

**MARKETING STRATEGIES ADOPTED BY RETAILERS IN RETAIL
STORE: A CASE STUDY OF MAX LIFESTYLE STORE-PHONEIX
MALL, LUCKNOW**

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ABSTRACT

Retailing includes all the activities involved in selling goods and services directly to the final customers for their personal and non personal use. The above research project deals with the marketing strategies that are to be followed by retailers in the retailing stores located in malls.

The relevance of the study is based on the increasing mall culture in the urban areas which attracts customer to buy merchandise from these stores.

The purpose of the study is to know about the customer profiling and learning, the market placement of MAX as a brand and various competitors existing in the market. The effect of customers and the competitor over the marketing strategies adopted by the store has been studied.

Further, the study deals with the various marketing strategies adopted by these retail stores which includes tie ups with other brands, mall branding and other promotional offers to attract to the customers and improve the competitiveness. The above research is applicable to various retail stores in an area or region, basically within a shopping mall.

The above study provides a deep insight how the marketer develops the marketing strategies for a particular retail outlet to provide itself competitive advantage and attract more footfall. This study will help researcher to have an overview over the above subject topic and help them to continue the research further.

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INTRODUCTION

Retail is usually classified by type of products as follows:

Food products

Hard goods ("hardline retailers") - appliances, electronics, furniture, sporting goods, etc.

Soft goods - clothing, apparel, and other fabrics.

There are the following types of retailers by marketing strategy:

1. **Department Stores** - very large stores offering a huge assortment of "soft" and "hard goods; often bear a resemblance to a collection of specialty stores. A retailer of such store carries variety of categories and has broad assortment at average price. They offer considerable customer service.
2. **Discount Stores** - tend to offer a wide array of products and services, but they compete mainly on price offers extensive assortment of merchandise at affordable and cut-rate prices. Normally retailers sell less fashion-oriented brands.
3. **Supermarkets** - sell mostly food products;
4. **Warehouse Stores** - warehouses that offer low-cost, often high-quantity goods piled on pallets or steel shelves; warehouse clubs charge a membership fee;
5. **Variety Stores or "dollar stores"** - these offer extremely low-cost goods, with limited selection;
6. **Demographic** - retailers that aim at one particular segment (e.g., high-end retailers focusing on wealthy individuals).
7. **Mom-And-Pop** (or Kirana Stores as they call them in India): is a retail outlet that is owned and operated by individuals. The range of products are very selective and few in numbers. These stores are seen in local community often are family-run businesses. The square feet area of the store depends on the store holder.
8. **Specialty Stores**: A typical speciality store gives attention to a particular category and provides high level of service to the customers. A pet store that specializes in selling dog food would be regarded as a specialty store. However, branded stores also come under this format. For example if a customer visits a Reebok or Gap store then they find just Reebok and Gap products in the respective stores.
9. **General Store** - a rural store that supplies the main needs for the local community;
10. **Convenience Stores**: is essentially found in residential areas. They provide limited amount of merchandise at more than average prices with a speedy checkout. This store is ideal for emergency and immediate purchases.

11. **Hypermarkets:** provides variety and huge volumes of exclusive merchandise at low margins. The operating cost is comparatively less than other retail formats. A classic example is the Metro™ in Bangalore.

12. **Supermarkets:** is a self service store consisting mainly of grocery and limited products on non food items. They may adopt a Hi-Lo or an EDLP strategy for pricing. The supermarkets can be anywhere between 20,000-40,000 square feet. Example: SPAR™ supermarket.

13. **Malls:** has a range of retail shops at a single outlet. They endow with products, food and entertainment under a roof. Example: Sigma mall and Garuda mall in Bangalore, Express Avenue in Chennai.

14. **Category killers or Category Specialist:** By supplying wide assortment in a single category for lower prices a retailer can "kill" that category for other retailers. For few categories, such as electronics, the products are displayed at the centre of the store and sales person will be available to address customer queries and give suggestions when required. Other retail format stores are forced to reduce the prices if a category specialist retail store is present in the vicinity. For example: Pai Electronics™ store in Bangalore, Tata Croma.

14.**E-tailers:** The customer can shop and order through internet and the merchandise are dropped at the customer's doorstep. Here the retailers use drop shipping technique. They accept the payment for the product but the customer receives the product directly from the manufacturer or a wholesaler. This format is ideal for customers who do not want to travel to retail stores and are interested in home shopping. However it is important for the customer to be wary about defective products and non secure credit card transaction. Example: Amazon and Ebay.

15. **Vending Machines:** This is an automated piece of equipment wherein customers can drop in the money in machine and acquire the products. For example: Soft drinks vending at Bangalore Airport.

Retailers can opt for a format as each provides different retail mix to its customers based on their customer demographics, lifestyle and purchase behaviour. A good format will lend a hand to display products well and entice the target customers to spawn sales

Key Players in Indian Retail Sector

- AV Birla Group has a strong presence in apparel retail and owns renowned brands like Allen Solly, Louis Phillipe, Trouser Town, Van Heusen and Peter England. The company has investment plans to the tune of Rs 8000 – 9000 crores till 2010.

- Trent is a subsidiary of the Tata group; it operates lifestyle retail chain, book and music retail chain, consumer electronic chain etc. Westside, the lifestyle retail chain registered a turnover of Rs 3.58 mn in 2006
- Landmark Group invested Rs. 300 crores to expand Max chain, and Rs 100 crores on Citymax 3 star hotel chain. Lifestyle International is their international brand business.
- K Raheja Corp Group has a turnover of Rs 6.75 billion which is expected to cross US\$100 million mark by 2010. Segments include books, music and gifts, apparel, entertainment etc.
- Reliance has more than 300 Reliance Fresh stores; they have multiple formats and their sale is expected to be Rs 90,000 crores (\$20 billion) by 2009-10.
- Pantaloon Retail has 450 stores across the country and revenue of over Rs. 20 billion and is expected to touch 30 million by 2010. Segments include Food & grocery, e-tailing, home solutions, consumer electronics, entertainment, shoes, books, music & gifts, health & beauty care services.

Marketing strategy involves careful scanning of the internal and external environments which are summarized in a SWOT analysis. Internal environmental factors include the marketing mix, plus performance analysis and strategic constraints. External environmental factors include customer analysis, competitor analysis, target market analysis, as well as evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statements.

Once a thorough environmental scan is complete, a strategic plan can be constructed to identify business alternatives, establish challenging goals, determine the optimal marketing mix to attain these goals, and detail implementation. A final step in developing a marketing strategy is to create a plan to monitor progress and a set of contingencies if problems arise in the implementation of the plan.

Customer Profiling is, Description of a customer group or type of customer based on various demographic, psychographic and/or geographic characteristics; also called shopper profile. For example, magazine advertising salespeople provide advertisers with customer profiles describing the type of person who will be exposed to advertisements in that magazine. The description may include income, occupation, level of education, age, gender,

hobbies, or area of residence. Customer profiles provide the knowledge needed to select the best prospect lists and to enable advertisers to select the best media.

Customer profiling is generally done to answer the basic marketing questions like given below and many more:

- Who are the customers?
- What types of people are attracted to different offerings?
- What kinds of people live near a given address (store location)?
- What kinds of people live in a given geographic area (this is useful when trying to decide where to locate a new store)?
- And where do certain kinds of people live (when trying to market to new customers)?

Therefore, it is the Customer description that includes demographic, geographic, and psychographic characteristics, buying pattern, creditworthiness, purchase history, etc.

Customer profiling in Retail

Customer profiling in Retail Sector, wherein invaluable information and data about customers and their transactions is observed and interpreted. The solutions are offered with the view to streamline marketing activities to increase the probability of returns. The analysis results in Purchase acceleration, Brand switching, Basket effects and Store choice and maintenance of price image. Owing to this comprehensive solution, clients have enjoyed benefits of easy customer acquisition, loyalty and sales growth.

1. Customer profiling and behavior

With thorough market understanding, we render comprehensive solution that gives an insight to purchasing behavior of customers. The research is conducted to study and analyze customer's buying patterns and attitudes. Owing to these solutions, the clients have marched ahead of their counterparts implementing apt marketing strategies purchasing behavior of customers. The research is conducted to study and analyze customer's buying patterns and attitudes. Owing to these solutions, the clients have marched ahead of their counterparts implementing apt marketing strategies.

2. Merchandise management

Clients can avail Merchandise Management solutions, which allows them implement retailing strategies. Experts are being appointed, who use apt techniques to study historical data, customer scorecards and their buying behavior. For example, MAX decides how to manage the merchandise depending on the customer profiling. The benefits of the solution are listed below:

- Placement of items
- Amount of stock to be displayed
- Space for specific product/category
- Placement of slow moving items in inventory
- Planning for sales & promotions
- Display of new merchandise

3. Promotion design in Retail Store

With assistance of competent workforce, promotion solutions for esteemed clients are offered. The promotion is designed as per latest market trends after a thorough assessment of historical data and factors affecting retail sales. The promotional activities of the clients have helped them increase sales significantly. The promotion is designed as per latest market trends after a thorough assessment of historical data and factor affecting retail sales. Like PANTALOONS uses its historical data based on customer profiling to design the promotional activities.

4. Shop floor design service

The comprehensive solution is offered after a detailed assessment and analysis of customer's buying behavior and premises. The designing strategy involves placement of stock at right place, display theme and other such factors.

Market Placement

Market placement here means, how the customers are perceiving MAX as a brand. This includes various questions like,

- What percentage of customers are visiting MAX store?
- How the customers perceive the other similar stores?
- How the customers perceive MAX as brand?
- What attracts them to MAX?
- Are they satisfied with the ambience of the store?

All these and many more questions are being asked to the customers through the questionnaire from where the customers' perception about the store is taken. This helps the store manager to take proper action required to attract most customers in the given area where store is located and also to retain the existing customers.

Thus market placement is an important criterion to be checked regularly by the retailers to improve the store performance.

Competitor profiling

The strategic rationale of competitor profiling is powerfully simple. Superior knowledge of rivals offers a legitimate source of competitive advantage. The raw material of competitive advantage consists of offering superior customer value in the firm's chosen market. The definitive characteristic of customer value is the adjective, superior. Customer value is defined relative to rival offerings making competitor knowledge an intrinsic component of corporate strategy. Profiling facilitates this strategic objective in three important ways.

First, profiling can reveal strategic weaknesses in rivals that the firm may exploit.

Second, the proactive stance of competitor profiling will allow the firm to anticipate the strategic response of their rivals to the firm's planned strategies, the strategies of other competing firms, and changes in the environment.

Third, this proactive knowledge will give the firms strategic agility. Offensive strategy can be implemented more quickly in order to exploit opportunities and capitalize on strengths.

Similarly, defensive strategy can be employed more deftly in order to counter the threat of rival firms from exploiting the firm's own weaknesses.

A common technique is to create detailed profiles on each of your major competitors. These profiles give an in-depth description of the competitor's background, finances, products, markets, facilities, personnel, and strategies. This involves Marketing segments served, market shares, customer base, growth rate, and customer loyalty promotional mix, promotional budgets, advertising themes, ad agency used, sales force success rate, online promotional strategy distribution channels used (direct & indirect), exclusivity agreements, alliances, and geographical coverage pricing, discounts, and allowances.

Customer services in Retail

Marketing is concerned with the exchange relationships that exist between a retailer and its customers. Quality and customer service are the key elements in this relationship. Today's competitive environment requires retailer to understand and apply properly the concept of relationship from the perspective of the customer and the other channel members. This will ensure that:

Customers strongly believe that the retailer offers good value for money; and

All the channel members (including the customer) would like to do business with that retailer. The challenge of the retail unit is to bring three critical areas, namely marketing, customer service, and quality, into closer alignment. Relationship marketing attempts at bringing these areas together.

Loyalty Programmes: Bases of loyalty programmes

Retailers focus on loyalty programmes since it is believed that:

- Loyal customers are cheaper to serve.
- They are willing to pay more for a given bundle of goods.
- They act as effective marketers for the store's offerings.

Relationship rewards as part of loyalty programmes

Reward is a crucial part of any loyalty programmes. It has to be desirable enough to change the behavior of the customers. In fact, if the reward is really well chosen, it will be attractive to customers who are not really valuable to the business. There are various types of rewards like,

- Simple discount
- A more targeted discounts
- Points which lead to gift from a catalogue
- Points which lead to later money offs
- Extra services.

Tie ups with other brands: Under loyalty programmes offering of membership cards to the customers have become a common trend today. Every retailer is providing some or other extra benefits to the customers through these cards. These cards not only the contain rewards but the particular retailer ties up with various other brands which provides some benefits to the loyal customers of the retailer. For example, Pantaloons, one of the biggest brands in Indian retail have a Green Card for the loyal customers which provide benefits like,

- 5% off in apparels every Friday
- Fast and foremost information about sales and discounts.
- Free of cost alterations
- Pick and drop facility after alterations
- Facilities for jet airlines passenger through tie ups.
- Tie ups with Pizza hut, Aryans (restaurant),Pack and chew(restaurant).

RESEARCH OBJECTIVES

1. To know about the Customer profiling and how they perceive MAX as a brand.
2. To have overview of competition prevailing in the same sector through Competitive analysis.
4. To study the effectiveness of the Mall Branding in formulating marketing strategies.

5. To study the effectiveness of promotional offers made by MAX.
6. To study the loyalty programmes and various tie ups of MAX with other brands.

Working Hypothesis

- It is being hypothesized that a significant relationship exists between the customer profiling and marketing strategies adopted by retailers.
- This also includes the significant relationship between the market placement and the marketing strategies.
- The competitor's analysis forms an important basis for the marketing strategies followed by retail stores.
- Marketing strategies followed inside the mall premises is affected by the mall branding.
- The Promotional offers of a brand have its impact on marketing strategies.

Research Methodology

Data Collection:

- Primary data- The primary data used in this research is QUESTIONNAIRE.
- Secondary data- The secondary data has been collected from various pamphlets, brochures and websites, books, journals, media.

Research Type: The EXPLORATORY and ANALYTICAL type of research is used.

Determining Sample design:

Type of Universe: customers

Sample unit: customers visiting the Max store at Phoenix

Sampling technique: simple random sampling

Sample size: 100

Statistical tool: SPSS

DATA INTERPRETATION AND ANALYSIS

The customer profiling of MAX is based on primary data collected through a questionnaire prepared with the help of Likert scale so that data collected can be accurate enough. As the research is to see the significant relationship between the customer profiling and the marketing strategies formulated by the retailers in retail stores the data collected are calculated using the Chi square technique and their correlation been established using SPSS.

The market placement of MAX is done only through the questionnaire that is to be filled by the customers during customer profiling because a certain number of questions can give the answers about how customer perceive MAX as a brand.

The statistical tool that is the Chi square method is applied to know about if any relationship exists between the market placement and the marketing strategy adopted by MAX.

MAX has a number of competitors in Lucknow as well. As there are a number of good and big brands of apparels in Lucknow, they all give a tough competition to MAX. The analysis of all the competitors of MAX has been done and their strengths and weaknesses are being presented in a tabular form given below.

Also to check whether there is any significant relationship exist between competitors profiling and marketing strategy the same questionnaire being used which is to be filled by the customers as well as Survey to the other stores are done to know about their strengths and weaknesses and according to it the opportunities and the threats prevailing in the market for MAX is given below. This helps MAX to formulate the marketing strategy by knowing the strategies of other stores.

Two reasons for the effectiveness of advertising in a mall.

First, shopping is a movement of thrill. Shopping mall movement, that is, you like, you buy.

Secondly, it is five-dimensional engagement. That is, the five senses of the consumer are engaged. It is a movement of truth, provided one does it well.

Malls sell their advertisement and brand spaces like hoardings, kiosks, banners, spaces, event spaces, digitals, neons, directory spaces, navigators, and event promotions. They market directly to the companies, or through a fixed contract of an agency who in turn sells on their behalf.

There are two ways a brand could advertise in the mall.

1. The brand could become resident in the mall.
2. Secondly, there are high-traffic footfalls where brands could conduct on-ground activities.

Thus it proves to be a good area for promotion.

Loyalty Programmes and Tie ups

MAX has recently started membership cards for its TIC(The Inner Circle) customers .The Inner Circle (TIC) is an exclusive customer loyalty program offered by the Landmark Group in India.

TIC members are entitled to exclusive privileges and exclusive rewards. The program offers its members reward points on every purchase, special periodic offers and discounts. Members also regularly receive personalized updates and information on in-store promotions, marketing events, new arrivals, launch of merchandise and products in addition to various offers from restaurants, pubs, discothèques, hospitals, health clubs, theme parks, hotels, etc.

MAX in Lucknow, under this loyalty programme is seeking tie ups with some local as well as national and international brands (working as franchisee) for their customers. This includes:

Pizza Hut: To offer discounts on bill exceeding some specific amounts to the customers showing membership card of MAX.

Pack & Chew Restaurant: To offer discounts on bill exceeding Rs. 300 to the customers showing MAX membership card.

VLCC: To offer discounts to beauty package exceeding Rs.1000 to the customers with MAX membership card.

PVR: To display the advertisements in various places inside PVR and its various Audis by having certain monetary amounts from MAX depending upon the number, size and extent of advertisement like,

Findings

1. Customer profiling has shown that there is a significant relationship between itself and the marketing strategies adopted by the retailers in the retail stores as the strategies are formulated according to the needs and preferences of the customers.

2. MAX is considered as one of the best brand in Lucknow by the customers.

3. The competitiveness of the MAX is moderate as compared to the similar stores. The opportunities and threats of the MAX is given below in tabular form:

MAX (opportunities and threats)

After a competitor profiling that is, searching for the strengths and weaknesses of the other similar brands following opportunities and threats exist in Lucknow region for Max:

Opportunities	Threats
1. Max is a global retail having store in 11 countries worldwide.	1. More promotional efforts by other brands
2. Max already is a famous brand	2. Local retail stores can give competition in near future(chulbuli)
3. Good collection of almost all apparels(ethnic wear, children collection, men's collection etc)	3. Future threats from players like Reliance which is adopting penetration strategy to lure customers.
4. Medium range product affordable to most.	4. Membership cards under loyalty programmes are starting late. Other brands have started and implemented it successfully.
5. Attractive visual merchandising.	
6. Beautiful ambience	

4. The MAX has also done some good mall branding to attract the customers to its store as soon as they enter the Phoenix Mall.



5. There are less promotional activities involved in terms of advertisements etc. Customers demand extensive promotion. Some of the promotional activities are:

Promotional Methods and Offers

Some popular promotional methods adopted by MAX are discussed below :

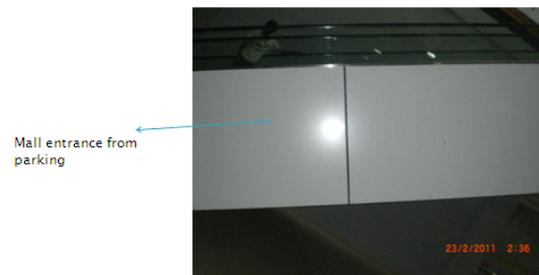
- Newspaper: MAX has been seen doing a good ad in newspapers. Extensive ads have been seen by the brand during the SALE period. Special offers and discounts on occasion can also be seen in the ad in paper.
Magazines: Recently MAX has been found doing ad in a popular Hindi Magazine nationwide.
- Brochures /flyers: is distributing during off season sale.
- Posters/calenders : during new year or diwali.
- Television / radio : ads can be made in national or in local cable channels.
- Internet / emails :. Are going to start as soon as the membership card is launched for the TIC customers.
- Hoardings : is seen in some posh areas of Lucknow
- Posters & banners/wall paintings: again can be seen in few areas.

Fashion Weeks: MAX is organizing Fashion Weeks throughout the April where the fashion institutes student will provide various tips about fashion to the customers

6. Various promotional offers are carried out by MAX store in terms of tie ups with other brands for its TIC (loyal) customers.

SUGGESTIONS

1. Customer profiling and Market placement



- Please note the arrows show the areas inside and outside the mall where the branding can be done.

4. Promotional methods and offers

Max can adopt various promotional methods like,

- Extensive advertisement in newspapers regularly.
- Advertisements should be made in other famous English and various other national language magazines
- Brochures/Flyers can be distributed in front of school and colleges. It can also be used during off season sales.
- T.V. and Radio ads can be given
- Emails and SMS alerts could be sent to the customers about various discounts and other offers.
- Hoardings, posters, banners can be put on areas so that it covers the population of whole town.
- Wall paintings can also be used in places.

- **Some innovative ideas :can be –**

1. Balloons can be tied with the MAX logo at the entrance of the mall. The balloon can be of any dark colour displaying the logo of the brand. It will be visible from far away as well as will highlight the logo to a good extent from any other competitors. In Punjab Lifestyle store MAX hanged a bag with its logo to attract the customers.
2. Cinema and theaters like PVR can be used to promote the brand
3. Theme based Visual Merchandising, the in house promotion may feature seasons or occasions like summer,holi,diwali,christmas,etc. events like world cup etc can also be used as a theme. For eg, for holi theme the manequinns can be dressed with multi colour outfits(ethnic as well as western)with colourful assesories, bowls/packets containing colours ,'pichkari' etc can be displayed. Westside's last year theme was Hawaiian and this year's wildest way. Similarly Max can use themes like Go Green etc.
4. Brand ambassadors: nearly every brand has its own brand ambassador or at least at the opening of the store there's some celebrity like Lifestyle store in Mumbai at Phoenix was inaugrated by Mahima Choudhary.
5. Discos and clubs: Max can have a tie up with disc for an evening (New Year or diwali bash) where guests can stand to win gift vouchers and prizes from Max.
6. Promotion through WOM communication: can tie up with various reputed schools and colleges during their annual fest as sponsors. Gini & jony has a similar tie up with Shaimak Davar school.MAX is planning same with the famous City Montessory School,Lucknow.
7. Fashion shows: Globus organises fashion show every year Mr. & Ms. Globus in their store and win attractive prizes. MAX is organizing Fashion Week in the coming month.
8. Sales promotion through, Coupons: it can be distributed to the customer on a purchase of particular range and then a certain number of coupons can be collected for premium gifts etc. coupons can also be given for price offs.Price off coupons are being distributed by MAX during last 2 weeks.
9. More extensive advertisements in every media highlighting the brand and its popularity in international market like 'The largest brand in the middle east. 150 stores across 11 countries.40 stores across 20 cities in India' the above should be mentioned in ads and other promotional methods. The information displayed about the Landmark Group can be displayed outside the store, if there is vacant space in and out of store as it can attract customers as they will know about the international brand they are purchasing.

10. Tag lines: Max can put an attractive tag line changing according to the offers made etc. like Pantaloons during their sale period added a tag line in their ad 'time for a wardrobe makeover'. Max can also highlight '*look good feel good*' in every ad which it is doing so far.

11. Loyalty programmes and tie ups

- The loyalty programme should start with full swing.
- More brands to be approached for tie ups in various location I Lucknow
- Extra benefits should be offered to the TIC customers like-
 - Free of cost alterations.
 - Drop at the doorstep facility provided to the customers holding membership cards.
 - Sms and email alerts about new offers in store.
 - Requesting for the refreshments.

CONCLUSION

Various methods are used to collect the data about the research like questionnaire, survey method as well as the secondary data from sources like various related books, websites etc. These data are then analysed with the help of statistical tools as well as similar studies in past. The conclusion is made that,

1. There exists a relationship between the customer profiling as well as the marketing strategies formulated by the retailers in the shopping mall.
2. There is also a significant relationship between the market placement and marketing strategies.
3. It is also proved that significant relationship exist between the competitors' analysis and the marketing strategies followed by them.
4. Marketing strategies inside the mall premises is affected by the mall branding.
5. Promotional offers have its impact on marketing strategies.
6. Loyalty programmes and the tie ups with other different brands is a part of marketing strategies adopted by retailers and the former have a significant impact on the later.

Thus we can say that all the hypothesis chosen are proved to be True and all the independent variables have significant relationship with marketing strategies of the retailers.

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