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# UNIT 9 IN-STORE PROMOTION AND MANAGEMENT

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## Structure

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## 9.0 OBJECTIVES

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After studying this unit you will be able to:

- define the concept of store management;
- differentiate types of stores;
- Identify the product placement and customer pitching.;
- Explain the promotional methodologies.

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## 9.1 INTRODUCTION

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There are various strategies which are being adapted by the retail sector for ensuring more and more sales and increasing profits, this unit will enable to understand the different type of retail stores that are available and how are they differentiated when it comes to product positioning, display, customer interaction, need analysis and correct product pitching, achieving higher sales and making reasonable profits. There is a huge need of successful retail executives and managers in the market, who can analyze different kind of consumer and customer segment and make strategies that can help them in pushing sales, this is also important for stock liquidation and sales achievements out of stock clearance. Hence in store sales promotions management is oriented towards all efforts that a sales person or store in charge or chain manager can take for bringing customers in a shop to selling products and match the stock inflow and out flow.

Instore Promotions also highlight the role of brands in promoting their products through various offers that entice customers. Brands also do cross selling through promotional strategies to enhance billing value.

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## 9.2 CONCEPT OF STORE MANAGEMENT

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The concept of store management primarily deals with three important factors for success of a store. The firm's investment, in a good retail venue (**Real Estate**), second its trained employees and third the strategies used for in store promotions leveraging on events to increase sales. The store manager will play an important role in formulating and executing the retail strategy. Buyers may procure excellent merchandise at competitive prices and attractive packing. However it's the manager who needs to plan a good sales promotion through enticing and attractive window displays, sales promotion and effective merchandise management.

The selection of the right location for the store is very important to its success. For example a store like Barista or Cafe Coffee Day which primarily targets coffee drinkers and teenagers and have always located themselves near to educational institutions or in central business district where shoppers are in abundance and need a place to rest their feet as well as charge themselves up for more fun.

The store also will work out happy hours for attracting customers and running exciting promotions like giving a redemption coupon on next purchase or free cookies with coffee during the happy hours (**Between 11 AM and 3PM** when business is not so brisk). While students make the most benefiting from such promotion and end up drinking coffee with their **friends**, the in store promotions help the cash registers and make the place look busy and discerning.

On the other hand, trained employees establish personal rapport with customers and care for them well to make them loyal and repeatedly patronize the same place for their needs. Most retailers today offer memberships for loyal customers through a unique card which will track the customers purchase habits. For example airlines offer "Frequent Flier Membership" and award miles for every flight which can be redeemed for free tickets. Large retail chains offer membership cards that earn points while they spend money which again can be redeemed for free gifts. Together these strategies help the store management to achieve its objective establishing the business in a shorter span of time. Conclusively the **concept** of store management is achieved by the management through customer loyalty factor.

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### Activity 1

Visit a few retail stores of different **brands** and identify 'Customer Loyalty Schemes'. Also find out why other such Schemes and its impact on sales.

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## 9.3 TYPES OF STORES AND PRODUCT SPECIFICATION

A RETAILER OR RETAIL STORE IS ANY BUSINESS ENTERPRISE WHOSE SALES VOLUME COMES PRIMARILY FROM RETAILING.

- **Specialty Store: The body shop, Tanishq, Time Zone, Swarovski:** - In these stores the promotional strategy revolves around the product and its features and brand value, as the target segment consumers who come to buy in these stores are very specific in their choice or have clear choice and attitude which makes them only attracted towards the specialization of a product based on its brand value and Products. They prefer to pay more but are particular about their brand identity which offers them pride and place among the elite society.
- **Departmental Store: Shoppers Stop, Pantaloons, Westside, Life style:-** In these stores the promotional scheme revolves around the variety of offering, here the customer segment knows that they are buying a particular branded product and are normally interested in the variety of range available, multiple brand choice and have buying aspirations only attached to the best suitable product. They are organized into each department within the store with specific selling space allocated to respective brands.
- **Super Market: Food World, Spencer's Daily, More,** these are Relatively large, low-cost, low –margin; self service operation stores which compete with the mom and pop stores in the locality. These stores work on a promotional mix of volume sale and can attract customers with big offers on volumes of large variety of products in bigger quantities, for example 5 Bananas free with 5 Kg of Tomato.
- **Convenience Store: In & Out, Cash "n" Carry, 7-Eleven** etc are relatively small store, open long hours, convenience products. These are type of small format stores located on petrol pumps and vantage corners of residential areas, which work on the fundamentals of customer convenience, also open at odd hours, having all daily requirement of consumer products with large variety and affordable pricing. Their promotional mix revolves around customer convenience factor as up to 5% discount on all goods in happy hours,]0 pm to 8 am.
- **Discount Store:-Example: Wal-Mart, Big Bazaar, :-** These stores are specifically working on hourly promotional schemes mix, wherein the customer enters with a mind set that at any moment he enters the store he might land up with an instantaneous scheme or offer. Hence the manager needs to constantly have to queue up schemes related to different product segments. The promotions nonnally happen in slack hours like 11AM to 4PM to tempt customers in buying more than the necessary requirement tempted by the promotional offer.
- **Super Store:** About 20,000 to 35,000 sq.ft of selling space like **Reliance Mart:-** These stores work on promotional agenda of all solutions under one roof, where one can buy vegetables to lifestyle products to even dine out at these places at their food court.

- **Hyper Markets:** SPAR, STAR BAZAAR, 80,000 sq.ft and above; combine supermarket & discount store concept into one. Originated from France Carrefour: - These are large format retail spaces wherein you have all large brand under one roof apart from their own in-house brands, it is one place wherein you have all brands with all varieties of products available. These can not have a singular promotional mix, it is a community promotion as it offers mass ambience, thus the promotions for such areas are done via mass media like Radio and Television, for ex Great India Place Mall Gurgaon.
- **Discount Clubs:-SAMS CLUB in the USA** is a brand chain giving example of product purchase offer to customers on basis of club memberships and offer promotions on members' categories.
- **Category Killers:** Home Depot, Vishal Chain: - these are some types of small localized chains of stores that work on a mix strategy, they offer almost everything from Utensils to clothes and daily use products and work in between category, they are combination of discount store and convenience store and to some extent super store. They plan their promotional mix on Product, Price as well as Place, 3 hence they are known as category killers.

● Store Types & Product Assortment	
Store Type	Length and Breadth of Product Assortment
Specialty Stores	Narrow Product Line, Deep Assortment
Department Stores	Wide Variety of Product Lines i.e. Clothing, Home Furnishings, & Household Items
Supermarkets	Wide Variety of Food, Laundry, & Household Products
Convenience Stores	Limited Line of High-Turnover Convenience Goods
Discount Stores	Broad Product Line, Low Margin, High Volume
Off-Price Retailer	Inexpensive, Overruns, Irregulars, and Leftover Goods
Superstores	Large Assortment of Routinely Purchased Food & Nonfood Products, Plus Services
Catalog Showroom	Broad Selection, Fast Turnover, Discount Prices

### Functions of Retailing:

- **Sorting:** Westside provides clothing and accessories; Shoppers Stop targets the elite urban class, while Pantaloons is targeted at the middle class.
- **Breaking Bulk:** The word retailing is derived from French, word *retailer*, meaning 'to cut a piece off'

- **Holding Stock:** Equal balance between largest running product and lowest selling product and its stock ordering needs to be maintained.
- **Providing Services:** Widely discussed above.

### How Can Manufacturers Maximize Brand Exposure in a given Retail outlet

- Number & Size of physical 'facings' on the shelves
- Prominent positions in the store check-outs
- Promotions and packaging tell your customers a story
- Advertising(shelves, floors, walls, ceilings, counters, dispensers)  
Shop floor promotions e.g., tasting, demonstrations, leaflets.
- Identified brand areas branded racking, cabinets

Now lets analyze the services on offer by various retail formats, which offer a kind of promotional strategies that can give some value addition to customers and recognize their efforts as specialized chains, it starts from a street seller to a concept mall, in broad kind various services on offer are :-

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#### Activity 2

Visit a few retail stores and identify types of products they keep. Discuss with the store manager as why their stores were caalled viz., Speciality Store, Departmental Store, Super Market, etc.?

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## 9.4 SERVICES OFFERED BY RETAILERS

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- **Prepurchase Services:** Telephone & mail orders, shopping hours, window & interior displays
- **Postpurchae Services:** Delivery ; gift wrapping ;returns,alterations, tailoring; installations
- **Ancillary Services:** Valet Parking, Restaurant, Rest room, baby- attendant service, repairs, credit,Check cashing, Drop box facility.

#### Levels of Services Offered:

- **Self-Service:** Is the cornerstone of all discount operations
- **Self-selection:** Customers find their own goods, although they can ask for assistance, gives no intervention experience in customers buying features.
- **Limited Service:** Places where customer will have all available literature or a computer screen help him out in his FAQ's only on special request he may be provided a personal assistance in making his purchase decisions.

- **Full Service:** Salespeople are ready to assist in every phase of the locate-compare-select process, like free rides, trial tests for customers in automobile industry.

## 9.5 RETAIL CHAIN CONCEPT

A chain retailer operates multiple outlets under common ownership; it usually engages income level of centralized or coordinated purchasing and decision making. In the US there are roughly 90,000 Retail chains.

Chennai based *Subhiksha* began its journey from a single store in 1997 has 143 stores spread across TamilNadu & Pondicherry and had a turnover of Rs 235 crores in 2002-03. The chain expects to earn a T.O of about 1200 crores by 2008-09 as it plans to expand to other large metros. The Food World which has a dominating presence in the south has over 250 stores collectively. The Big Bazaar has over 50 stores across the country and over 40 Pantaloon stores. The retail chain operate on economy of scale through centralized purchase and distribution for better control and extracting better margins from brands they deal.

**Basis of Classification of Retail Units:** The points below differentiate a retailer from another based on broad classifications:-

- **Nature of Ownership**
- **Operational Structure**
- **Length & Depth of Merchandise**
- **Nature of Service**
- **Type of Pricing Policy**
- **Type of Retail Location**
- **Method of Customer Interaction**

In nut shell below picture depicts the wheel of retailing.

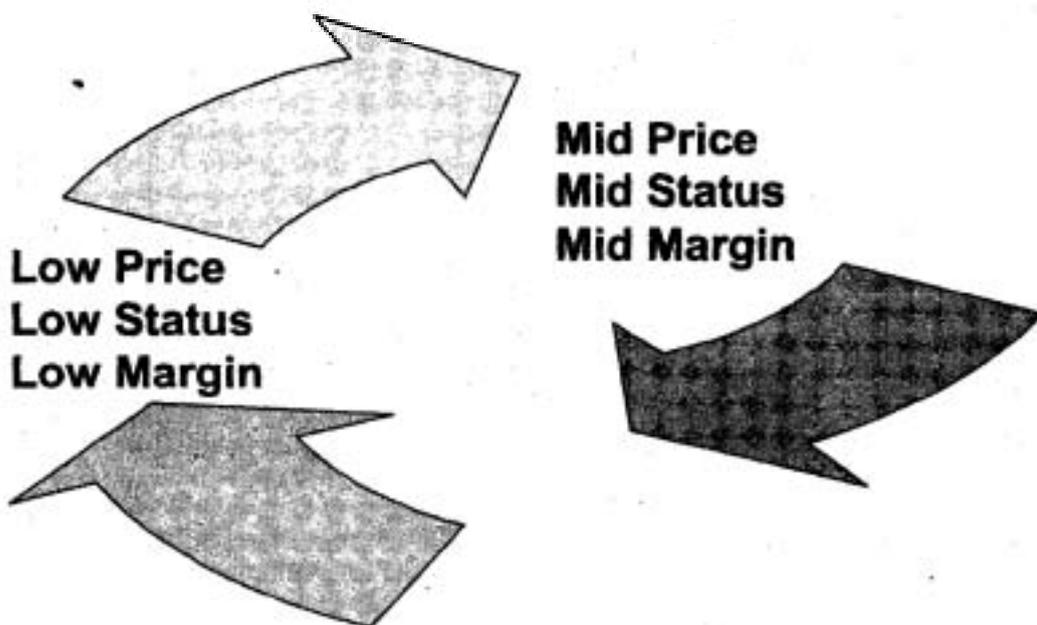


Fig. : Wheel of Retailing

Now let's learn some of the characteristics of Implementation of proper management skills in retail promotions

## 9.6 PRODUCT POSITIONING

This is a very important tool as for any kind of market promotions as to how a retailer position their product is very important. For example, if you have a shoe shop and there is a new product that has come in the shop you will position it in special show case window with specific light on it, gives feel to the customer that the product is a new entrant, your promotional strategy should speak by its own self, hence the brand ambassadors posters with product and segment wise placement of the product in the shop floor enables the customer to decide on what pull your promotional mix has created in customer for the product. After understanding the need of a customer, it's upon a sales person as to how he positions a product to a customer, to give him a feel, that this product is of absolute match to his requirements. The case study below, will give you an insight of how a sales person can pitch and position a product to a customer.

- (i) **Customer Mapping:** There are various customers with different choices in market, each of them look at various parameters of a product before making a purchase. Understanding the use of the product in the best way, to analyze the suitable target segment of customers and then after making an analysis of the needs and aspirations of a customer, suggesting him the correct product is all about customer mapping. It's like your tailor taking your exact measurement and fitting you with that gorgeous suit. The loyalty membership cards like the "First Citizen" card of Shoppers Stop has not only the data of the customer in terms of his date of birth, anniversary, address, phone numbers etc, it can also track the buying habit and preferences of the customer. Loyalty membership cards allow perfect mapping of customer helping the store to promote products that the customer has had interest and had purchased in the past.
- (ii) **Store Designing:** This is a very critical part of store sales as it defines as to how we can position right products at the right place. Store design deals with using Planograms for positioning various brands within the store and if it is a retail chain, they position brands and categories in all their stores exactly in the same way you see in any one store. If a customer goes to a pantaloons store in Bangalore and one in Chennai, they will find the layout and brands in the same manner all over the country. This enables the customers to approach his area of interest easily. Store design also deals with factors important for Visual appeal, like attractive windows, perfect lighting, focus displays and attractive visual merchandising. Mc Donald's, is catering to various segment customers in India, it had to change their store design to cater to all segments as Mezzanine floor for top executives, central space with big tables for families and corners with small table for students and frequent short visit customers. Thus we can learn that as per the customer profile, we have to position the product in the required space at our outlets.

## 9.7 PROMOTIONAL METHODOLOGIES

- **ORIENTATION:** - Understanding customer orientation and pitching him with the right product at the correct price point is the action required here and can become a powerful promotional tool.
- **EDLP:** Wal-Mart introduced this concept of Every Day Low Price (EDLP) where they would offer lowest price on at least 20 fast moving products every day, which made customers to not only buy more but also visit frequently to get the benefit of low price.
- **POP:-** Point Of Purchase is use of posters, buntings, display cards, These are good tool which display the product on offer and create awareness to customer.
- **TFT Displays:** - These are used to display schemes and product advertisements inside shop using multimedia.
- **Entry Gates:** - These are used to demonstrate seasonal schemes and offers as entry gate. Prices of popular products sold at low prices are displayed on the windows or through display boards.
- **Welcome Cheer Team at Entry:-**Team of sales people with fancy fans in hand, standing outside shop front to greet customers or may be with placards talking of specialized schemes.
- **Collaterals:** - They keep hanging in the shop portraying latest product features or discount offers.
- **Product Brochures/User Guide:** - Retailers put up brochures or catalogues prominently to communicate cost benefits or deals.
- **White Board Display:-**A board which talks on today's offers and people can read the same to make decisions.
- **Neon Lights:-**Special lighting effect on product of month or new entrant.
- **Focus Display Around Product :-** Brands create focus display within the store at prominent place to create interest and to communicate new arrivals.
- **Employee Rewards Announcement :-** Certain retailers display board announcing the best employee or star salesman or salesgirl of the month to motivate the employees and also customers to recognize them.
- **Display Board of Customer Feedback Snippets.:-** A notice board with customers feedback notes can do wonders to win confidence of your new customer.
- **Bundled Offers:** - Package deals like tie free on purchase of shirt. With every shirt 20% off buying trouser of the same brand.
- **Freebies:** - Giving a free gift with products can create excitement amongst customers .
- **Glow Sign Boards:-** A glow sign board or board with proper lighting with

punch line can help getting customer's focus for example "Fancy lightings suppliers since 1965 "

- **Complimentary Gifting:** - Promotional gift like a small alarm clock or a pen to every buyer also makes a big difference in bringing clientele to your shop.
- **Loyalty Membership:** - These are customer retention programs which can provide a customer with points and discounts on purchases made which may be redeemed at the store.
- **Peak Hour Management:** - This is very important to allocate responsibilities amongst sales people-at the time of peak hours so that there is no customer that goes unattended. Hence sales people need to spread out at all comers of shop and one at the gate so that every entry and outage from shop can be effectively managed.
- **Consultant Approach:** - Modern day retailing where customers directly Touch, Feel and Experience products and choose what they want to buy. Sometime they are confused and are not able to make a decision to choose, the front end sales people have to play the role of consultant and help in the decision process.

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### Activity 3

Visit two retail stores and identify promotional methodologies they have adopted for particular products. List them store-wise and product-wise.

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## 9.8 LET US SUM UP

Retailing is all about detailing in offering the customer goods & services that can satisfy their needs & preferences. Retailing has reached a level of sophistication today wherein the mom & pop concept stores do not meet the needs of customers. Therefore retailers have now to offer various formats of stores that can match the preferences of today's discerning customer.

The concept of store management has undergone drastic changes thereby offering highly professional product counseling, product promotion and packaging to attract customers. The symbolic events like Valentine day, Mother's day, Raksha bandhan are most glorified events and draw huge crowds into retail stores. Event management such as the valentine day & Raksha Bandhan are big money spinners to retailers.

What to sell? Where to sell? How to sell? These spell out the concept of Specialty stores and stores like Pill & Powder, Health & Glow, and Lakme

Fashion Saloon are the new destination specialty stores of the teenage segment of demanding customers. While the concept of discount stores are here to stay, the backbone of home economy being the lady of the house, needs to look at every option to save for the rainy day. The retails very many formats have something to offer everyone & everyone have a choice to splurge or to save. Shopping has never been so exciting before.

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## **9.9 TERMINAL QUESTIONS**

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- 1) What are the different types of stores?
- 2) How can one differentiate between different stores and on what parameters?
- 3) What are the various services which a retail store can provide a customer?
- 4) What are different promotional methodologies for a store?
- 5) What do you understand of concept of Store Management?