

Organized Retail Market Development; Issues and Challenges in Advertisement of Reliance Fresh and Spencer



Management

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Dr. VIJAY RATHEE

Assistant Professor (MBA), University Institute of Law and Management Studies Sector 40, Gurgaon 122001.

Introduction

In this land of 15 million retailers, most of them owning small mom and pop outlets, we also have a modern retail flourishing like never before. There is little room for conflict as evidenced from the fact that India presents a unique case of consumption-driven economy: while the US reels under recession, where supply clearly outstrips demand, India confronts inflation, where Industry and retailers are as yet unable to provide what the consumer demands.

Over the last few years Indian retail has witnessed rapid transformation in many areas of the business by setting scalable and profitable retail models across categories. Indian consumers are rapidly evolving and accepting modern retail formats. New and indigenised formats such as departmental stores, hypermarkets, supermarkets, specialty and convenience stores, and malls, multiplexes and fun zones are fast dotting the retail landscape.

The Indian retail market has been gaining strength, riding on the sound vibes generated by a robust economy that has given more disposable incomes in the hand of the consumer who will keep demanding better products and services, and a better shopping environment.

The purpose of advertising is to get traffic into your store. A highly desirable item featured in your ad will bring in this traffic. Then, the customers may buy other items if you have them properly priced and displayed.

Advertising should be viewed as a sales building investment and not simply as an element of business expense. When it is well planned and well carried out, you advertising can be an important factor in the future growth of your business.

Review of literature

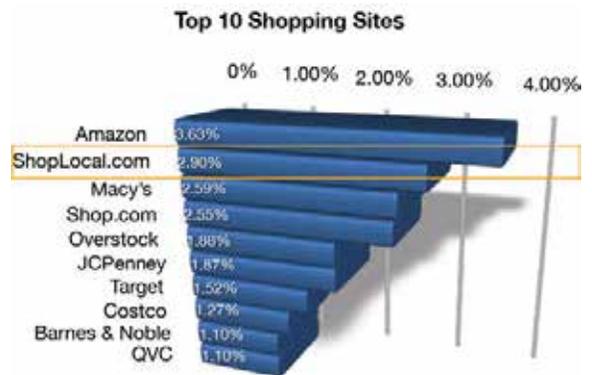
As per the Images F&R Research estimates modern retail segment grew at the rate of 42.4 per cent in 2007, and is expected to maintain a faster growth rate over the next three years, especially in view of the fact that major global players and Indian corporate houses are seen entering the fray in a big way. Even at the going rate, organised retail is expected to touch Rs.2,30,000 cr (at constant prices) by 2010, constituting roughly 13 per cent of the total retail market. In the overall Retail pie Food and Grocery was the dominant category with 59.5 per cent share, valued at Rs.792,000 crore, followed by Clothing and Accessories with a 9.9 per cent share at Rs.131,300 crore.

India's biggest USP and asset base is its youthful population, whose appetite for leisure and entertainment is galloping at 14 per cent p.a. With the rapid addition of malls with multiplexes there is a coming together of leisure retail, cinema and gaming. It is indeed difficult to analyze each of these components in isolation. All players are after all trying to get to capture a share of consumer's mind - his time and money. As the consumer's spend on leisure and entertainment increases, the mix of his spends is going through a churn like never before. Leisure and entertainment are recession proof.

The "Mobile Marketing and Retail Sector to Exceed \$8 Billion by 2012: Report" report by Rajani bapurajan found that retailers have started exploiting mobile channel through advertising campaign on the handset and also by issuing free coupons. The market for mobile advertisements and free coupons alone is forecast to grow by half within the next two years. The reports recommend that brands and resellers should consider location

tagging on their products and areas.

Security services firm ZScaler has recently released its report "State of the Web - A View from the End User's Perspective." The ZScaler report covers the fourth quarter of 2009, which as we all know is when most retail purchases are made. According to ZScaler, as a security services company they are in a unique position to observe millions of internet users across the globe.



Looking at the top 10 shopping sites, ShopLocal.com was the second most popular shopping website next to Amazon.com!

Some retailers consider them a primary advertising medium for several reasons. They offer the advantages of local coverage and precise timing. In addition, results may be measured in terms of specifically-featured products or prices.

A report by the Indian Council of Research in International Economic Relations (ICRIER) submitted to the Indian government last year said the nation's Indian retail market was estimated to be of USD 322 billion in 2007 and is expected to reach a figure of USD 590 billion by 2011-12.

(Souren Koner) "Bluetooth - A New Era in Retail Advertising" Organized Retailing is one of the booming industries in India as well as World. All the multinational companies are coming with huge investment by trying to give all products under one roof. Its sometime creates difficulties for customers in finding out the right product at right time. To solve this problem retail industry can use Bluetooth for retail advertising as well as for searching goods from a super market within a few seconds.

SMS Marketing is more and more becoming a personalized form of advertising. Being a two way communication facilitated it paves an interactive mode of advertising. By krishnasumudra in his article "Bulk SMS India: Retailers, come more close to your customers with Bulk SMS"

Online Advertising seems to be the buzzword in the Advertising Industry these days. It is exciting for all of us in the Internet AD world to note that our media, which is still less than 3% of the total Media bought, receives over 50% of the voice share by the Industry gurus and the press. This attention is largely fuelled by the almost 100% year-on-year growth of this medium and the various industry reports suggesting that 80% of all media bought by 2020 would be digital media by Author: Targetseo - Top SEO India in his article "Indian Online Advertising Industry - Challenges" (2008)

Retailers increasingly are using a variety of “channels” to reach consumers, including in-store kiosk displays, e-commerce, call centers, catalog sales, and mobile devices by AMR Research report “The 4 Cornerstones for CRM Retail Investment in 2010”

Retail advertising system expenses are one of the biggest cash outflows that retailers need to deal with on a regular basis. From the start retailers need to budget their retail advertising promotion expenses so that they can achieve a positive return on investment. When managed properly retail advertising promotion expenses become more of an investment and less of an expense.

Research Methodology

Research Design:

Universe of the Study:

All adult shoppers (above 18 years of age) residing in National Capital Region (Delhi, Gurgaon).

Survey Population:

All adult shoppers (above 18 years of age,) residing in NCR who could have been contacted outside identical retail outlet(s) on the scheduled days, or those who were willing to respond to the questionnaire at their residence or workplace.

Sample:

Approximate 300 respondents were considered for the sample. Adult individual consumers who shop and the specified organizations that offer either for grocery products or for apparels were contacted.

The organizations considered for study are:

- Big Bazaar.
- Spencer.

Data Collection:

Data was sourced from through a standard questionnaire and through personal interviews and some data was collected from the different website.

Objectives:

1. To study the factors considered for the choice of advertisement media.
2. To study the perception of consumer towards advertisement.

Major Results & Implications:

The attributes were measured on a 7-Point Likert scale of importance with 1 being extremely unimportant and 7 being extremely important.

Previous research suggests that store attributes produce factors. Factors analysis is used to reduce the environmental dimension scales in to smaller, more manageable factors. This multivariate technique is also used to identify the underlying patterns or relationships for a large number of variables (Hair et al., 1998).

Factor analysis was used in this research to summarize the variables by examining correlations between the variables, and to create an entire new set of variables to replace original variables. Factors were derived using principal components, which summarizes the original information in to factors for prediction. Only factors with Eigen values greater than 1 were included.

Factors were rotated using the varimax rotation method. According to Hair et al., factor loadings at +/- .30 are considered minimal, +/- .40 more important, +/- .50 or greater practically significant. Items with loading greater than or equal to +/- .50 were retained.

Principal components analysis is a quantitatively rigorous method for achieving this simplification. The method generates a new set of variables, called *principal components*. Each principal component is a linear combination of the original variables. All the principal components are orthogonal to each other, so

there is no redundant information. The principal components as a whole form an orthogonal basis for the space of the data.

There are an infinite number of ways to construct an orthogonal basis for several columns of data. What is so special about the principal component basis?

The first principal component is a single axis in space. When you project each observation on that axis, the resulting values form a new variable. And the variance of this variable is the maximum among all possible choices of the first axis.

The second principal component is another axis in space, perpendicular to the first. Projecting the observations on this axis generates another new variable. The variance of this variable is the maximum among all possible choices of this second axis.

The full set of principal components is as large as the original set of variables. But it is commonplace for the sum of the variances of the first few principal components to exceed 80% of the total variance of the original data. By examining plots of these few new variables, researchers often develop a deeper understanding of the driving forces that generated the original data.

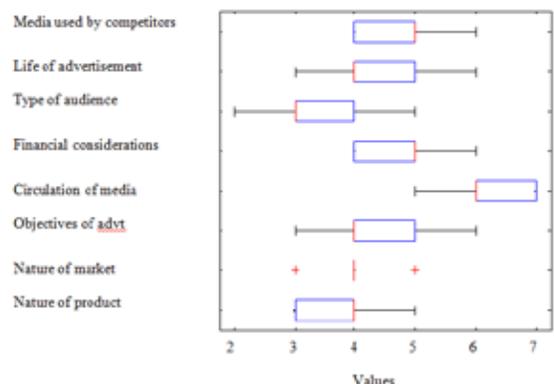
Objective 1: To study the factors considered for the choice of advertisement media.

The variables considered for the above said objectives are as follows:

- A1: Nature of product.
- A2: Nature of market.
- A3: Objectives of advertisement.
- A4: Circulation of media.
- A5: Financial considerations.
- A6: Type of audience.
- A7: Life of advertisement.
- A8: Media used by competitors.

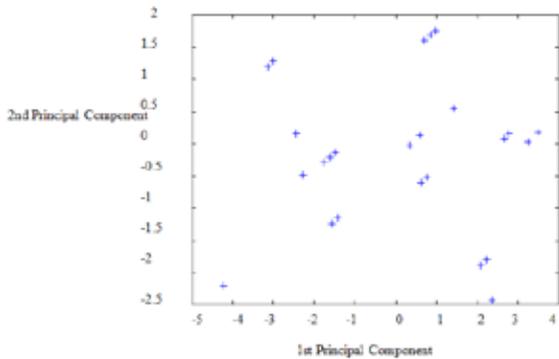
Result and Analysis:

The below mentioned is a boxplot that represent the data received from the consumer. Box plots are one of the best way to represent the psychological data. The Square box represents the average of data received and the line attached represents the inclination towards lower or higher value sides. Like the variable “Media used by competitors” shows the value as 4.5 but an inclination towards value 5. so it could be concluded that the value for Media used by competitors represents a value near to 4.7. similarly for the rest of the figures could be concluded.

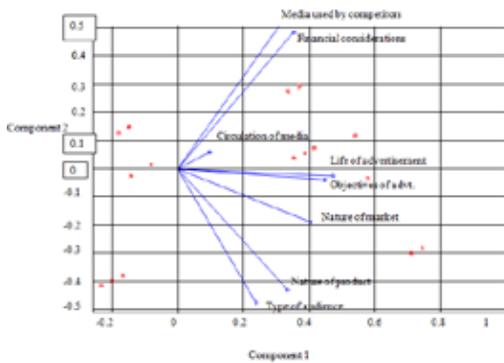


Below is the original data mapped into the new coordinate system defined by the principal components. The two principal components are represented below. This output is the same size as the input data matrix.

A plot of the first two columns of scores shows the ratings data projected onto the first two principal components.



We have used the “Biplot” function to help visualize both the principal component coefficients for each variable and the principal component scores for each observation in a single plot



We have seen that the first principal component, represented in this biplot by the horizontal axis. That corresponds to the eight vectors directed into the right half of the plot. we have also seen that the second principal component, represented by the vertical axis, has positive coefficients for some variables and negative coefficients for the remaining. This indicates that this component distinguishes between high values for the first set of variables and low for the second.

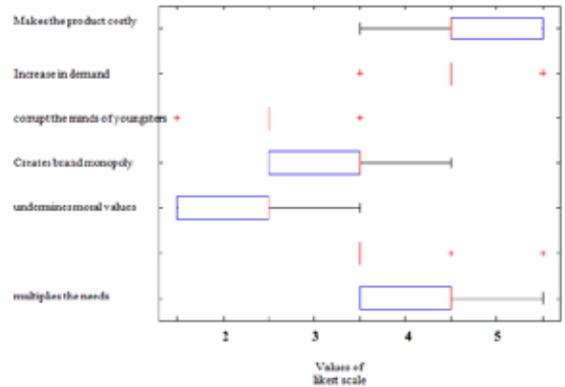
Objective 2: To study the perception of consumer towards advertisement.

The variables considered for the above said objective are as follows.

- B1: Multiplies the needs.
- B2: Makes the product more costly.
- B3: Increase in demand at the cost of another manufacturer.
- B4: Creates brand monopoly.
- B5: Every advertisement is not creative.
- B6: Undermines moral values.
- B7: Corrupt the minds of youngsters.

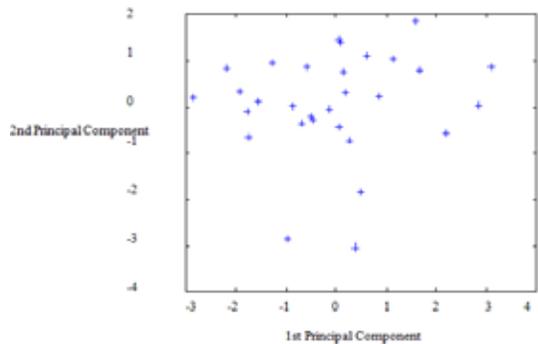
The below mentioned is a boxplot that represent the average form of data received from the consumer . The Square box represents the average of data received and the line attached represents the inclination towards lower or higher value sides. Like the variable “Makes the product costly” shows the value as 4.5 but an inclination towards value 4. so it could be concluded that the value for Media used by competitors represents a value near to 4.3. Further at some places only horizontal red line is present, like in the case of increase in demand, that horizontal line

represents the exact value i.e. 4.5 in case of increase in demand. Similarly the rest of the figures could be concluded.

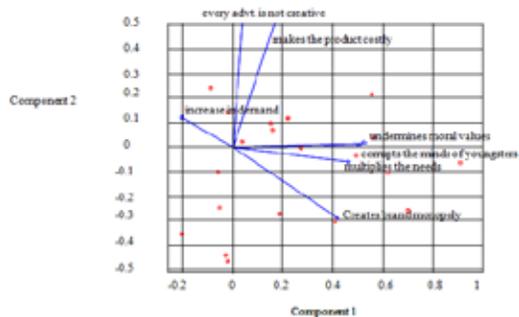


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