

Role of Promotions in Success of Organised Retail in Jharkhand-An Empirical Study

Abhaya Ranjan Srivastava*
Dr. Saumya Singh**

Abstract

Retailing encompasses business activities in selling directly to customers. Retailing is gaining momentum globally as it is one of the largest sector worldwide. India is also witnessing a sea change in the retail sector. The preference of consumers in India is moving away from traditional retailing to organised retail. This changing scenario in retailing in India is witnessed due to the changing lifestyle of consumers. Consumers today are looking for comfort and pleasant experience in their shopping apart from better and attractive offers. Organised retailers are providing facilities which are distinctive as compared to the traditional retailers. To name a few of these facilities – attractive offers, comfort, convenience, air conditioning, food courts, parking, etc.

Organised retailing is spreading its legs in Jharkhand and has also gained acceptance among the consumers. Although Jharkhand being one of the less developed state a significant change in the mindset of consumers is quite visible. So it would be interesting to study these changing patterns in retailing. This also indicates a high potential for organised retailers in Jharkhand.

This study tries to examine the role and importance of promotions in the success of organised retail in Jharkhand. Three sub elements have been considered in the study. These sub elements are- I was attracted by advertisements various discounts offers attract me, membership cards offer additional benefits, they inform in advance about new schemes through SMS &/or email.

Introduction

Retailing encompasses business activities in selling directly to customers. Retailing is gaining momentum globally as it is one of the largest sector worldwide. The earliest form of it was in form of barter system. Since then retailing could be seen in India taking different shapes. It has always been dominated by small retailers who are running it as a family owned business. With the advent of modern retailing India is also witnessing a sea change in the retail sector. The preference of consumers in India is moving away from traditional retailing to organised retail. This changing scenario in retailing in India is witnessed due to the changing lifestyle of consumers which is fuelled by rapid urbanisation and application of technology.

Consumers today are looking for comfort and pleasant experience in their shopping apart from better and attractive offers. Organised retailers are providing facilities which are distinctive as compared to the traditional retailers. To name a few of these facilities – attractive offers, comfort, convenience, air conditioning, food courts, parking, variety, etc. With the changing scenario retailers require proper feedback from customers about their preferences so that the same could be implemented into their system thus leading to a bright future.

As per AT Kearney Report 2012 India although gone down by one position but it still ranks fifth in Global Retail Development Index and second in Asia after China. Published since 2002 the Index ranks the top 30 developing countries for global retail expansion. It

*Asst. Prof., Dept. of Mgmt., Birla Institute of Technology, Ranchi, Jharkhand. Email: abhayanjan@gmail.com

**Asso. Prof., Dept. of Mgmt. Studies, Indian School of Mines, Dhanbad, Jharkhand. Email: saumya.ism@gmail.com

indicates that India stands as an attractive destination for global retailers. As per the report the BRIC nations of Brazil, Russia, India, and China - still tempt the largest global retailers. These markets show no signs of slowing down and as a source of growth, many smaller, untapped markets are providing new growth opportunities.

The accelerated growth in the developing countries and a slowdown in the European and North American markets and are the prime reasons which are fuelling the global retailers to go for strategic expansion in these developing markets. As per Michael Moriarty, A.T. Kearney partner and study co-leader "In the past five years, U.S.-based Wal-Mart, France-based Carrefour, U.K.-based Tesco and Germany-based Metro Group saw their revenues in developing countries grow 2.5 times faster than their home markets."

India's GDP growth rate of 6 to 7 percent, the increasing disposable income, the changing lifestyles and rapid urbanisation makes it a high potential market. An accelerated retail market growth of 15 to 20 percent is expected over the next five years in India. The increasing support on FDI shown by the government has made the climate positive and encouraging for the global retailers. The share of organised retail in India is as low as 5 to 6 percent but it signifies a room for high growth.

Over the past few years, there has been a proliferation of organized sector players entering or expanding their presence in Indian retail market. The same was witnessed in Jharkhand were retail chains like - Reliance, Big Bazaar, Spencer, Vishal Megamart with multiple number of outlets. Out of these the closure of Spencer was very surprising and alarming. It indicated that mere opening of the store would not lead to success rather the organised retailers need to catch the pulse of the market.

Organised retailing is spreading its legs in Jharkhand and has also gained acceptance among the consumers. Although Jharkhand being one of the less developed state a significant change in the mindset of consumers is quite visible. So it would be interesting to study these changing patterns in retailing. This also indicates a high potential for organised retailers in Jharkhand. This study tries to examine the role and importance of promotions in the success of organised retail in Jharkhand. Three sub elements have been considered in the study. These sub

elements are- I was attracted by advertisements various discounts offers attract me, membership cards offer additional benefits, they inform in advance about new schemes through SMS &/or email.

Let us first examine the major factors which are important for the success of organised retail.

Price: India being a price sensitive market this factor holds the key in the success of any business. Organised retailers have rightly used for attracting and retaining customers. The economies of scale which they achieve through their large scale operations have been helpful for them in offering attractive prices to customers.

Variety: The variety offered by the organised retailers is quite vast as compared to the traditional retailers. In addition to these the availability of products in various quantities and sizes has made it a preferred destination for customers. Customers looking to buy products in small quantities land up here regularly here to fulfil their requirements.

Brand Image: The brand power which they enjoy has helped them in getting more customers. Entry of large business houses and global retailers in this sector has automatically attracted more customers since the customers have a feeling of getting better or reasonable quality. Another plus point which they offer is that the customers enjoy equal treatment. The customers are also confident of not getting cheated which they feel sometimes at the the traditional stores.

Different Payment Options: This option of paying in cash or through cards is mostly not available with the traditional retailers. This option available with organised retailers has added safety and convenience for the customers. This has indirectly increased the share of organised retail as it has encouraged and increased impulse and unplanned purchases.

Service: Services act as an important differential for the choice of the stores by customers. Organised retailers have used it in the right way to distinguish themselves from the unorganised retailers. They have used technology not only to make their services different but also very fast. Fast billing procedures, provision of free alteration, courteous and neat staff to assist customers

have added value in their service basket. Available of prams in big stores, personal attention to customers, etc. are some of the services which have increase comfort and ease for customers thus leading to satisfied customers and increased business for them.

Convenience: Long opening hours, prominent locations, attractive displays, pleasant environment, proper parking facility, etc. provided by the organised retailers has made the overall shopping experience joyful and frictionless. This has made the shopping comfortable and enjoying and has lead to increasing customer base.

Infrastructure: Big size stores, shopper friendly store design, air conditioned environment shopping bags and trolleys, etc. has pulled the Indian customers to the stores of the organised retailers automatically. This has been very distinctive compared to the traditional retailers and has led to a hassle free shopping for the customers leading to more purchases and increased business for the organised retailers.

Promotions: The ability to advertise in newspapers, magazines, television or through net generally lacks with the unorganised retailers. It is not only a matter of budget but also a matter of knowledge of how and where to advertise. Organised retailers have not only given attractive offers but also have well communicated it to their customers well in advance to encash its benefits.

They have used mobile sms and email to communicate to promote their new schemes. This communication has been fast and cheaper. Information on the right time and through right ways has boosted their sales from time to time. The facility of membership cards has also attracted new customers. The choice of encashing the points on the membership cards and as when required has been an attraction for customers. Bonus points on these cards for existing members through schemes at regular intervals have increased the confidence of the customers in the organised retailers and have also made them more loyal. This all has successfully led to increasing their sales and more customer base.

Literature Review

We can come across a number of studies done in this field. Researchers from all part of the world have tried to

analyze the role of promotions in success of organised retail from different perspectives. A comprehensive credit system scheme may help the organised retailers to enhance their sales potential and growth (Ramanathan & Hari, 2011). Factors like ease of parking, special offers, best prices, loyalty or benefit card, incentives affect the shopping attitude of customers (Nielson, 1996). Monetary support was found to be the most important promotional support in a study of buyer-seller relationship for promotional support in the apparel sector which was critical for success (Kincade, Woodard, & Park, 2002).

In a study on the Long-Term Impact of Loyalty Programs on Consumer Purchase Behaviour, the author found that heavy buyers at the commencement of the loyalty program were most likely to claim their loyalty rewards, but it did not prompt them to change their purchase behaviour. For light buyers the loyalty program acted as a medium to broaden their relationship with the firm into other business areas (Yuping, 2007).

Retailers also need to sharpen their pricing skills in order to survive in this competitive environment. There is also a need to make improvements in advertising. This can be done by identifying your competitive advantage and advertising the same (Banerjee & Banerjee, 2000). Organised retailers have realised that discount retailing has the potential to be a really big category because Indian customers are price sensitive. Retailers need to do proper promotions for discount offers in a strategic manner to achieve fruitful results (Malik, 2012).

Research Methodology

This study tries to assess the role and importance of promotion in the success of organised retail. It has been used to attract and increase customers for the organised retail outlets. The study used convenience sampling. Survey based research with a structured questionnaire was conducted over a sample size of 465 in the districts of Ranchi, Dhanbad and Jamshedpur of Jharkhand. A total of 465 filled questionnaires were received out of which only two were excluded. It indicates that the invalid data was only 0.4%. A five point likert scale was used in the questionnaire to know the ratings of the respondents. Three promotional parameters have been considered in the study. The various promotional parameters focussed

in the study are - I was attracted by advertisements various discounts offers attract me, membership cards offer additional benefits and they inform in advance about new schemes through SMS &/or email.

The respondents had varied preferences regarding the customer services offered by the organised retailers. SPSS 17 was used to identify the relative impact levels and the KMO and Bartlett's test of Sphericity. Community method of principal Component Extraction was done to identify the key factors contributing to the effectiveness of organised retail. Expert's opinion was taken in the designing of questionnaire. A value of 0.835 for Croanbach Alpha indicates the reliability and validity of the construct.

Discussion of Research findings

I was attracted by advertisements various discounts offers attract me: Most of the respondents agree that they have seen advertisements and also agree that they were attracted by various different offers. The percentage of respondents who disagree (25.3%, refer table 1) and strongly disagree (4.9%, refer table 1). An extraction value of 0.547 (refer table 5) indicate that it is an important feature out of the various promotional efforts provided by the organised retailers and hence need proper focus.

Membership cards offer additional benefits: More than 80% of the customers agree or strongly agree that the membership cards offer additional benefits. The percentage of respondents who disagree (9.3%, refer table 1) and strongly disagree (1.5%, refer table 1) in totality is only 10.8% only. An extraction value of 0.455 (refer table 5) signifies that it is one of the essential element of the promotional efforts which will definitely enhance the customer base of organised retail.

They inform in advance about new schemes through SMS &/or email: This is a distinctive promotional effort which lacks with the traditional retailers. The percentage of respondents who disagree (17.4%, refer table 1) and strongly disagree (7%) which in totality is 24.4%. An extraction value of 0.425 (refer table 5) does not mean that it is not an important part of the promotions rather it indicates that a much aggressive effort is required which would lead to more and satisfied customers.

Conclusions and Recommendations

It is not only the number and variety of promotional efforts but rather how well you have communicated and implement them with your customers would lead to increased sales and share of business. A synergy has to be there in the different types of promotional efforts. This synergy is seen with organised players but mostly lacks with the unorganised sector and the same has been expressed by the respondents in this study.

The response to the statement 'I was attracted by advertisements various discounts offers attract me' are promising but more attention is required on this promotional effort to increase the share of the organised retail as this lacks with traditional retailers. The response to the statement 'membership cards offer additional benefits' is a distinguishing promotional feature provided by organised retailers and is very promising as its advantages pull the customers towards the organised retail outlets. This definitely promises a bright future and enhanced customer base in future.

The response to the statement 'they inform in advance about new schemes through SMS &/or email' is conveys a positive feeling and would ensure a better future. Use of sms is now seen to be used by young retailers of the unorganised sector also. So organised retailers need to use them in a much better way to enhance their share in the retail market.

APPENDIX

Table 1

Statements	Strongly Agree	Agree	Not Known	Disagree	Strongly Disagree
I was attracted by advertisements various discounts offers attract me	16.1%	49.1%	4.6%	25.3%	4.9%
Membership cards offer additional benefits	18.7%	62.6%	7.9%	9.3%	1.5%
They inform in advance about new schemes through SMS &/or email	11.5%	47.8%	16.3%	17.4%	7%

Table 2

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
I was attracted by advertisements various discounts offers attract me	3.45	1.174	465
Membership cards offer additional benefits	3.86	.894	465
They inform in advance about new schemes through SMS & /or email	3.39	1.117	465

Table 3

KMO and Bartlett's Test		
	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.584
Bartlett's Test of Sphericity	Approx. Chi-Square	59.465
	Df	3
	Sig.	.000

KMO Measure of Sampling Adequacy: As the KMO test value is 0.584 which is more than 0.5 it indicates that we can go for factor analysis.

Bartlett's Test of Sphericity: Since the Chi-Square value is higher, i.e.- 59.465 and significance level is 0.000 it means we can definitely go for factor analysis.

Table 4

Component Matrix ^a	
	Component
	1
I was attracted by advertisements various discounts offers attract me	.739
Membership cards offer additional benefits	.674
They inform in advance about new schemes through SMS & or email	.652
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Table 5

Communalities	
	Extraction
I was attracted by advertisements various discounts offers attract me	.547
Membership cards offer additional benefits	.455
They inform in advance about new schemes through SMS & or email	.425
Extraction Method: Principal Component Analysis.	

Table 6

Total Variance Explained			
Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	1.426	47.534	47.534
Extraction Method: Principal Component Analysis.			

Total Variance | Explained: The above table shows that all the factor extractable from the analysis along with Eigen value which is 1.426. Percentage of variance for the factor is 47.534. It indicates that one factor has been extracted for the 3 statements. This is a good bargain as the researchers were able to economize on the number of variables (from 3 statements, the statements were reduced into one underlying factor)

Table 7

Case Processing Summary			
		N	%
Cases	Valid	463	99.6
	Excluded ^a	2	.4
	Total	465	100.0
a. Listwise deletion based on all variables in the procedure.			

Bibliography

- Evans Joel R., Berman Barry, *Retail Management - A strategic Approach*, Pearson Education, 2007.
- Kotler Philip, Keller Kevin Lane, Koshy Abraham, Jha Mithileshwar, *Marketing Management*, Pearson Prentice Hall, 2009.
- Pradhan Swapna, *Retailing Management*, Tata McGraw Hill, 2011.
- Daymond Jay, Pintel Gerald, *Retail Buying*, Pearson Education, 2008.
- Sify Finance (2010), *Battle Ahead for Government in Allowing Foreign Retailers*. 29th August.
- National Policy on Regulation of Organized Retail Sector in Retail Trade: A Proposal. *People Democracy*. XXXI, 23, 10 June 2007.
- Ramanathan V. and Hari K. (2011), *A Study on Consumer Perception about Organised Vs Unorganised Retailers at Kanchipuram, Tamil Nadu*. *Indian Journal of Marketing*. December, 11-23.
- Banerjee A. And Banerjee B. (2000), *Effective Retail Promotion Management: Use of Point of Sales Information Resources*. *Vikalpa*. 25,4, 51-59.
- Kincade D.D., Woodard G.A. and Park H. (2002), *International Journal of Consumer Studies*. 26,4, 294-302.
- Yuping L. (2007), *The Long Term Impact of Loyalty Programs on Consumer Purchase Behaviour and Loyalty*. *Journal of Marketing*. 71,4, 19-35.
- Neilson A.D. (1996). *Small Store Success Strategies*. University of Minnesota, Extension Service, Benton County. MN. 1-22.
- *Retail FDI: The Battle Hots Up*. *The Hindustan Times*. 30 August, 2010.
- Chattopadhyay S. and Singh S. (2012), *Exploring the significance of Physical Resources in B-School Selection Decision in West Bengal*, *Journal of Management Research in Emerging Economies*. 2,1, 66-87.
- Lahiri I. and Somanta P.K. (2010), *Factors Influencing Purchase of Apparels from Organised Retail outlets*. *The IUP Journal of Marketing Management*. IX, 1 & 2, 73-87.
- Gupta M. J. and Hiremath C.V. (2011), *Apparel Retail outlet Selection: Influence of Service Levels in Goa*. *Indian Journal of Marketing*. November, 4-14.
- Kaushal S K and Medhavi Sanjay (2011), *To identify the Prominent Factors of Shopping Mall Behaviour: A Factor Analysis Approach*. *Indian Journal of Marketing*. May, 53-64.
- Biswas S. (2010), *FDI Inflows in Indian Retailing - Growth Model and Challanges*. *Indian Journal Of Marketing*. December, 19-28.
- Agarwal V. and Mishra S. (2008), *Role of Retailers in reducing Inventory and Improving Customer Satisfaction: An Empirical Study of Consumer Durables*. *Indian Journal Of Marketing*. September, 36-43.
- Banerjee M. and Dasgupta R (2010), *Changing Pattern of Consumer Behaviour in Kolkata with Advent of Large Format Retail Outlets*. *The IUP Journal of Marketing Management*. IX, 4.
- Mishra D., Deb M., Guin K. K. and Sinha G. (2007), *Customer Relationship Management (CRM) in Context of Food Marketing - A Fuzzy Logic approach*. *Indian Journal Of Marketing*. January, 16-25.
- Malik R. (2012), *To Build a Model for the Determination of Factors that Result in the Success of Organised Retail Sector in India and Analysing its Relative Importance (With Reference to Fast Food Chains and Grocery and Vegetable Outlets)*. *Indian Journal of Marketing*. February, 40-50.

- *Khurana S. (2008), Customer Expectation and Perception: A Study of Retail Sector of Haryana State. ICAI University Journal of Consumer Behaviour. 3, 3, 47-58.*
- *Prakash N. (2007), Retailing Revolution in India-An Overview. The Management Accountant. 42, 10, 764-66.*
- *Egan J. (2000), Drivers to Relational Strategies in Retailing. International Journal of Retail & Distribution Management. 28, 8, 379-386.*
- *Senthil M., Chandrashekhar K.S. and Selvabaskar S. (2012), "Experiential Retailing" as a Strategic Tool for Retail Store Differentiation and Brand Association - A Conceptual Approach. SIES Journal of Management. March, 8, 1, 92-102.*
- *Brazil Tops A.T. Kearney Global Retail Development Index for the Second Year http://www.atkearney.com/news-media/news-releases/news-release/-/asset_publisher/000IL7Jc67KL/content/id/303437 accessed on 12th January, 2013.*
- 27. *<http://www.grdi.atkearney.com/> accessed on 13th January 2013.*