retailing takes into account the effects of satisfaction on patronage. Satisfaction doesn't guarantee patronage which is crucial to the profitability and image of the retail stores. To achieve this, the store should continuously find new ways to 'surprise' its clients and delight them with augmentations that make their experiences less stressful, more convenient, and/or more fun.(Ibrahim & Ibrahim, 2018)

### **LITERATURE REVIEW**

(A. Pandey & Kaur, 2020) his research paper focuses upon the basics and certain crucial building blocks of retail marketing as a discipline. The paper intends to ascertain and analyze subjects such as understanding how new retail formats have taken a surge in our country, deeply understanding the Indian retailing industry, recognizing the various confronts that our organized retail sector is facing, identifying and discussing the various successful strategies of organized retailers so far, understanding the various consumer inclinations in ASEAN economies and how their retail markets are growing, retail promotion management, confronts and opportunities that lie for the retailing sector in India. In addition to this, the paper also strives to ascertain and analyze several others elements of retail marketing.



(Arya, 2020) discussed that practically e-commerce in India started becoming popular when the internet users and smart phone sales was gaining prominence. But over the years there is no doubt the e-commerce has become popular among roughly 30% of the population living in the cities but due to limited scope of product variety and standardization the sale through e-commerce is not increasing at faster pace. Only limited but branded items are on sale because of the limitations of selection and reassurance to customers that their buying is cost saving with a- priori condition that after sale service and product quality is guaranteed by e-commerce. The growth of e-commerce is dependent on factors like the financial literacy, standard of living, nature of habitation, payment system i.e digital vis-à-vis cash and more importantly on up-scaling of manufacturing enterprises. It appears that daily used products are least common in the e-commerce mode and only the most branded and customized but with standardization are more popular on e-commerce mode.

(Chaturvedi & Babu, 2019) suggested that retail industry in India has risen as the most encouraging with quickest developing businesses, in ongoing time. Globally it is the fifth largest destination in retail space. The consistently changing way of life of the buyers has contributed hugely to the development of this industry. It makes and produces enormous work openings, and has contributed to the GDP of the economy. In the present competitive circumstance where firms are getting by on edges and spending enormous sum on the investigation of shopper's fulfillment and devotion, this exploration paper is a little exertion to comprehend the key drivers that are in charge of retail outlets decision, and its impact on the customer satisfaction. The objective of this article is to understand and analyze the consumer behavior towards retailing in special reference with promotional strategies adopted by the select retail store .This paper aims at determining the variables which plays a significant role in the customer satisfaction ,for this study primary data is collected in the urban part of Hyderabad city ,the target group was individuals with different income, education, occupational and age groups .Data was collected through structured questionnaire.

(Mathew & Commerce, 2018) author suggested that India is a country having the most unorganized retail sector. In retail marketing, retailer is the last link in the chain of distribution between the manufacturer and the ultimate consumer. Retailing or retail trade consists of the sale and all activities directly related to the sale of goods and services to ultimate consumers for personal, non- business use. In retail marketing, retailer faces several problems and challenges like price/market competition, competitive trend, governments contribution, growing economic disparity, supply chain management, frauds in retail etc....These problems and challenges may mainly affected by the retail sector. Each retail executive must be able to identify the retail marketing issues and have a plan to handle them as well. Therefore the present investigation is conducted in Erattupetta Panchayat to identify the problems and challenges of large scale retailers and small scale retailers.

According to (Mahajan, 2017) Retail industry in India has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It is over 10 per cent of the country's Gross Domestic Product (GDP) and approx. 8 per cent of the employment. India is the fifth-largest global destination in the retail space in the world. India's retail market is likely to grow at a Compound Annual Growth Rate (CAGR) of 10 per cent to US\$ 1.6 trillion by 2026 from US\$ 641 billion in 2016. Various online retailers like Amazon, Flip kart etc. are enticing customers through innovative marketing strategies and services. It is necessary to understand factors that drive Indian millennial to a particular online retailer in India and perceptions of millennial towards these online retailers. The paper studies the same in the Indian context. It is found that millennial are more or less satisfied with the services of



selected online retailers. It was also found that four factors were statistically significant for millennials for selecting a particular online retailer.

(Suguna & Mathipoorani, 2016) analyzed that the Indian retail market is one of the top five retail markets in the world and it is estimated to be US\$ 500 billion by economic value. Retail marketing also involves the management of sales personnel, selection and ordering of merchandise and promotion of selected merchandise as well as inventory control, store security and product accounting. To be successful, every retail business needs to add value to its products by adopting basic strategies related to pricing, promotion, distribution, penetration, retention, customer relationship and corporate social responsibility.

(S. Pandey & Rai, 2014) suggested that Indian retailing is at all-time growth today. The industry is flooded with footfalls of foreign retail giants; in this situation the discussion is open on the survival of kirana stores (unorganized retailers) in India. Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The customer taste is also changing according to the change in the whole retailing environment. Wall Mart entering in Indian market is still talk of the town in the country. The government of India has allowed 51% FDI in multi brand retailing. India is one of the fastest growing retail markets in the world, with 1.24 billion people. The main focus of the research will be highlighting the tools which can help Kirana stores to provide a better retail mix for attracting more customers and their securing their long time existence.

(Nagar-haryana, 2012) suggested that the Indian Retail Industry is the fifth largest in the world. Comprising of organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially the retail industry in India was mostly unorganized, however with the change of taste and preferences of consumers, the industry is getting more popular these days and getting organized as well. The Indian Retail Industry is expected to grow from US\$330 billion in 2007 to US\$640 billion by 2015. According to the 10th Annual Global Retail Development Index (GRDI) of A.T. Kearney, India is having a very strong growth fundamental base that's why it's the perfect time to enter into Indian Retail Market. Indian Retail Market accounts for 22% of country's GDP and it contributes to 8% of the total employment. The total retail spending is estimated to double in the next five years. Of this, organized retail –currently growing at a CAGR of 22%- is estimated to be 21% of total expenditure. The unorganized retail sector is expected to grow at about 10% per annum with sales expected to rise from \$309 billion in 2006-07 to \$496 billion in 2011-12. This paper focused on changing face of Retail Industry, organized or unorganized retail industry, major players in retail industry and also highlights the challenges faced by the industry in near future.

### **RETAIL MARKETING CHALLENGES**

There are several challenges that the retail marketers face while promoting their goods and services. One of the biggest challenge that the retailers face in India are meeting up the international standards, the others being poor supply chain management, inadequate retail space, diversity in culture, infrastructure issues, human resources issues, handling retailing frauds, poor logistics etc. These are the major challenges that the retailers in India generally face and these hindrances affect the marketing of goods and services as well by a huge amount.



### SUGGESTIONS

- Financial institutions must provide more credit facility (loans and others) for the retail sector. It will facilitate the retailers to solve the problem of shortage of capital.
- To avoid frauds in retail sector, the strong security systems must be introduced such as CCTVs and POS Systems.
- The government may promote the needs of the unorganized retailers in the form of financial, infrastructural, distribution, storage, transport, trade Centre and other facilities.
- In the growth of retail marketing the customers will give more priority in the market in the form of incentives, discounts and other facilities.
- The retail executive must introduce new technologies and innovations for avoid the price/market competition in the retail sector.

### CONCLUSION

After carefully analyzing and understanding the various components and building blocks of retail and retail marketing, one can conclude that there are several tools of marketing and promotion that a retailer uses in India namely brand retailing, advertising, store ambience, personal connection, providing credit services, place i.e. convenient location, image branding, electronic marketing, home delivery services, discounts, rebates, premiums and reasonable pricing. As far as organized retailing is concerned, the most crucial tool for marketing has been store ambience and heavy discounts and these tools are going to continue in future as well. On the other hand for unorganized retailers, the biggest tools of marketing have been convenient location, providing credit facility and relationship, and the tool of convenient location is going to play a major role in the future as well.

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