

Opportunities for Indian Companies in Retail Sector

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Abstract

With today's grueling challenges for the Managers in managing their Businesses in the field of direct & indirect competitive onslaughts has become a critical KRA for any level of Indian Managers to prospect opportunities & reduce threats.

As such, Managing India & the plethora of problems & related issues will become the most realistic Job function for Indian Management. In this article, we shall explore the elements of Branding in Retail Industry & how to create better consumer awareness in a country where unorganized sector plays a very significant role. We shall be studying the impact of Branding in Retail Industry, opportunities & threats, challenges ahead & ultimately propose a model for better Marketing & financial viability

Key Words: *Challenges, Opportunities, Threats, Branding, Organized & unorganized Retailing, Viability.*

Introduction

The environment plays a very important role in various phases of consumption. The role becomes more so important in case of service organization where physical evidence plays an important role. Shopping in organized retail is different from unorganized Retail, it is a shift from utility driven shopping to hedonic activity. It is commonly argued that people shop for both hedonic and utilitarian reasons and that shopping could evoke value either through successfully accomplishing its intended goal or by providing enjoyment (e.g. - Babin et al, 1994; Boedeker, 1995; Tauber, 1995; Jones, 1999). It is also acknowledged that both orientations might be present in the same practice as elements of a single shopping trip Falk & Campbell, 1997). The retail store provides consumer with an opportunity to interact with the merchandise before purchasing it & in this process store environment plays a very important and decisive role. According to Holman & Wilson (1982), consumers shop in stores that provide a proper environment relative to the store's image and its services. Research studies indicate that when ambient scent and music are congruent with each other in terms of their arousing qualities, consumers rate the environment significantly more positive, exhibits higher level of approach and impulse buying behavior, and experiencing enhanced satisfaction than when these environmental cues were odds with each other (Mattilla & Wirtz, 2001).

These dimensions in addition to several other store features reflect the overall image of a service organization (Baker et al 1988; Bitner, 1992). A soothing music, temperature controlled environment, proper lights only enhance the taste of food served in a restaurant, and creates a more enjoyable and memorable experience

India's journey towards assimilating global culture and taking its rightful place began in 1991 with the now famous LPG (Liberalization, Privatization & Globalization). Policies to carve out its rightful share in a highly competitive international Marketing environment.

With an open more globally connected economy, technology, human resources, infusion of new capital both from FDI & FII as well as domestic sources helped the engines of economic growth what was earlier a commodity based marketing situation with sellers having a better say became transformed to a consumer – driven economy with consumers asking for new brands with quality &

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price perspectives, and a host of organized retailing institutions in many verticals. Over the last 2 decades India has increasingly become an attractive destination for Business particularly in service sector and organized retailing has become the second largest employment generator in India (sources Ministry of HR – Govt. of India).

India also has the unique demographic advantage where it will add to its working class, even as countries in the West age and find the proportion of working people shrinking over the next few decades. This advantage will only increase in the coming years and UN predicts that India's population will grow by 300 million working age persons in next 40 years.

India has, however, some significant challenges. The demographic advantage is a double edged sword without adequate economic opportunities its people advantage could well become a source of social strife. India is held back by inadequate investment in infrastructure, healthcare and education; an agricultural system that has not seen improvements for decades and a fledging public distribution system (source – Deloitte).

Retail Store Environment

These days shopping in retail stores provides diversion from the routines of everyday life, sensory stimulation, social experiences outside the home, and availability to make physical comparisons of products and services across several stores (Lucas et al. 1994). Organized retail provides a unique opportunity to retailers to create an appealing environment using 5 senses (sight, sound, smell, touch & taste).

Research in shopping typically distinguishes between two different shopping orientations, economic shopping on one hand where consumers dislike or are neutral to the shopping activity and approach the retail store from a time or money saving point of view (Bellenger and Korgaonkar, 1980) and recreational shopping on the other hand (e.g. – Bellenger, et al, 1977; Bellenger and Korgaonkar, 1980; Williams et al; 1985). Researchers have also tried to establish the linkages between store characteristics on consumer experiences and purchasing behavior (e.g. ; Spangenberg et al; 1996; Mattila and Wirtz, 2011).

Researches suggest retailers to consider recreational shoppers as an important segment of consumers when developing marketing strategies for their store environments (Bellenger et al; 1977; Bellenger and Korgaonkar, 1980; Williams et al; 1985; Guiry, 1999; Nicholas et al; 2002) Recreational shopping is basically the course of action whereby individuals experience enjoyment from shopping. Retailers who want to attract recreational shoppers must also attempt to provide value not only from merchandise but from other elements of retail mix as well.

Keeping in mind the role of retail store environment, retailers work hard on designing the store layout, investing in fixtures and make sure that the store is appealing to the customers. The emphasis is to ensure that the store is attractive, exciting and appealing but most of the efforts are on visual aspects largely ignoring the power of sound, thus implying that the retailers assume as if the customers have eyes only.

Some Branding for Products

The true marketing potential of music is that without any stimulus, it can access a mood, emotion and deeply move specific demographics within a target market in just a few seconds. There are precedents of music being used to sell products and services. Music in advertising has been studied as influencing attitudes towards the product (Gorn, 1982; Kellaris & Cox, 1989; McInnis & Park, 1990). Studies on jingles have also focused on the consumers' mood (Alpert & Alpert, 1990) and the consumers' perception of an ad containing music of any form, about whether the ad is viewed as informative, upbeat, entertaining, etc. (Stout & Leckenby, 1998)

Sonic Branding in Retail

Various studies have been done by researchers to study the impact of music on different aspects of retail like merchandise sold, movement of traffic in store, impact on sales etc. Music and jingles have

also been shown to influence the consumers pace while shopping (Milliman, 1982, 1986). Slower tempo music seems to slow in store traffic flow. Previous research has also examined consumer pleasure – displeasure for retail stores by evaluating the effects of environmental dimensions such as background music, lightening & scent (e.g. Bone and Ellen, 1999). For example, Yalch and Spangenberg (1998) studied the effects of environmental music (i.e. foreground , popular top 40 with lyrics , background, easy listening without lyrics and no music) played in two men’s departments of a clothing store. Respondents reported greater stimulation when exposed to foreground music then background music. Furthermore, Yalch and Spangenberg (2000) investigated the effects of music in Retail setting time, and found that consumers actually shopped longer when they were exposed to unfamiliar.

Although the role of sound in retail environment is a much studied area, yet few brands have taken on board the findings and perhaps not even a single Indian Retailer is recognized for his deliberate efforts towards music played in retail outlet. Academics, such as Dr. Adrian North of Leicester University’s Department of Psychology, have long been exploring the effects of sound, particularly music, in retail environment. The findings have highlighted the effects music can have on customers both consciously and subconsciously but their focus has been on immediate effects that it has on consumer behavior.

In this new millennium the role of sonic branding will become more important as the media platform has sound built in to provide retailers an opportunity to extend a common audio identity across various platforms like TV, Internet Radio, Podcasts, ringtones, online navigational sounds, and many more. With millions of mobile subscribers and increasing number of internet users in India accompanied by a rise in internet shopping during recent years, a profound part of the shopping practices that take place inevitably still do so in interaction with physical retail settings.

Sonic Opportunities for Indian Retailers

India is a nation rich in cultural and folk music; every state of the country has its own popular forms of music. The retailers before starting their operations at any location study and analyze the needs, habits and preference of the target consumer which helps them in designing the right retail mix. Ethnic music may act as a differentiating factor. The sonic branding may be used by retailers in the following ways:

- (i) It may act as an additional cue which can help the customers in recalling the retail store.
- (ii) The impact of slow or fast music, classical or hip hop, known or unknown music may have a different impact on customer behavior inside the retail outlet which needs to be studied and used effectively by the retailers.
- (iii) The music in different sections may be same or different with results and deliberate efforts should be taken to have a better understanding. Who knows a soothing music at the cash counters may make the waiting time in queue more enjoyable , or a relaxing music at a customer service desk pacifies an irate customer
- (iv) There is a definite impact of music played in the store on the products purchased by the customers and his bill amount but this needs to be studied in Indian context to have a better understanding.
- (v) A signature tone when the customer is on phone line or when he visits the website will only help the retailers in enhancing the recall of their brand.
- (vi) The compatibility of the tone with various platforms like IVRS (Interactive voice response system) website, mobile phones, etc. will only strengthen the association with the retail store brand.

Case Studies: Indian Examples

We may sight from today’s Indian retail environment the success stories of Tanishq in Branded Jewellery Market, Titan in the very competitive watches market, Future Group in organized Retailing market, Shoppers Stop in Apparels Market, etc. however there are a few success stories in

Retail industry in local / state levels as well as Regional levels. The PC Chandra group in Jewellery, Khadims in shoes, Mongini's in Fast food can be sited as examples of the second category. We shall be detailing a bit on the success story of Tanishq which made India proud as the Jewellery destination for the discerning global customers.

Unique Value Propositions (UVP) are as under:

- Tanishq is a Tata Group company
- Largest single Jewellery Brand in India
- Largest Network in the country
- World Class in store customer experience
- Relationship building exercise through its loyalty programme
- Catch young customers with diamond product starting from Rs. 999.
- Transparency in dealing with customers
- Reaching to Rural India with Van operation
- Awareness about purity through Karatmeter
- Created design excellence by designing jewellery in movies like "Paheli", "Jodha Akbar", etc. also designs for all sections of the society.

All these and more have made Tanishq a Tata Group Brand a hyper Brand from India meeting the tastes of all sections of Emerging India. And Team tanishq did this in the phase of domestic – organized and unorganized and International competition in little over a decade.

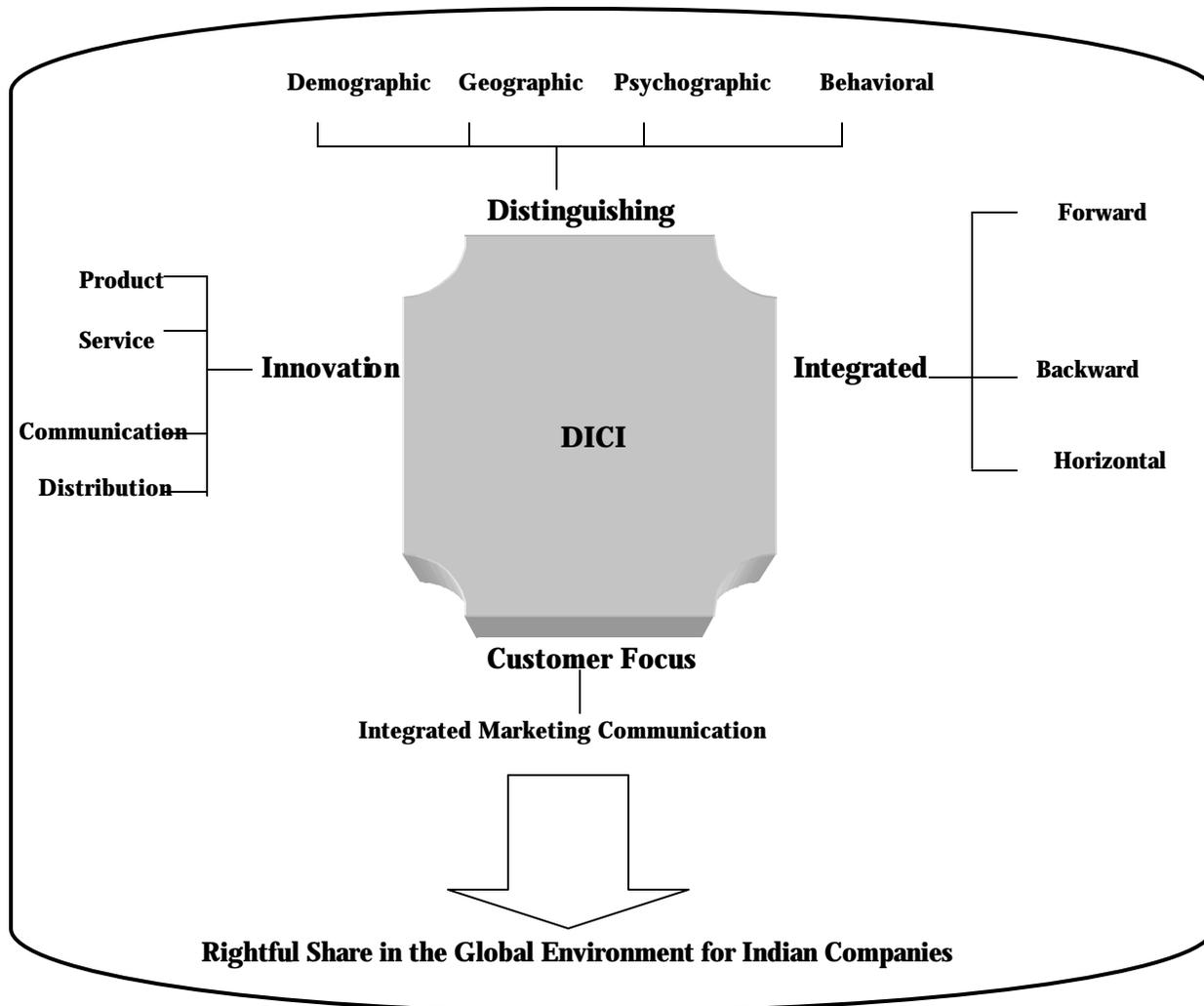
We may give these examples as a growing tribute of Branding and Team work from an Indian company achieving stellar heights in the global scenario.

Strategy and Looking Ahead for Indian Retail Industry

India the largest democracy having the second most populated nation in the world is today looking at retailing as the future engine of economic growth in the phase of Global competition for this,

The author has developed a model which will be beneficial to the Indian companies and marketers aspiring to curve out a special position in today's business environment. The model is;

Distinguishing (D) Integrated (I) Customer Focus (C) Innovation (I)



By distinguished we mean the body corporate must think of differentiation and giving people power by investing in corporate education, governance and in the process building for the future. Here the factors of demographic, geographic, psychographics & behavior will come in a big way for proper strategic formulation process.

By integration we feel modern Indian companies must adopt to the integrated marketing approach as well as going for forward integration , backward integration as well as horizontal integration for better value realization and supply chain management

Customer focus in the buzz word today and for the aspiring Indians with predominant skew with below 35 years age group a company must communicate in the proper format for this the Integrated Marketing Communication Mix (IMCM) is recommended.

Finally the model suggests Innovation as the key for Indian companies to scale greater heights by managing opportunities and challenges. Product innovation and service innovation, communication innovation, distribution innovation will be keys to achieve the rightful share in the Global environment for Indian companies.

Conclusion

The author strongly feels with abundance of talent pool and technological prowess Indian managers can face the challenges with a degree of Élan and achieve the targeted level of growth of 9% p.a. to make India a great economic power in the very near future.

In the words of Swami Vivekananda, Indian Companies should meet the challenges with the great monk's advice of "Arise, Awake and stop not till the Goal is reached".

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