ADVERTISEMENT AND RETAIL MANAGEMENT
Paper Code – MB 304 – M - I I
Discipline Specific Elective – Marketing

1.1 INTRODUCTION

The word advertising comes form the latin word "advertere meaning" to turn the minds of towards".

According to William J. Stanton, "Advertising consists of all the activities involved in presenting to an audience a non-personal, sponsor-identified, paid-for message about a product or organization.

" According to American Marketing Association "advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor".

Advertising is used for communicating business information to the present and prospective customers. It usually provides information about the advertising firm, its product qualities, place of availability of its products, etc. Advertisement is indispensable for both the sellers and the buyers. However, it is more important for the sellers. In the modern age of large scale production, producers cannot think of pushing sale of their products without advertising them. Advertisement supplements personal selling to a great extent. Advertising has acquired great importance in the modern world where tough competition in the market and fast changes in technology, we find fashion and taste in the customers.

1.2 DEFINITIONS OF ADVERTISING

1. American Marketing Association has defined advertising as "any paid form of non-personal presentation of ideas, goods and services by an indentified sponsor".

2. According to Webstar, "Advertising is to give public notice or to announce publicity".

1.3 FEATURES OF ADVERTISING

1. Communication : Advertising is means of mass communication reaching the masses. It is a non-personal communication because it is addressed to masses.

2. Information : Advertising informs the buyers about the benefits they would get when they purchase a particular product. However, the information given should be complete and true.

3. Persuasion : The advertiser expects to create a favourable attitude which will lead to favourable actions. Any advertising process attempts at converting the prospects into customers. It is thus an indirect salesmanship and essentially a persuasion technique.

4. Profit Maximisation : True advertising does not attempt at maximising profits by increasing the cost but by promoting the sales. This way It won‟t lead to increase the price of the product. Thus, it has a higher sales approach rather than the higher-cost approach.

5. Non-Personal Presentation : Salesmanship is personal selling whereas advertising is non-personal in character. Advertising is not meant for anyone individual but for all. There is absence of personal appeal in advertising.

6. Identified Sponsor : A sponsor may be an individual or a firm who pays for the advertisement. The name of reputed company may increase sale or products. The product gets good market because of its identity with the reputed corporate body.

7. Consumer Choice : Advertising facilitates consumer choice. It enables consumers to purchase goods as per their budget requirement and choice. Right choice makes consumer happy and satisfied.

8. Art, Science and Profession : Advertising is an art because it represents a field of creativity. Advertising is a science because it has a body of organised knowledge. Advertising is profession is now treated as a profession with its professional bodies and code of conduct for members.

9. Element of Marking Mix : Advertising is an important element of promotion mix. Advertising has proved to be of great utility to sell goods and services. Large manufactures spend crores of rupees on advertising.

10. Element of Creativity : A good advertising campaign involves lot of creativity and imagination. When the message of the advertiser matches the expectations of consumers, such creativity makes way for successful campaign

1.4 ROLE OF ADVERTISING

Advertising has become an essential marketing activity in the modern era of large scale production and serve competition in the market. It performs the following functions

: 1. Promotion of Sales : It promotes the sale of goods and services by informing and persuading the people to buy them. A good advertising campaign helps in winning new customers both in the national as wet as in the international markets.

2. Introduction of New Product : It helps the introduction of new products in the market. A business enterprise can introduce itself and its product to the public through advertising. A new enterprise can't make an impact on the prospective customers without the help of advertising. Advertising enables quick publicity in the market.

3. Creation of Good Public Image : It builds up the reputation of the advertiser. Advertising enables a business firm to communicate its achievements in an effort to satisfy the customers' needs. This increases the goodwill and reputation of the firm which is necessary to fight against competition in the market.

4. Mass Production : Advertising facilitates large-scale production. Advertising encourages production of goods in large-scale because the business firm knows that it will be able to sell on large-scale with the help of advertising. Mass production reduces the cost of production per unit by the economical use of various factors of production.

5. Research : Advertising stimulates research and development activities. Advertising has become a competitive marketing activity. Every firm tries to differentiate its product from the substitutes available in the market through advertising. This compels every 5 business firm to do more and more research to find new products and their new uses. If a firm does not engage in research and development activities, it will be out of the market in the near future.

6. Education of People : Advertising educate the people about new products and their uses. Advertising message about the utility of a product enables the people to widen their knowledge. It is advertising which has helped people in adopting new ways of life and giving-up old habits. It has contributed a lot towards the betterment of the standard of living of the society.

7. Support to Press : Advertising provides an important source of revenue to the publishers and magazines. It enables to increase the circulation of their publication by selling them at lower rates. People are also benefited because they get publications at cheaper rates. Advertising is also a source of revenue for TV network. For instance, Doordarshan and ZeeTV insert ads before, in between and after various programmes and earn millions of rupees through ads. Such income could be used for increasing the quality of programmes and extending coverage.

1.5 OBJECTIVES OF ADVERTISING

The fundamental purpose of advertising is to sell something - a product, a service or an idea. In addition to this general objective, advertising is also used by the modern business enterprises for certain specific objectives which are listed below

1. To introduce a new product by creating interest for it among the prospective customers.

2. To support personal selling programme. Advertising maybe used to open customers' doors for salesman.

3. To reach people inaccessible to salesman.

4. To enter a new market or attract a new group of customers.

5. To light competition in the market and to increase the sales as seen in the fierce competition between Coke and Pepsi.

6. To enhance the goodwill of the enterprise by promising better quality products and services.

7. To improve dealer relations. Advertising supports the dealers in selling he product. Dealers are attracted towards a product which is advertised effectively.

8. To warn the public against imitation of an enterprise's products.

1.6 Advantages of Advertising

There are several benefits to advertising. Companies, people, and consumers can access information about goods and services from it.

It is frequently employed to advertise sales or even community service announcements. The following are some advantages of advertising:

1. **Introduces Product**Companies use advertising as a method to introduce and raise consumer awareness of their products. It informs customers of the benefits and features of new items**.**

2. **Increased Exposure**Advertising is a great way to get your product or service out there, and increase exposure to potential customers. It can help you reach a wider audience and build brand awareness.

3. **Expands MarketIt helps companies to reach out to a large number of individuals and explore new markets. Public awareness of brand products grows thanks to advertising.**

4. **Increased SalesAdvertising can help increase sales as it increases awareness of your product or service, attracts customers, and encourages them to make a purchase.**

5. **Competition in Fights**Businesses can use advertising as a powerful tool to combat market competition.It offers thorough product information that aids in setting it apart from rival items and gaining a competitive advantage.

6. **Reduces** middlemen It acts as a direct line of communication between producers and customers. By eliminating all middlemen between sellers and buyers, advertising boosts sellers' profit margins while lowering consumers' overall costs**.**

7. **Improved Brand Recognition** Advertising can help build your brand and improve recognition. When customers see your ads, they may become familiar with your company, which can help create customer loyalty**.**

8. **Informs Customers**It serves as the medium by which businesses inform clients of all the information about their products.Customers are made aware of the applications and benefits of a product through advertising**.**

9. **Cost-Effective**Advertising can be relatively cost-effective, especially when compared to other methods of promotion**.**There are a variety of ad types and platforms to choose from, so you can create an effective ad campaign without breaking the bank.

10. **Targeted Reach** Advertising can help you target specific customer segments and demographics, which can help you save money and reach the right people

Disadvantages of Advertising

There are several disadvantages to advertising, including invasions of privacy, information theft, and addiction. The following are some additional disadvantages of advertising.

1. Cost

Advertising can be expensive, especially if you are using traditional media such as radio, television, and print.

Depending on your budget, you may not be able to reach as many people as you would like.

2. People's Ignorance

By giving inaccurate information about products, advertising frequently causes consumers to be duped and defrauded. It frequently makes inflated and dishonest claims about the products.

3. Impersonal

It is an impersonal and one-way method of customer and manufacturer contact. The company's message in its commercials might occasionally leave customers perplexed, leaving them unable to get answers to their questions.

4. Discourages Small Business

To become well-known and establish trust in the market, advertising campaigns need a lot of money.

Small businesses cannot compete because they cannot afford the kind of massive advertising that big corporations can.

5. Clutter

With so many companies vying for the same consumers' attention, it can be difficult to stand out in the crowd.

6. Promote Monopoly

Large firms establish their monopolies in the market through extensive advertising campaigns.

They can secure a long-term position among clients while preventing the introduction of fresh rivals.

7. Lack of Targeting

It is difficult to target specific audiences with traditional advertising methods. It is hard to guarantee that your message will reach the right people.

8. Lack of Measurement

It is more difficult to measure the effectiveness of advertising campaigns. It is difficult to determine if your message is resonating with your target audience.

9. Perception

In some cases, advertising can be perceived negatively. Consumers may be turned off by aggressive or hard-sell tactics.

1.8 ROLE OF ADVERTISING IN PROMOTION MIX

Advertising is an element of promotion. However, it not only assists in promoting the product, but also affects the other variables of marketing mix. This can be explained as follows:

1. Advertising and Product : A product is normally a set of physical elements, such as quality, shape, size, colour and other features. The product may be of very high quality .At times, the product is so designed that it requires careful handling and operations. Buyers must be informed and educated on the various aspects of the product. This can be effectively done through advertising. Thus, advertising plays the role of information and education.

2. Advertising and Price : The price is the exchange value of the product. A marketer may bring out a very high quality product with additional features as compared to competitors. In such a case, price would be definitely high. But buyers may not be willing to pay a high price would be definitely high. Here comes advertising. Advertising can convince buyers regarding the superiority of the brand and thus its value for money. This can be done by associating the product with prestigious people, situations, or events. Alternatively when a firm offers a low price products the job of advertising needs to stress the price advantage by using hard hitting copy. It is not just enough to convince, but it is desirable to persuade the buyer. Thus advertising plays the role of conviction and persuasion

3. Advertising and Place : Place refers to physical distribution and the stores where the goods are available Marketer should see to it that the goods are available at the convenient place and that too at the right time when the buyers need it. To facilitate effective distribution and expansion of market, advertising is of great significance. Thus advertising do help in effective distribution and market expansion.

4. Advertising and Promotion : Promotion consists of advertising, publicity, personal selling and sales promotion technique. Businessmen today have to face a lot of competition. Every seller needs effective promotion to survive and succeed in this competitive business world. Advertising can play a significant role to put forward the claim of seller, and to counter the claims of competitor. Through effective advertising, sellers can face competition and also help to develop brand image and brand loyalty

5. Advertising and Pace : Pace refers to the speed in marketing decisions and actions. It involves among other things the launch of new products or brand variations at greater speed than before. As and when new brands are launched, advertising plays an important role of informing, educating and persuading the customers to buy the product.

6. Advertising and Packaging : The main purpose of packaging is protection of the product during transit, and preservation of quality and quantity. Nowadays, marketers take lot of efforts to develop and design attractive packages as they carry advertising value. A creatively design package attract the attention of the customers. It also carries an assurance of quality and creates confidence in the minds of customers to buy the product.

7. Advertising and Positioning : Product positioning aims at creating and maintaining a distinct image of the brands in the minds of the customers. Through advertising the marketer can convey the positioning of the brand and accordingly can influence the buying decision of the target audience.

1.9 CREATIVITY IN ADVERTISING

Creativity -creation stage consists of three stages:

1. Idea Generation

2. Copy-writing

3. Layout

1. Idea generation stage

1. Orientation: First of all in the process of idea generation it is necessary to identify the purpose or objective of communication then only a proper creative idea can be decided.

2. Preparation: Relevant and sufficient information is required to be gathered.

3. Analysis: Once the information is collected is required to be properly organized under different heads like- technical information, consumer behavior information, competitors' information etc.

4. Ideation: Ideation is the generation of actual ideas by trying different combinations of facts and information available.

5. Incubation: Once ideas are generated, they are kept aside to incubate, i.e., to let the subconscious mind work on them for some time.

6. Synthesis: When the team arrives at this step, it is equipped with a number of ideas. In this stage, the emphasis is on combining these ideas and evolving something substantial from it.

7. Evaluation: The various ideas generated in the previous steps are evaluated here. The criteria used for evaluation are described here. The idea should be:

i) Relevant to the communication objectives.

ii) Original and capable of catching the attention of the viewer

. iii) Flexible so that they can be modified or extended to other advertisements in the future.

2. Copy Writing The word 'Copy' has a specific meaning in the world of advertising. Advertisement Copy is the soul of advertisement. An Advertisement Copy is the written and spoken matter expressed in words, sentences, and figures designed to convey the desired message to the target audience. In print media the elements of an ad-copy are head line, sub-headlines, illustrations, slogans, and brand name

. Approaches to Copy Writing A copy-writer has to answer the following questions to prepare an effective advertising copy:

♣ What am I advertising?

♣ To whom am I advertising?

♣ How can I convey best the advertising message to my readers?

♣ Where and how the product is being sold?

♣ When the product is purchased and used?

♣ What legal implications are involved?

3. Layout A layout is a miniature sketch of the proposed advertisement. A rough layout is first prepared in which the headline and subheads are lettered in artwork and photographs are drawn or provided, and the position various elements of ad-copy is indicated. The rough layout is tested and modified to prepare the final layout. The final layout is appended with many explanations and mechanical designs to give a comprehensive view. It refers to specifications for estimating costs, guidance for engravers and blueprints for advertisers.

'Layout' means two things; in one sense, it means the total appearance of the advertisement – its design and the composition of its elements; in another sense, it means physical rendering of the design for the advertisement – its blueprint for production purposes.

Functions of the Layout

♣ It Organizes all the Elements

♣ It Brings Together Copy Writer and Art Director

♣ It Enables the Advertiser to Visualize his Future Advertisement.

♣ It Acts as a Guide to the Copy Specialists**.**

Copy Testing Copy testing is a means of measuring the communication value of advertising. As a diagnostic tool rather than an evaluative tool, copy testing can be instrumental to the creative development process. There are two key objectives in a copy testing framework. One objective is to determine whether the advertising can cut through the clutter and make people stop and notice the ad. The second is to assess whether the ad communicates the intended message

ADVERTISING COPY A "Copy" means a written matter in any advertisement. It may consist only one word or many words. A copy consists of headlines, subheads, captions etc. The copy supports the illustration and contains description o f the products merits, demerits, uses, services etc. A copy is the heart of an advertisement. It shoulders the responsibility for influencing the buyers.

Characteristics of a good copy:

1. Brevity: A copy should be brief because readers have no time to go through the lengthy text and they must be able to, read within a short time. So a copy should use simple language and small and easywords. The message should be concise and precise

. 2. Clarity: A copy should be self-explanatory. The message to be delivered must be clear at first reading.

3. Aptness: The message should be pointed towards the prospects. It must have a tone agreeable to the respects. The viewers‟ attention should be led to the product and the message should be coached in such a way that it would create interest in the readers to read the message.

4. Interesting: A copy should be interesting-provoking. It must stimulate the readers‟ curiosity to read the message. The reader should himself decide to read „the message in detail.

5. Sincerity: Sincerity can be achieved by using acts and quoting figures.

6. Vague generalizations or stray opinions must be avoided. Sincerity can be achieved if the copy contains one or two illustrations so that the message will have an instantaneous

7. Personal : The message should be directly addressed to the readers so that every reader forms the opinion that it is directed to him only. This kind of direct personal attitude catches and retains the reader‟s or listener‟s attention

. 8. Convincing : A copy provides information with a view to create in the mind of a reader first a desire and then a conviction to possess the product. This means that the copy should be persuasive enough to lead the readerstowards buying the product.

BASIS OF COPYWRITING

Contents of an ad-copy

• Headline

•gainsatention

•communicates the sellingpoint Subhead

•includes important information not included in the headline

•stimulatesmorereading

• Call to action or close

• Logo and/orTagline Types of headlines

• News

• Self-interest or targetspecific

• Claim • Directive or command

• Offer advice

•Hornblowing

• Slogan, label, orlogo

•Curiosityor provocative

4 Tips on copywriting

• Length determined by familiarity

• Brief • Memorable

• Avoid generalities

• Use facts, not claims

• Copy must flow from the headline

• Focus on a single benefit

• Use present tense

• Active verbs

• Familiar words or phrases

• Involve the reader

• Provide support

• Avoid pufferyorcliches Choose an Approach

• How do advertisers decide?

•inform, persuade or entertain

• Elements to Consider:

• Tone

• Style

• Appeal Copywriting Formats

• Dialogue delivers selling points through characters

• Straight-line = straightforward why

• Testimonial = person has a one-sided conversation

• Narrative = series of statements-dull

• Direct response = urgency

STAGES COPY

A copy normally includes the following elements or parts

: 1. Main Headline : A headline in advertising grabs the attention much like a newspaper's headline. An advertising headline is designed to be the first copy the potential customer reads. Bold, large font size and various colors are some of the methods used to make the headline stand out from copy. A headline must be written well in order to be effective and draw the reader into the adHeadlines is the starting or the top line of an advertisement, usually printed in bold and of larger type size. The prime function of the headline is to gain immediate attention.

2. Sub-Headlines : At times, some ads have more than one headline. Of these, one is usually the main headline, and the others are sub-headlines. There may be overlines - that precede the main headline and there can underlines - that follow the main headline. The sub headlines are used to support or to complete the meaning of the main headline.

3. Body Copy : It refers to the text of the advertising message. Favourable information about the product and its features is provided in the copy text. It is through effective copy writing the audience can be converted into prospects and the prospects into customers

. 4. Captions : Captions do form part of copy text. Captions are small sentences that seem to come out the mouth of the people shown in the ads. Comic strip type of copy make use of captions. For example, you must have come across such captions in the print ads of Tortoise Mosquito Coil.

5. Slogans : Advertising slogans are short, often memorable phrases used in advertising campaigns. They are claimed to be the most effective means of drawing attention to one or more aspects of a product.Most ads do make use of slogan. It is a small catchy phrase used to sum up the advertising message. Ideally the slogan should be short, preferably 3 to 6 words. Many a times the slogan says it all. For instance,„The best tobacco money can buy‟Rothmans.

6. Logo : Logos or signature cuts are special designs of the advertiser or its products which are used to facilitate identification. There is no rule as to where a logo should be placed. However, in most of The cases, the logo is placed at bottom right

CREATIVE STRATEGY PROCESS OF PLANNING AND DEVELOPMENT AND IMPLENTATION AND EVALATION

In advertising, a creative strategy refers to the plan or approach that outlines how the advertising message will be crafted and communicated to the target audience. It involves the development of a unique and compelling concept that sets the tone for the entire advertising campaign. The creative strategy aims to capture the audience's attention, communicate a brand message, and persuade consumers to take a desired action, such as purchasing a product or service.

1. Define Advertising Objectives:

Clearly articulate the goals of the advertising campaign. Whether it's building brand awareness, increasing sales, changing perceptions, or promoting a specific offer, understanding the objectives is crucial.

2. Identify the Target Audience:

Define and analyze the characteristics of the target audience. This includes demographics, psychographics, behaviors, and preferences. The creative strategy should resonate with this specific group.

3. Understand the Product or Service:

Gain a deep understanding of the features, benefits, and unique selling propositions (USPs) of the product or service. What sets it apart from competitors?

4. Competitive Analysis:

Research and analyze the advertising strategies of competitors. Identify opportunities to differentiate and position your brand uniquely.

5. Creative Brief:

Develop a creative brief that serves as a roadmap for the creative team. Include key information such as objectives, target audience, key messages, brand personality, and any mandatory elements.

6. Research and Inspiration:

Conduct market research to understand trends, consumer behavior, and cultural nuances. Seek inspiration from successful campaigns and diverse sources.

7. Brainstorming and Ideation:

Facilitate collaborative brainstorming sessions. Encourage the generation of diverse ideas and concepts that align with the creative brief.

8. Concept Development:

Refine the brainstormed ideas into solid concepts. Ensure that the chosen concept aligns with the brand message and resonates with the target audience.

9. Crafting the Message:

Develop a clear and concise message that communicates the brand story or proposition. Focus on creating an emotional connection or addressing a specific consumer need.

Developing a creative strategy for an advertising campaign involves several key steps, including the search for major selling ideas, creation of a brand image, positioning, USP (Unique Selling Proposition) identification,

1. Major Selling Ideas:

Conduct a brainstorming session to generate ideas that could serve as the central theme for your campaign.

Identify the key features or benefits of your product or service that resonate most with your target audience.

Look for unique angles, emotional triggers, or societal trends that can be woven into your advertising message.

2. Creation of Brand Image:

Define the desired brand image by considering the personality traits and values that your brand wants to convey.

Align the brand image with the preferences and aspirations of your target audience.

Choose visual elements, such as colors, logos, and imagery, that reflect and reinforce the intended brand image.

3. Positioning:

Clearly define the position your brand wants to occupy in the minds of consumers relative to competitors.

Identify the unique attributes or benefits that distinguish your brand from others.

Craft a positioning statement that succinctly communicates your brand's value proposition.

4. Unique Selling Proposition (USP):

Identify the unique qualities of your product or service that make it stand out.

Communicate the USP clearly and succinctly in your advertising message.

Ensure that the USP addresses a specific need or desire of the target audience.

5. Finding the Inherent Drama:

Explore the emotional or compelling aspects of your product or service that can create a narrative or story.

Consider the challenges or conflicts that your target audience faces and how your product or service can offer a solution.

Look for the human element or relatable situations that can add depth and resonance to your campaign.

6. Crafting the Message:

Develop a compelling and concise message that incorporates the major selling ideas, brand image, positioning, USP, and inherent drama.

Focus on creating an emotional connection with the audience. Make the message relatable and relevant to their lives.

7. Visual and Creative Elements:

Choose visual elements that align with the brand image and effectively convey the advertising message.

Consider the use of storytelling techniques, captivating visuals, and memorable slogans or taglines.

Ensure consistency in creative elements across different channels and platforms.

8. Selecting Advertising Channels:

Determine the most effective channels for reaching your target audience.

Consider the strengths and limitations of various mediums, such as social media, TV, radio, print, or online advertising.

Tailor your message and creative elements to suit the characteristics of each chosen channel.

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The functions of Advertising agency.

Advertising agency performs following functions:

1. Contacting Clients: Advertising agency first of all identify and contact firms which are desirous of advertising their product or services. Ad-agency selects those firms which are financially sound, makes quality products or services, and have efficient management.

2. Planning Advertisement: Advertising agency's next function is to plan ad for its client. For ad planning following tasks are required to be performed by ad-agency:

a) Study of client’s product to identify its inherent qualities in relation to competitor’s product.

B) Analysis of present and potential market for the product.

c) Study of trade and economic conditions in the market.

d) Study of seasonal demand of the product

e) Study of competition and competitor’s spending on advertising.

f) Knowledge of channels of distribution, their sales, operations, etc.

g) Finally, formulation of advertising plan

3. Creative Function: Creative people like - the copywriters, artists, art-directors, graphicspecialists have to perform the creative function which is most important part of all advertising function.

4. Developing Ad-Copy: Ad-agency with the help of their writers, artists, designers, animators, graphic-designers, and film-directors prepares and develops Ad-copy.

5. Approval of Client: Ad-copy is shown to the client for his approval

6. Media Selection and scheduling: It is very important function of ad-agency to select appropriate media for its clients. Ad-agency has to consider various factors like- media cost, media coverage, ad-budget, nature of product, client's needs, targeted customer, and etc while selecting media.

7. Ad-Execution: After approval, verification, and required changes, the ad-copy is handed to the media for ad-execution.

8. Evaluation Function: After execution, it is the responsibility of ad-agency to evaluate the effectiveness of ad to know how beneficial the ad is for its client.

9. Marketing Function: The advertising agency also performs various marketing function like- selecting target audience, designing products, designing packages, determining prices, study of channel of distribution, market research, sales promotion, publicity, etc.

10. Research Function: Ad-agency performs various research functions like- research of different media, media cost, media reach, circulation, entry of new media, information regarding ratings, and TRP's of TV programmes, serials.

client agency relationship.

Client-agency relationship means relationship between advertiser and ad-agency. Cordial relationship with full trust and confidence is must to get maximum from ad agency and agency can also work with free hand. Certain basic principles have been evolved by the experts of advertising management to have sound relations between the agency and the media that help client and media to have long ending business relations to reap the benefits of continuous relations

These are pointed as;

1. Agency and the Clients: Advertising agency is known for selling professional services to the clients. There cannot be any hard and fast rules for arriving at working agreement between the two because each DVERTISING agency and its clients are unique working under their own set of circumstances and conditions

2). Commitment: Every advertiser expects that the agency he engages refrains from accepting advertising work for his competitors. It is equally true that the advertiser shall not engage any other agency without the prior consent of the agency.

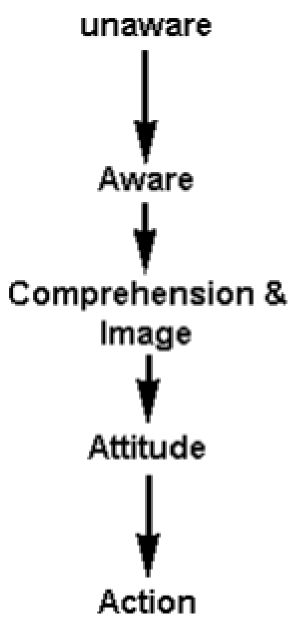
3). Prior Approval: The advertising agency is to get the prior approval for all the advertising work on the basis of client feedback and for all the expenses connected with the advertising. It is of crucial importance because; it is a matter of money spending and commitment.

4) Payment: In accordance with the agency contract with the media, the client is to pay the agency at the media's published rates and the agency, has the right to retain its commission allowed by the media. Any concession extended by the media is to be passed on to the client.

5) Mutual Trust and Confidence: There should be an attitude of mutual confidence and trust. The agency should be allowed to participate in panning and there should be no interference in its executive. The company should have the freedom to contribute creative ideas to the agency and the later should accept them with due changes and considerations.

DAGMAR approach

to setting advertising objectives.



DAGMAR stands for Defining Advertising Goals for Measured Advertising Results. DAGMAR Model was developed by Russell Colley in 1961 for setting advertising objectives and measuring advertising results. According to DAGMAR Model the ultimate objective of advertising involves a communication task, intended to create awareness, impart information, develop attitude and induce action.

1. Awareness Before the purchase behavior is expected from target audience it is necessary to make the audience aware with the product or company. The initial communication task of the advertising activity is to increase the consumer awareness of the product or offer.

2. Comprehension Only Awareness is not be sufficient to stimulate a purchase, sufficient knowledge and information about product or organization is necessary. This step involves the target audience to learn something about product, organization, or offer. Here communication task of advertising activity is to make consumer learn about product - product characteristics, benefits, or uses.

3. Attitude or Conviction At this step a sense of conviction is established. By creating interest and preference, buyers are moved to a position where they are convinced that a particular product in the class should be tried at the next opportunity. At this step communication task of advertising activity is to mould the audience’s beliefs about the product and this is often done through messages that demonstrate the product’s superiority over a rival or by talking about the rewards as a result of using the product.

4. Action Finally, communication must encourage buyer to engage in purchase activity

Advertising Appeal with different types of advertising appeal.

Advertising Appeal is an igniting force which stimulates the customer mindset towards the product or services. It not the only factor in the marketing mix which initiates a consumer for buying the product but it is certainly one of the advertisers' most important creative strategy decisions involves the choice of an appropriate appeal.

Advertising appeals are designed in a way so as to create a positive image of the individuals who use certain products. Advertising agencies and companies use different types of advertising appeals to influence the purchasing decisions of people. There are three types of appeals:

1. Rational or Informational Appeal

2. Emotional Appeal

3. Moral Appeal

1. Rational or Informational Appeals This is generally product oriented appeal, highlights the functional benefits like- quality, economy, value, or performance of a product

. Following are different types of rational appeals:

a) Feature Appeal - Advertisements based on such appeal are highly informative, provides information of product attributes or features that can be used as the basis for rational purchase decision. Technical and high involvement product often uses this appeal.

b) Competitive Advantage Appeal - Such appeal is used to compare the product with the competitor's product directly or indirectly and advertiser try to present his product superior then competitor's product on one or more attributes.

c) Favourable Price Appeal - Here price offer is considered as the dominant point of the message.

d) News Appeal - Some type of news or announcements about product or company dominates the advertisement.

e) Product Popularity Appeal - Product popularity is considered as the dominant point of advertisement by highlighting the increasing number of users of brand or the number who have switched to it.

f) High Quality - Some products are preferred for their quality not merely because of their taste or style, such products are advertised by highlighting the quality attribute in advertisement .

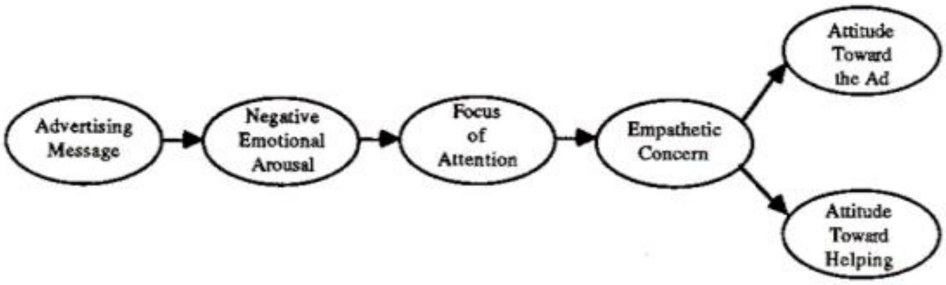
g) Low price - Many people prefer low priced goods. To target such audience products are advertised by highlighting the low price tag of the product.

h) Long Life - Many consumers want product of durable nature that can be used for a long period, in advertisement of such product durability is the dominant point of the message.

2. Emotional Appeals An emotional appeal is related to an individual’s psychological and social needs for purchasing certain products and services. Emotions affect all type of purchase decisions. Types of emotional appeals are as follows:

FIGURE

AN ILLUSTRATION OF THE MEDIATING ROLE OF NEGATIVE EMOTIONS AND EMPATHY ON ATTITUDES TOWARD HELPING



a) Positive Emotional Appeal - Positive emotions like- humour, love, care, pride, or joy are shown in advertisements to appeal audience to buy that product. For exampleJonson and Jonson baby products

. b) Negative Emotional Appeal - This includes fear, guilt, and shame to get people to do things they should or stop.

c) Fear - Fear is an emotional response to a threat that expresses some sort of danger. Ads sometimes use fear appeals to evoke this emotional response and arouse consumers to take steps to remove the threat. For example- Life Insurance

d) Anxiety - Most people try to avoid feeling anxious. To relieve anxiety, consumers might buy mouthwash, deodorant, a safer car, get retirement pension plan.

e) Humour - Humour causes consumer to watch advertisement, laugh on it, and most important is to remember advertisement and also the product connected with humour. For example- Happydent, and Mentos.

3. Moral Appeals

Moral appeals are directed to the consumes' sense of what is right and proper. These are often used to exhort people to support social and ethical causes.

Types of Moral Appeal are as follows:

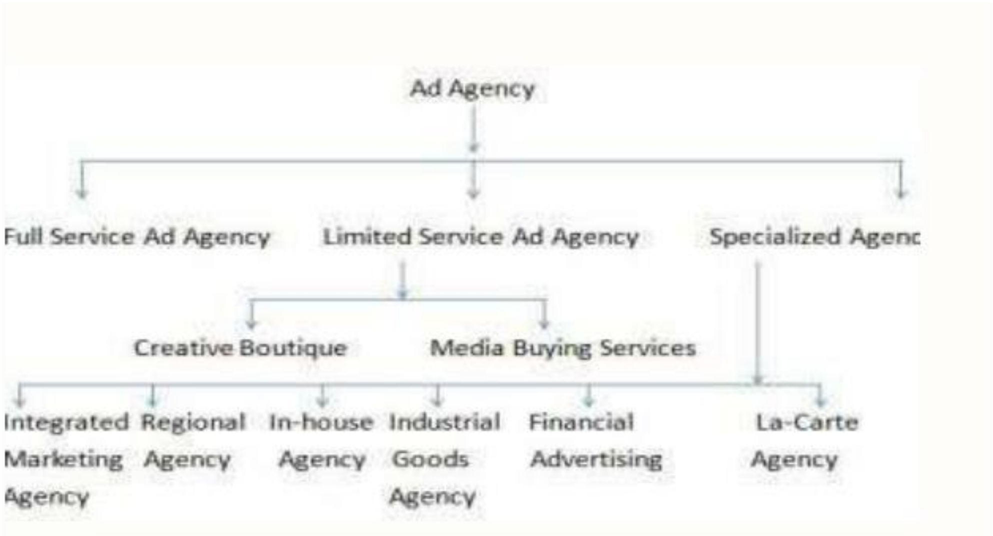
- Social awakening and justice
- Cleaner and safe environment
- Equal rights for women
- Prohibition of drugs and intoxication
- Adult literacy

• Anti-smuggling and hoarding

• Protection of consumer rights and awakening

Advertising agency and its types of advertising agencies

According to American marketing Association, "An Advertising agency is an independent business organization composed of creative and business people who develop, prepare and place advertising in advertising media for sellers seeking to find customers for their goods and services." Advertising Agency is an independent business organization specialized in advertising related work which undertakes the work of planning, preparing, and executing advertising campaign for its clients. Advertising Agency is a body of experts specialized in advertising. Types of Advertising Agency



Following are the different types of advertising agencies:

1. Full Service Agency

2. In house Agency

3. A Creative boutique

4. Media Buying Service

5. La Carte Agency

6. Special Service Agency

7. Sweet Shops

1. Full Service Agency - Such Advertising Agencies offers its clients a full range of marketing, communication, and promotion services including research, planning, creating, producing the ad, and selecting media. Full service agency also offers other services like- strategic market planning, sales promotion, direct marketing, package design, public relation, and publicity.

2. In House Agency - In house Agency is the advertising department of the firm which is responsible for planning and preparation of advertising materials. Big organizations likeGap, Calvin Klein, Revlon, and etc can manage in house advertising department and can take the advantage of proper coordination and greater control in all phase of advertising and promotion process.

3. Creative Boutique - Creative boutiques are known for their creative concept development and artistic services to their clients. Any advertiser wants to infuse greater creativity into the message theme or individual advertisement can approach a creative boutique. Such agency provides only creative services.

4. Media Buying Services - They are independent companies specialized in media buying. Media Buying service agencies particularly deal in buying radio time and television time.

5. La Carte Agency - Some advertisers prefer to order a la carte rather than using all the services of an agency. A la carte can be purchased from a full service agency or from an individual firm deals in creative work, media, production, and or research.

6. Special service agency - Some agencies focuses on some selected areas, and gains specialization or expertise in those areas, such agencies collectively are called special service groups.

7. Sweet shops - Such agencies are small agencies operates only in one city. Small clients who want advertisement in local media like- local cable, banners, posters, pamphlets etc, approaches such agencies.

ADVERTISING BUDGET

INTRODUCTION

Some people think that money spent on advertising is expenditure. Some consider it a waste of money. Some are of the opinion that we spend money on advertising because our competitors spend a lot of money on it. They consider advertising as an evil. Here we do not intend to discuss the benefits of advertising and its necessity for business growth and survival. Nowadays, money spent on advertising is treated as a long term investment in the image of a brand. Planned advertising expenditure is required to build a consumer franchise for the advertised brand, apart from its being of direct return. That is why every business enterprise spends a lot of money on advertising campaign every year out of its budget provisions.

MEANING OF ADVERTISING BUDGET

Advertising budget is an estimation of total expenses that are to be incurred on advertising during a given period of time. The advertising budget includes items of expenditure relating to advertising programmes, cost of space, advertising material (including advertising copy) production expenses, media expenses, agency commission and advertising research etc. In the most elementary form, it states the proposed advertising expenditure and informs and suggests the company management of the anticipated cost of executing the advertising plan. It is the translation of advertising plan into money. The advertising budget must be realistic, flexible and adequate for the advertising programmes. The advertising budget must consider the advertising goals and the size must relate to advertising needs. It should be tailored to suit the needs of the business enterprises. An advertising budget will show also how much, where and for what purposes the amount provided in the budget is to be spent. The amount provided in the advertising budget is not fixed arbitrarily but is determined on scientific lines keeping in view the nature of the product, size of the market to be covered by the enterprise, types of consumers and the strategy of the competitors etc. it is a plan for the company‟s future advertising programme. It provides a programme of the best assortment of types of advertising to be undertaken along with its time table and frequency. In addition to planning function, the advertising budget also serves as a control of advertising expenditure.

PROCESS OF ADVERTISING BUDGET

Advertising budget is prepared by the advertising manager of the company. The advertising budget process includes

the following major steps:

1. Collection of Data and Preparation of Advertising Budget : The starting point of any advertising budget process is the determination of the size of advertising appropriation. The requisite information keeping in view with the products, packaging, target markets, advertising copy, new product introductions, types of consumers, extent of competition along with the competitors‟ strategy, media selection etc. is gathered. Having decided upon the above variables, the advertising manager takes a decision on the very important issue „how much to spend‟ for advertising. Once the total expenditure is arrived at, the next step is the apportionment of this fund among various advertising units over a period. By advertising unit, we mean a specific advertisement delivered through various media vehicles. The fund allocation has to take into account the market potential within various segments, the time

period and the geographical areas over which advertising will be spread in accordance with the overall advertising strategy.

2. Presentation and Approval of the Budget : After the preparation of advertising budget, the next step in a budget making process, is to present the same before the top management through the chief of the marketing division for necessary approval. In some organizations, there is a separate budget committee, comprising of the representatives of the financial and other functional areas. The budget committee or the top management, as the case may be, will evaluate such proposed expenditure to achieve the targeted sales in a given budgeted period. Since advertising budget is employed to increase sales, the advertising budget must be compatible with the sales goals of the company. Besides increasing sales, it should be adequate enough for the new product to make a successful entry in the chosen segment of the market. After considering all these factors if satisfied, the budget committee or the top management, as the case may be, will finally accord his approval over the budget proposals and thus will return the same to the advertising manager for execution.

3. Budget Execution : After the approval, the next step in budget making process is the execution of the budget. During the execution of the budget, the advertising manager has to

exercise monitoring control so that the funds that have been allocated are spent in accordance to the approval plan and in economical manner. Whenever there are critical changes in the marketing situation, necessitating an adjustment in the advertising support, the necessary modifications should be effected in the advertising budget. That is why, advertising budgets should be flexible and provision is made for the contingency account to face the critical changes in the marketing environment. The advertising manager should be duly authorized by the budget committee or the top management for making the required modifications etc. as and when required.

4. Control of Budget : The fourth and the last step in the budget making process is to have a control over the budget. It is the prime duty of the advertising manager to see whether the actual expenditure coincide with the budgeted expenditure or not. The advertising manager should also see that the amount appropriated for advertising is being used only on the item and activity as expressed in the budget. Determining Advertising Appropriation Advertising appropriation is that part of company‟s budget which is to be spent or, say, invested on media, men and other advertising material so as to impersonally communicate with the target-prospective customers. Determining the appropriation advertising outlay is essential for the development of creative media strategies because in a large measure the tempo and tenor of the advertising campaigns depend on how much is available for spending. However, from the managerial point of view, it is the most difficult work. Cost factor is one of the deciding factors in determining the advertising appropriation. A cost analysis study of different media of advertisement and their effectiveness should be considered while determining the advertising appropriation.

METHODS OF FRAMING THE ADVERTISING BUDGET Actually there are no scientific methods available which can be employed in determining the amount of the advertising fund to be spent during a given period. However, there are several approaches which may serve as guidelines to advertising appropriation decisions. These approaches are called methods. These should not be employed blindly because there is no single method which is applicable to all the situations and may provide correct results. The popular methods which are commonly used in determining advertising appropriation or for framing the advertising budget are as follows :

1. Affordable Method : In this method one has to find out what the company can afford in a given business situation. Particularly, those companies which have limited resources use this method. When funds availability is a constraint, a limited fund is allocated after other unavoidable expenses have been duly met. Under this method it is usually assumed that advertisers do not spend too heavily. Under this method, advertising activity is blocked-up at last.

Merits and Demerits (Weaknesses) : Since the company does not spend more than it can afford and, therefore, there is an element of financial discipline in this method. Nevertheless, this method suffers from the following weaknesses

: (i) The budget decisions are left to the whim of the management and thus are not based on rational business needs. Whims are most irrelevant and subjective rather than based on an objective approach.

(ii) It overlooks the contributory rule of advertising in the achievement of marketing objectives.

(iii) It also ignores the need, importance, nature of advertisement and other factors like long-range planning of advertising investment. On the whole, affordable method is not a scientific one and hence is used by small companies only.

2. Percentage of Sales Method : Under this method, the amount to be appropriated to advertising is arrived at by multiplying the value of past year‟s sales or the projected sales for the budget period with a pre-determined percentage.

It may be explained as under or both

= Adverti sin g/Appropriation=Past year's sales or anticipated sales or both X Pre - determined percentage

The sales on which advertising appropriation is based may be historical – immediate past year‟s or an average of past years or anticipated or both. Percentage figures, on the other hand, may be arrived at on the basis of management‟s historical experience, judgement or industry practice.

Merits : This method is most popular with managements on account of the following reasons :
(i) It is a very simple, workable and relatively safe method.

(ii) Since it directly relates advertising expenditure to sales, it seems to be very satisfactory for many advertisers.

(iii) It encourages management to think in terms of the relationship between advertising expenses, prices and profits.

(iv) By relating appropriation to sales, this method ensures that the advertiser will spend only what he can afford. Advertising will earn its share out of sales.

(v) It helps the industry in preventing advertising wars because advertising expenses are proportional to market share/sales. Demerits or Weaknesses :Inspite of being the most popular method of framing advertising budget, this method is subject to criticism on account of the following weaknesses :

(i) It considers advertising as the result of sales whereas the fact is that it is the cause of sales.

(ii) It discourages experimentation with counter-cyclical advertising and aggressive selling.

(iii) It does not provide a logical basis for the choice of a multiplier, i.e., percentage.

(iv) It militates against the planning of long range advertising programmes.

(v) It represents a static approach to advertising and does not allow it to repond to market needs and advertising opportunities.

For example, when sales decline for some reasons a better course of action might be to maintain the level of promotional activity until the sales decline can be corrected.

(vi) It is not a scientific method. Inspite of the above weaknesses and criticism, percentage of sales method is very popular and is widely used in Indian industries also.

3. Competitive Parity Method : This method envisages determination of advertising appropriation in such a way that a company maintains a parity with its competitors‟ advertising outlays. This method is based on the principle that you are at par with competitors. Spend as much as the competitors do. Here, advertising is taken as a defensive device and not an offensive tool to achieve marketing objectives. Advertisers want to spend as much as their competitors are spending so that they are not placed at any disadvantage. For this purpose, company has to collect relevant data about competitors‟ advertising appropriation, for example, previous year‟s absolute figures, advertising/sales ratios etc.

Merits : (i) This method is most appropriate where competition is rigorous as the management is supposed to keep itself in line with its competitors. Under this method, the management always keeps himself alert.

(ii) It reduces considerably the possibilities of advertising wars amongst competitors.

(iii) It enables the management to maintain or increase its share of the market in accordance with the objectives of the company.

(iv) It enables the management to monitor the marketing programmes of its competitors. Thereby the marketing strategy may be changed accordingly.

Demerits or Weaknesses :

(i) It is not a rational method because the need, size, problem, opportunities and resources of every company vary considerably from each other. These are hardly similar to each other.

(ii) There is no empirical or other evidence to suggest that competitive parity in advertising appropriations has prevented advertising wars.

(iii) The use of competition as a yardstick for appropriation makes it easy for a company to ignore the needs of analyzing the realities of its own competitive situation and to visualize the possibility of other and better available strategies.

4. **Objective and Task Method :** Objective and Task Method for framing the advertising budget is considered to be the most desirable and realistic method. It is also known as „researchobjective method‟. It envisages appropriation of advertising funds on the basis of objectives to be achieved and the task involved therein. It means advertising objectives are set for the coming budget period and the cost of achieving these objectives are

calculated in details in terms of task to be performed, the total of which indicates the appropriation level. In short, this method includes :

(i) Defining advertising objectives as far as possible in quantitative terms.

(ii) Outlining and listing tasks to be performed in achieving these objectives.

(iii) Estimating the cost of performing these tasks. This method takes into consideration the fact that advertising is an investment and an effective vehicle of achieving company‟s objectives.

Merits : (i) This method is more realistic, imaginative, objective, and replaces the rule of thumb and customary thinking.

(ii) It forces the management to think in terms of advertising objectives and awakens it to the need for their achievement.

(iii) It is flexible and may be adapted to changing company needs.

(iv) This method has a special merit in the introduction of a new product.

(v) It does not operate on the inaccuracies of the percentage of sales basis.

Demerits or Weaknesses :

(i) This method is difficult to use, for it calls for adequate research data and past experience.

(ii) This method is objective-oriented. However, its objectives are illdefined, the whole expenditure and the efforts will then go to waste.

(iii) It is difficult to translate objectives into task that will lead to objective achievement. On the whole, this Objective and Task Method is more rational, realistic, pragmatic and need based as compared to other methods.

5. Return on Investment Method : In this method money spent on advertisement is considered as an investment and not an expenditure. It is an investment in the sense that a certain return in terms of profit is expected under this method. The advertising budget is prepared; under this method by taking into account the increased profits generated by an increase in sales and goodwill on account of advertising. If sales and profits are higher, the excess may be assumed to the result of advertising. The major problem in this method, however, is that the return is very often spread over a period of time, hence it may be difficult to arrive at an appropriate budget appropriation on the basis of this method. Inspite of this problem, the return on investment method is no doubt a realistic way of approaching the problem because it corelates the sales and profits generated by advertising.

6. Judgement Method : Judgement method of framing an advertising budget is based upon the judgement of experienced managers of the company. This method is also referred as the „arbitrary method‟ because it is based on the arbitrary thinking of some experienced managers only, this not based on any scientific lines. This method involves no clerical or statistical or field work. It is solely based upon the experience and judgement of some old and experienced managers. They frame the advertising budget considering all situations, i.e., objectives, anticipated behaviour of the customers and the competitors, market to be covered, types and cost of media etc. Although this method is very cheap and simple but is not reliable as it is based on the subjective approach of its experienced managers and is subject to bias and error.

7. Fixed Sum Per Unit Method : This method is similar to the percentage of sales method except that a specific amount per unit is appropriated rather than a percentage of the value of sales. The advertising appropriation may be based on units of a product sold in the previous period or on a forecast of unit sales in future period. This method is most suitable in advertising appropriations for industrial and durable consumer products. The most important advantage of this method is that despite price changes advertising appropriation may be kept unaltered.

From the above study, it is evident that no single method is perfect and free from defects. Hence a mix of the above methods may be used in accordance to the requirements and need of the company for framing the budget keeping in view the marketing objectives of the company.

UNIT II MEDIA PLANNING

INTRODUCTION TO ADVERTISING MEDIA

The most brilliant and original advertising ideas will be wasted if they are not presented through the right media in the right place at the right time to the right people. Hence the selection of right media is an important for achieving the objectives of advertising. However, before explaining the factors which should be kept in mind for selecting the right advertising media, it is essential that we must know the meaning of advertising media. An advertising media is a means or vehicle of delivering a definite message. It is a means through which an advertising message or information is passed on to the prospective customers, readers, viewers, listeners or passers-by. For instance, a producer seeks through advertisement media to keep in touch with old customers as well as to attract new customers. Medias are subject to intensive buying and selling activity. Examples of media are newspapers, magazines, radio, television, direct mail, posters, film, catalogues etc.

DETERMINANTS OF ADVERTISING MEDIA

Selection of a right type of advertising media is a difficult task. Any media that is selected must be capable of accomplishing at least

the three main objectives

: 1. It must reach the largest number of people possible.

2. It must attract their attention

. 3. It must be economical.

But in practice there is hardly any single media that satisfies the above three objectives. There are number of advertising media choices available to the company in India. However, the real managerial task is to identify from among them the one (s) which is relevant for the company. For this purpose the management should consider

the following factors:

1. The Nature of the Product : The nature of the product determines the choice of the advertising media. For instance, cinema, television, colour periodicals would be the obvious choice for products like fabrics and toilets requiring visual presentation. In this connection, management should develop a product-media match.

2. Market Requirements : While selecting advertising media, the company‟s market requirements should be considered. When they meet these requirements, they lend themselves to good use. For example, specialised high fashion colour magazines would be the proper media for consumers with high income groups and sophisticated tastes. Similarly, outdoor media would be appropriate when consumer action is to be induced at the point of purchase.

. Advertising Objectives :

The advertising objectives also determine the type of media to be selected. For example, the press is preferred to project corporate image while radio and television is relevant for product advertising.

4. Distribution Strategy : The advertising media should be compatible with the distribution strategy adopted by the company. For example, if the company is selling through middlemenwholesalers and retailers etc., then outdoor advertising media duly supported by television, radio and cinema etc. may help to pull the product out of channel.

5. Nature of the Message and Appeals : The nature of advertising message appeal also determines the advertising media for a company. The media should be able to carry the message and appeal to the right persons in the perspective. For example, if time is the essence of communication, daily newspaper and radio may be the best choice. Mass consumption items like soaps, toothpastes, hair oil etc. may determine television, newspapers as the best selection.

6. Budget : The budget available for advertising purpose will decide the choice of media of advertising. For example, a manufacturer having comparatively large funds for advertising may choose television or radio or both as a media of advertising. On the other hand a medium or small sized businessman may prefer newspaper and magazine as an advertising media

. 7. Competitors Choices : A company should also take into account the wisdom of competitors media choices despite differences in advertising objectives and appropriations. It is not desirable to outright dismiss their choices. Generally, the advertising media used by competitors are preferred so as to make an impressive appeal for the product.

8. Media Circulation : The company should take into account the circulation of the advertising media. Media circulation must match the distribution pattern of the product. This applies to the press media. Circulation should not be confused with readership. Circulation means the number of copies sold after deduction of free copies, returns and other differences between the total number of printed copies and total number sold at full price. The advertising media selected should have maximum circulation, such as Hindustan Times etc.

9. Media Availability : The question of media availability is quite relevant while considering advertising media alternatives because not all medias are available to a company at all times when ever required.

For instance, in 1973, and 1974, owing to acute newsprint shortage, space availability in national dailies was a real problem.

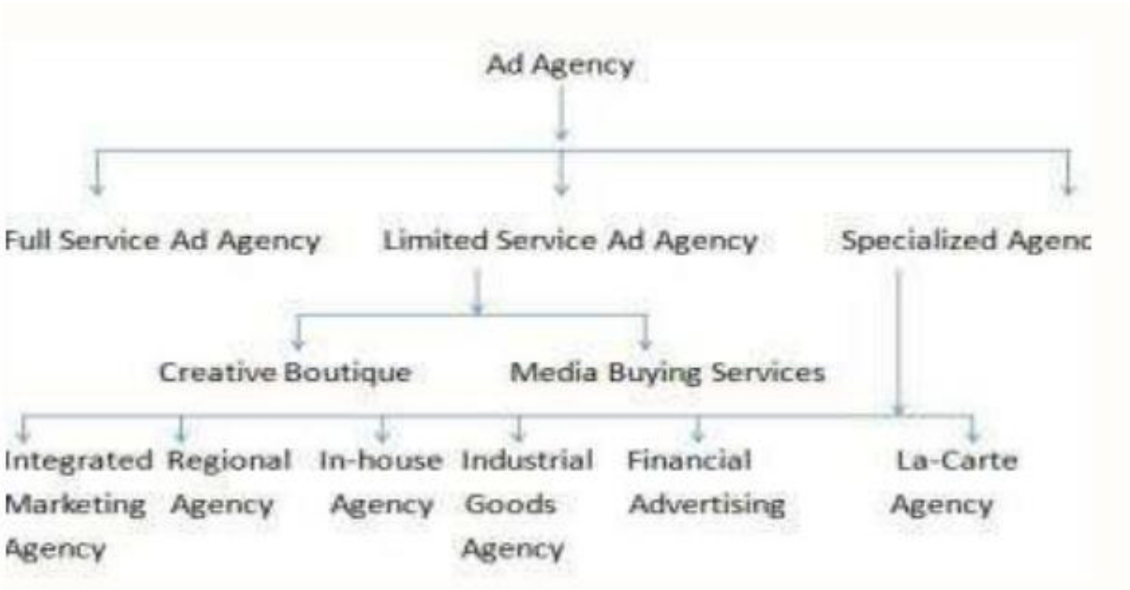
10. Penetration : How can we penetrate the market most thoroughly or how can we reach the greatest number of potential customers is also an important factor influencing the choice of a particular advertising media. Shall we reach housewives at the kitchen-sink by means of television or radio and which is likely to have the greater impact ? This fact should be considered.

11. Size and Nature of the Business Enterprise : The size and nature of the business enterprise also play an important part in making a choice for the advertising media. Different media will suit to departmental stores, chain stores, small shops, manufacturers and producers etc. A big business enterprise may make use of television, radio and newspapers having national network, whereas a small unit may prefer local newspapers and cinema-slides etc.

Thus the above factors are generally considered while selecting the advertising media for selling the products.

TYPES OF ADVERTISING

• Advertising is the promotion of a company's products and services though different mediums to increase the sales of the product and services. It works by making the customer aware of the product and by focusing on customer's need to buy the product. Globally, advertising has become an essential part of the corporate world. Therefore, companies allot a huge part of their revenues to the advertising budget. Advertising also serves to build a brand of the product which goes a long way to make effective sales. • There are several branches or types of advertising which can be used by the companies.



• Print Advertising - The print media has been used for advertising since long. The newspapers and magazines are quite popular modes of advertising for different companies all over the world. Using the print media, the companies can also promote their products through brochures and fliers. The newspaper and magazines sell the advertising space and the cost depends on several factors. The quantity of space, the page of the publication, and the type of paper decide the cost of the advertisement. So an ad on the front page would be costlier than on inside pages. Similarly an ad in the glossy supplement of the paper would be more expensive than in a mediocre quality paper.

• Broadcast Advertising - This type of advertising is very popular all around the world. It consists of television, radio, or Internet advertising. The ads on the television have a large audience and are very popular. The cost of the advertisement depends on the length of the ad and the time at which the ad would be appearing. For example, the prime time ads would be more costly than the regular ones. Radio advertising is not what it used to be after the advent of television and Internet, but still there is specific audience for the radio ads too. The radio jingles are quite popular in sections of society and help to sell the products.

• Outdoor Advertising - Outdoor advertising makes use of different tools to gain customer's attention. The billboards, kiosks, and events and tradeshows are an effective way to convey the message of the company. The billboards are present all around the city but the content should be such that it attracts the attention of the customer. The kiosks are an easy outlet of the products and serve as information outlets for the people too. Organizing events such as trade fairs and exhibitions for promotion of the product or service also in a way advertises the product. Therefore, outdoor advertising is an effective advertising tool.

• Covert Advertising - This is a unique way of advertising in which the product or the message is subtly included in a movie or TV serial. There is no actual ad, just the mention of the product in the movie. For example, Tom Cruise used the Nokia phone in the movie Minority Report

. • Public Service Advertising - As evident from the title itself, such advertising is for the public causes. There are a host of important matters such as AIDS, political integrity, energy conservation, illiteracy, poverty and so on all of which need more awareness as far as general public is concerned. This type of advertising has gained much importance in recent times and is an effective tool to convey the message.

Print Advertising: Newspaper, magazines, & brochure advertisements, etc.
Broadcast Advertising: Television and radio advertisements.
Outdoor Advertising: Hoardings, banners, flags, wraps, etc.
Covert Advertising: Advertisements displayed over the internet and digital devices.
Public Service Advertising: Product placements in entertainment media like TV show, YouTube video, etc.

(i) To the Customers

• Convenience: Targeted informative advertisements make the customer's decision

making process easier as they get to know what suits their requirements and budget

. • Awareness: Advertising educates the customers about different products available in the market and their features. This knowledge helps the customers compare different products and choose the best product for them.

• Better Quality: Only brands advertise themselves and their products. There are no advertisements of unbranded products. This ensures better quality to the customers as no brand wants to waste money on false advertising

(ii) To the Business

• Awareness: Advertising increases the brand and product awareness among the people belonging to the target market.

• Brand Image: Clever advertising helps the business to form the desired brand image and brand personality in the minds of the customers.

• Product Differentiation: Advertising helps the business to differentiate its product from those of competitors' and communicate its features and advantages to the target audience.

• Increases Goodwill: Advertising reiterates brand vision and increases the goodwill of the brand among its customers

. • Value for Money: Advertising delivers the message to a wide audience and tends to be value for money when compared to other elements of promotion mix.

CLASSIFICATION AND TYPES OF ADVERTISING

1. Product – Related Advertising

A. Pioneering Advertising

B. Competitive Advertising

C. Retentive Advertising

2. Public Service Advertising

3. Functional Classification

A. Advertising Based on Demand Influence Level.

a. Primary Demand (Stimulation)

b. Selective Demand (Stimulation)

B. Institutional Advertising

C. Product Advertising

a. Informative Product Advertising

b. Persuasive Product Advertising

c. Reminder-Oriented Product Advertising

4. Advertising based on Product Life Cycle

A. Consumer Advertising

B. Industrial Advertising

5. Trade Advertising

A. Retail Advertising

B. Wholesale Advertising

6. Advertising Based on Area of operation

A. National advertising

B. Local advertising

C. Regional advertising

7. Advertising according to Medium Utilized

1. Product – Related Advertising It is concerned with conveying information about and selling a product or service. Product advertising is of three type

A. Pioneering Advertising

B. Competitive Advertising

C. Retentive Advertising

i. Pioneering Advertising This type of advertising is used in the introductory stages in the life cycle of a product. It is concerned with developing a “primary” demand. It conveys information about, and selling a product category rather than a specific brand. For example the initial advertisement for black and white television and colour television. Such advertisements appeal to the consumer’s emotions and rational motives.

ii. Competitive Advertising It is useful when the product has reached the market-growth and especially the market-maturity stage. It stimulates “selective” demand. It seeks to sell a specific brand rather than a general product category. It is of two types: A. Direct Type: It seeks to stimulate immediate buying action. B.Indirect Type: It attempts to pinpoint the virtues of the product in the expectation that the consumer’s action will be affected by it when he is ready to buy. Example: Airline Advertising Air India attempts to bid for the consumer’s patronage either immediately -direct action-in which case, it provides prices, time tables and phone numbers on which the customer may call for reservations; or eventually – indirect action – when it suggests that you mention Air India’s name when talking to your travel agent.

iii. Retentive Advertising: This may be useful when the product has achieved a favourable status in the market – that is, maturity or declining stage. Generally in such times, the advertiser wants to keep his product's name before the public. A much softer selling approach is used, or only the name may be mentioned in "reminder" type advertising.

example of public service advertising. In this type of advertising, the objective is to put across a message intended to change attitudes or behaviour and benefit the public at large.

3. Functional classification Advertising may be classified according to the functions that it is intended to fulfill.

(i) Advertising may be used to stimulate either primary demand or selective demand.

(ii) It may promote either the brand or the firm selling that brand.

(iii) It may try to cause indirect action or direct action.

I. Advertising Based on Demand Influence Level

A. Primary Demand Stimulation Primary demand is demand for the product or service rather than for a particular brand. It is intended to affect the demand for the type of product, and not the brand of that product. Some advertise to stimulate primary demand. When a product is new, primary demand stimulation is appropriate. At this time, the marketer must inform consumers of the existence of the new item and convince them of the benefits flowing from its use. When primary demand has been stimulated and competitors have entered the market, the advertising strategy may be to stimulate the selective demand.

B. Selective Demand Stimulation This demand is for a particular brand such as Charminar cigarettes, Surf detergent powder, or Vimal fabrics. To establish a differential advantage and to acquire an acceptable sort of market, selective demand advertising is attempted. It is not to stimulate the demand for the product or service. The advertiser attempts to differentiate his brand and to increase the total amount of consumption of that product. Competitive advertising stimulates elective demand. It may either be direct or indirect type.

ii. Institutional Advertising

Institutional Advertising may be formative, persuasive or reminder oriented in character. Institutional advertising is used extensively during periods of product shortages in order to keep the name of the company before the public. It aims at building for a firm a positive public image in the eyes of shareholders, employees, suppliers, legislators, or the general public. This sells only the name and prestige of the company. This type of advertising is used frequently by large companies whose products are well known. HMT or DCM, for example, does considerable institutional advertising of its name, emphasizing the quality and research behind its products.

Institutional advertisements are at consumers or focus them upon other groups, such as voters, government officials, suppliers, financial institutions, etc. If it is effective, the target groups will respond with goodwill towards, and confidence in the sponsor. It is also a useful method of introducing sales persons and new product to consumers. It does not attempt to sell a particular product; it benefits the organization as a whole.

It notifies the consumers that the company is a responsible business entity and is patriotic; that its management takes ecologically responsible action, is an affair- motiveaction employer, supports the socialistic pattern of society or provides employment opportunities in the community.

When Indian Oil advertisements describe the company's general activities, such as public service work, this may be referred to as institutional advertising because it is intended to build an overall favorable attitude towards the company and its family of products. HMT once told the story of the small-scale industries supplying it with component parts, thus indicating how it aided the development of ancillary industries.

iii. Product Advertising Most advertising is product advertising, designed to promote the sale or reputation of a particular product or service that the organization sells. Indane's Cooking Gas is a case in point. The marketer may use such promotion to generate exposure attention, comprehension, attitude change or action for an offering. It deals with the non-personal selling of a particular good or service. It is of three types:-

A. Informative Product Advertising

B. Persuasive Product Advertising

C. Reminder-Oriented Product Advertising

A. Informative Product Advertising This form of advertising tends to characterize the promotion of any new type of product to develop an initial demand. It is usually done in the introductory stages of the product life cycle. It was the original approach to advertising.

B. Persuasive Product Advertising Persuasive product advertising is to develop demand for a particular product or brand. It is a type of promotion used in the growth period and, to some extent, in the maturity period of the product life cycle.

C. Reminder-Oriented Product Advertising The goal of this type of advertising is to reinforce previous promotional activity by keeping the brand name in front of the public. It is used in the maturity period as well as throughout the declining phase of the product life cycle.

4. Advertising Based on Product Life Cycle A. Consumer Advertising B. Industrial Advertising A. Consumer Advertising Most of the consumer goods producers engage in consumer product advertising. Marketers of pharmaceuticals, cosmetics, scooters, detergents and soaps, cigarettes andalcoholic beverages are examples. Baring a few, these products are all package goods that the consumer will often buy during a year. There is a heavy competition among the advertisers to establish an advantage for their particular brand

B. Industrial Advertising Industrial executives have little confidence in advertising. They rely on this form of promotion merely out of fear that their competitors may benefit if they stop their advertising efforts. The task of the industrial advertiser is complicated by the multiple buying influence characteristics like, the derived demand, etc. The objectives vary according to the firm and the situation. They are:

➢To inform,

➢To bring in orders,

➢To induce inquiries,

➢To get the advertiser's name on the buyer's list of sources,

➢To provide support for the salesman,

➢To reduce selling costs,

➢To help get items in the news column of a publication,

➢To establish recognition for the firm or its product,

➢To motivate distributors,

➢To recognition for the firm or its products,

➢To motivate distributors, to create or change a company's image,

➢To create or change a buyer's attitude. The basic appeals tend to increase the rupee profits of the buyer or help in achieving his nonmonetary objectives. Trade journals are the media most generally used followed by catalogues, direct mail communication, exhibits, and general management publications. Advertising agencies are much less useful in industrial advertising.

5. Trade advertising •

Retail Advertising •

Wholesale Advertising A. Retail Advertising This may be defined as "covering all advertising by the stores that sell goods directly to the consuming public." It includes, also advertising by establishments that sell services to the public, such as beauty shops, petrol pumps and banks. Advertising agencies are rarely used. The store personnel are usually given this responsibility as an added task to be performed, together with their normal functions. The result is that advertising is often relegated to a secondary position in a retail store. One aspect of retail advertising is co-operative advertising. It refers to advertising costs between retailers and manufacturers. From the retailer's point of view, co-operative advertising permits a store to secure additional advertising that would not otherwise have been available. B. Wholesale Advertising

6. Advertising based on Area of Operation It is classified as follow: A. National Advertising B. Regional Advertising C. Local Advertising A. National Advertising The term 'national advertising' has a special connotation that advertising is not confined to any geographic area within the nation. This type of advertising is undertaken mostly by a marketer of branded product or services, sold through different outlets in the distribution channel, wherever they may be located and appears in both national and regional media like print, electronics,

outdoor etc. Apparently the term ‘national advertising’ conveys mass marketing effort. In reality this does not necessarily mean that the product is sold nationwide. The goal is to inform, persuade or remind consumers about company or brand. National advertising often identifies a specific target audience and attempts to create an image for the product. For example the ad for Mercedes-E class is targeting a specific segment in the Indian market. B. Regional Advertising It is geographical alternative for organizations. For example, AmritVanaspati based in Rajpura claims to be the leading hydrogenated oil producer in the Punjab. But, until recently, it mainly confined itself to one of the vegetable oil brands distribution to Malihabad district (in U.P. near Lucknow)

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C. Local Advertising It is generally done by retailers rather than manufacturers. These advertisements save the customer time and money by passing along specific information about products, prices, location, and so on. Retailer advertisements usually provide specific goods sales during weekends in various sectors.

7. Advertising According to Medium The most common classification of advertising is by the medium used. For example: TV, radio, magazine, outdoor, business periodical, newspaper and

direct mail advertising. This classification is so common in use that it is mentioned here only for the sake of completeness.

TYPES / FORMS OF MEDIA ADVERTISING

Nine types of advertising media available to an advertiser are:

(1) Direct Mail

(2) Newspapers and Magazines

(3) Radio Advertising

(4) Television Advertising

(5) Film Advertising

(6) Outdoor Advertising

(7) Window Display

(8) Fairs and Exhibition and

(9) Specially Advertising

(1) Direct Mail: This is one of the oldest types of advertising media. Under this method message is sent to the prospective buyers by post. A mailing list is prepared for this purpose. Circular letters, folders, calendars, booklets and catalogues are sent under this type of advertising. In the sales letter an appeal is made to the buyers separately.

(2) Newspapers and Magazines: These are the important forms of press advertising, newspapers are the most effective and powerful medium of advertising. Newspapers contain valuable information with regard to different current events. It may be referred to as ‘a store house of information’. There are daily, bi-weekly and weekly newspapers. Newspapers have widest circulation and read by many people. The newspapers may be local, provincial or national.

(3) Magazines: Magazines or periodicals are other important media of communication. Magazines may be released weekly, monthly, quarterly, bi-annual or annual. These are read with more interest by the readers as compared to newspapers. Advertisements given in

magazines are more descriptive and attractive. They are usually in colored form which depicts the product nicely and gives lasting impression to the reader. There are magazines or journals meant for general public and special class of people. There are exclusive magazines relating to industry, trade, finance and economics etc. There are also special magazines for men, women and children. The magazines have longer life and are very suitable for advertising specific goods.

(4) Radio Advertising: Radio advertising is very popular these days. The advertisements are broadcasted from different stations of All India Radio. Radio advertising can be explained as "word of mouth advertising on a wholesale scale". The advertising messages can be in different regional

languages. The most important advantage derived from radio advertising is that it covers every type of listener whether illiterate or educated. It is a very effective medium for popularizing on mass scale various consumer articles. The coverage of this medium is wider extending to a large number of listeners. It ensures quicker repetition.

(5) Television Advertising: This is the latest and the fast developing medium of advertising and is getting increased popularity these days. It is more effective as compared to radio as it has the advantages of sound and sight. On account of pictorial presentation, it is more effective and impressive and leaves ever lasting impression on the mind of the viewer. It is a very costly medium which can be employed by big concerns only; it has a shorter life span and limited coverage. Back reference to the advertisement cannot be made after its presentation. The duration of the advertisement is very limited.

(6) Film Advertising: This is also known as cinema advertising. This also provides sight and hearing facilities like television. Short advertisement films are not prepared by big business houses which are sent to different cinema houses to be shown to the audience before the regular shows or during the intermission. It has more repetitive value but not to the same viewers. Its coverage is limited which benefits the local population only It is a very costly medium involving higher distribution and film making costs. Only big organizations can afford to produce advertisement films. It ensures more flexibility at larger costs. Its effectiveness cannot be measured properly. Film making is a time consuming process.

(7) Outdoor Advertising: This type of advertising include different media like posters, placards, electric displays or neon signs, sandwichmen, sky writing, bus, train and tram advertising. This is also known as 'Mural advertising'. The main aim of outdoor advertising is to catch the attention of passerby within twinkling of an eye. This is the most effective medium of advertising. This is very suitable in the case of consumable and household articles like soaps, medicines, fans, shoes and pens etc.

(8) Window Display:It is a common method which is usually undertaken by retailers who display their products in the shop windows in order to attract the customers. This is also known as exterior display. It is the most effective and direct method of influencing the people. Window display has direct appeal to the onlookers. It is instrumental in arousing the desire to purchase in the prospective customers. It acts as a silent salesman.

(9) Fairs and Exhibition: A trade exhibition or a fair is organized on extensive scale which is attended by different manufacturers and traders along with their products to be sold to the large number of people who visit the exhibition. The exhibition may be either organized on local, provincial or international basis. The examples of some of the international exhibitions are EXPO 70 of JAPAN, ASIA 72 and recent trade fair at Delhi every year. Different stalls or pavilions "are allotted to various traders who display their goods in these pavilions. The manufacturers also distribute the sales literature and sometimes free samples of goods to the people. Facilities of practical demonstration are also provided to the customers. The customers clearly understand the method of operation and use of the product.

(10) Specially Advertising: Most of the business houses in order to increase their sales, advertise their products, give free gifts like diaries, purses, paper weights and calendars to the customers. The name of the firm or the dealer is inscribed on the articles presented.

(11)Trade magazine or journal From Wikipedia, the free encyclopedia A trade magazine, also called a trade journal, or trade paper (colloquially or disparagingly a trade rag), is a magazine or newspaper whose target audience is people who work in a particular trade or industry. The collective term for this area of publishing is the trade press. Trade publications keep industry members abreast of new developments. In this role, it functions similarly to how academic journals or scientific journals serve their audiences. Trade publications include targeted advertising, which earns a profit for the publication and sales for the advertisers while also providing sales engineering–type advice to the readers, that may inform purchasing and investment decisions. Trade magazines typically contain advertising content centered on the industry in question with little, if any, general-audience advertising. They may also contain industry-specific job

MEDIA PLANNING

Media planning is an exercise to find the best medium or combination of media that will produce the best overall effect relative to the needs of the advertised brand. Media planning in general should involve optimum benefits in the long run. The media mix, in terms of balance of usage for TV, radio and print media or other types of media vehicles, should be such that the best utility of the advertising budget is obtained, and duplication of audience is avoided as far as possible

There is no single best media strategy that is applicable in varied situations or sometimes even in similar situations. Media strategies also differ because of changing situations. For example, the state of the economy changes just as consumers‟ tastes change. Advertisements for luxurious cars would therefore not be effective during times of economic depression. Similarly, advertisements about blue jeans, when jeans are not in fashion, would not have much impact. To select the right media and to search the right target audience for a desired response the advertiser or his advertising agency should go for a systematic media planning

STEPS IN MEDIA PLANNING

The following are the steps in media planning:

1. Decide Target Market : It is necessary to decide specific market where planned efforts can be directed.

2. Media Objectives : Media objectives are often stated in term of reach, frequency, gross rating points and continuity.

(a) Reach : It refers to the number of different persons or household exposed to a particular media schedule at least once during a specific time period.

(b) Frequency : It refers to the number of times within the specified time period that an average person or household is exposed to message.

(c) Gross Ratings Points : It refers to the total weight of a media effort in quantitative terms. GRP‟s are equal to each multiplied by average frequencies.

E.g. 80% of the homes watch Chitrahar and they are exposed on average 2.5 times within the 4 week period. The total impact or GRP‟s = 80 × 2.5=200.

(d) Continuity : It refers to the timing of the media insertions.

3. Selection of Media Types : Every media plan requires that specific media types to be selected. There are a number of advertising media available to the advertiser for advertising the goods etc.

These may be grouped under the following heads

: 1. Press Advertising Media - (a) Newspapers and (b) Magazines and Journals.

2. Outdoor or Mural Advertising Media –

(i) Posters,

(ii) Advertising Boards,

(iii) Sandwich Boards,

(iv) Electric Display,

(v) Vehicular,

(vi) Sticker, and

(vii) Sky Writing.

3. Direct Mail Advertising Media –

(i) Circulars,

(ii) Price-lists,

(iii) Booklets,

(iv) Leaflets, and Folders,

(v) Business Reply Envelops and Cards,

(vi) Gift Novelties, and

(vii) Personal Letters.

4. Broadcast Advertising Media - (

a) Radio,

(b) Television

5. Promotional Advertising Media –

(i) Window Display,

(ii) ShowRoom,

(iii) Exhibitions and Fairs,

(iv) Interior Display,

(v) Trade Shows,

(vi) Samples, Coupons and Premiums etc.

6. Miscellaneous Advertising Media –

(a) Cinema and Cinema Slides,

(b) Speciality Advertising,

(c) Purchase Point Advertising, and

(d) Video Advertising etc.

4. Selecting Specific Media Vehicle : Once a decision is made on media types, specific media vehicles within each medium must be chosen

Media Mix: Once the media selection is decided upon, the next step is to determine the mix of the media one must use. This will be arrived at by considering the advertising company‟s marketing objectives, its target market, media characteristics, and its matching with the target market. The overall advertising budget also influences the nature of such mix, in addition to the available audience. For example, to achieve certain advertising objectives, one may require to use a mix of 50% newspaper, 25% magazine and the rest 25% television. However, more than one mix may fulfill the advertising objectives, and yet be within the overall budget cost. But one should aim at balanced mix. Some advertisers prefer to concentrate on one media type mix whereas others like to have a widely varied mix. While the former offers the advertiser an opportunity to make a great impact on a specific market segment, the latter, being an assortment of media, can deliver different messages about the same product in different market segments more effectively. Media Buying : The specialist who is the counter part of the media sales representative is the media buyer. Most of these specialists work for advertising agencies, although some are retained by advertisers and some work for firms of media specialists who offer media buying services to both advertising agencies and advertisers. Media buying service is likely to be more personal and direct.

The media buying specialist helps to decide what media should be used for a product, purchases the media, and controls and evaluates the performance of the media purchased. There is growth of Media Buying Units (MBUs) throughout the world. Advertising Agencies merge and form a group and then set up an independent MBU to buy advertising space. The MBU benefits not only the advertising agencies, and the advertisers because of cost-effective rates, but also the media sellers. The media sellers can negotiate for rates, with one media buying unit on behalf of a group of ad agencies. .

5Allocation of Funds : The planner should than decide on the amount of funds that would be allocated to each media type and vehicle.

6. Media Scheduling : Media scheduling could be used depending upon the requirements of the advertisers..

Media strategy refers to the planning and implementation of the use of various media channels to deliver a message to a target audience effectively. It involves decisions about where, when, and how to place advertising or promotional content to achieve the desired communication goals. Media strategy is a crucial component of the overall marketing or communication plan. Different types of media strategies can be employed based on the campaign objectives, target audience, and available resources. Here are some common types of media strategies

. Media Concentration Strategy:

Definition: This strategy involves focusing the majority of the advertising budget and efforts on a single or a few media channels**.**

Advantages:

Maximizes impact on a specific audience.

Allows for in-depth messaging within a chosen medium.

Considerations:

Risk of missing out on potential audiences present in other channels.

Vulnerable to changes or trends in the chosen medium.

2. Media Dispersion Strategy:

Definition: In contrast to concentration, this strategy involves spreading the advertising budget across multiple media channels.

Advantages:

Broadens reach to diverse audiences.

Reduces risk associated with reliance on a single medium.

Considerations:

Requires effective coordination to maintain a consistent message.

May result in lower impact compared to concentrated strategies in each channel.

3. Owned Media Strategy:

Definition: Focuses on utilizing channels that a brand or company owns and controls, such as websites, social media pages, or blogs.

Advantages:

Full control over messaging and presentation.

Builds a long-term digital asset for the brand.

Considerations:

Limited reach compared to other media.

Requires continuous content creation and audience engagement.

4. Earned Media Strategy:

Definition: Involves leveraging publicity and word-of-mouth through media coverage, social shares, and positive customer reviews.

Advantages:

Builds credibility and trust through third-party endorsements.

Can result in cost-effective exposure.

Considerations:

Less control over the messaging.

Requires active brand management to handle both positive and negative coverage.

5. Paid Media Strategy:

Definition: Encompasses any form of media exposure that a brand pays for, including traditional advertising, online display ads, and sponsored content.

Advantages:

Immediate and controlled exposure.

Allows for precise targeting and measurable results.

Considerations:

Can be expensive, especially in competitive markets.

Consumer skepticism towards paid content may exist.

concepts of reach, frequency and its impact.

Definition: Reach refers to the total number of unique individuals or households exposed to a particular advertising campaign or message during a specific period. It provides insight into the potential size of the audience reached by the campaign.

Measurement: Reach is typically measured as an unduplicated count, meaning that if an individual sees the ad multiple times, they are only counted once in the reach metric.

Impact: Reach is essential for creating brand awareness and expanding the overall audience. It helps in maximizing the campaign's exposure to a diverse set of individuals, ensuring that the message reaches a broad cross-section of the target market.

Frequency:

Definition: Frequency represents the average number of times an individual within the target audience is exposed to the advertising message during a specific campaign period.

Measurement: Frequency is calculated by dividing the total number of exposures by the reach. For example, if an ad is seen 100 times by an audience of 50, the frequency is 2.

Impact: Frequency is crucial for reinforcing the message and creating a lasting impression. It helps in increasing brand recall and persuading the audience to take action. However, excessive frequency may lead to ad fatigue and irritate the audience.

Relationship between Reach and Frequency:

Exposure and Recognition:

Reach: Determines the size of the potential audience exposed to the message.

Frequency: Influences how often individuals within that audience are exposed to the message.

Brand Awareness:

Reach: Builds initial awareness by introducing the brand or product to a wide audience.

Frequency: Reinforces the brand message, making it more likely for individuals to remember the brand.

Message Reinforcement:

Reach: Ensures the message is spread across a diverse audience.

Frequency: Strengthens the impact of the message by repetition, enhancing recall and comprehension.

Consumer Behavior:

Reach: Influences the potential market size and consumer base.

Frequency: Can affect consumer behavior by increasing the likelihood of a desired action, such as making a purchase.

Impact on Advertising Effectiveness:

Low Reach, High Frequency:

Scenario: The message reaches a small audience repeatedly.

Impact: Suitable for niche products or when the goal is to create a deep impression. However, it may limit the overall market reach.

High Reach, Low Frequency:

Scenario: The message is broadly distributed but seen only a few times by each individual.

Impact: Useful for building broad awareness, especially in the initial stages of a campaign. However, may not be as effective in reinforcing the message.

Balanced Reach and Frequency:

Scenario: A balance between reaching a large audience and ensuring an optimal level of repetition.

Impact: Often considered ideal for achieving both broad exposure and message reinforcement without causing ad fatigue.

Saturation (High Reach, High Frequency):

Scenario: The message is delivered to a large audience with high repetition.

Impact: Effective for promoting widespread awareness and fostering strong brand recall. However, there's a risk of ad fatigue if not managed carefully.

Key Considerations:

The optimal balance between reach and frequency depends on campaign goals, the nature of the product or service, and the characteristics of the target audience.

Too much emphasis on reach without sufficient frequency may result in a lack of message retention, while excessive frequency without adequate reach may lead to oversaturation.

Reach=Total Audience SizeNumber of Unique Individuals Exposed to the Ad×100

In this formula:

- **Number of Unique Individuals Exposed to the Ad:** This is the count of distinct individuals who have been exposed to the advertisement at least once during a specific time period.
- **Total Audience Size:** This is the total size of the target audience or population that the advertising campaign aims to reach.
- The result is usually multiplied by 100 to express reach as a percentage.

Let's break it down with an example:

Suppose an ad campaign reaches 500,000 unique individuals, and the total target audience size is 2,000,000. The reach calculation would be:

Reach=500,0002,000,000×100=25%Reach=2,000,000500,000×100=25%

So, in this example, the reach of the advertising campaign is 25%, meaning that the ad reached 25% of the total target audience at least once during the specified time period.

Weighted Number of Exposures (WE) is a metric used in advertising to account for the impact of repeated exposures to an advertisement. It recognizes that not all exposures are equal in terms of their effectiveness in conveying the advertising message. The concept of weighted exposures acknowledges that multiple exposures to an ad can have a cumulative effect on the audience.

The formula for calculating the Weighted Number of Exposures is given by:

WE=Frequency×ReachWE=Frequency×Reach

In this formula:

- **Frequency:** This represents the average number of times an individual within the target audience is exposed to the advertising message during a specific campaign period.
- **Reach:** This refers to the total number of unique individuals or households exposed to the advertising campaign during the same period.

The product of frequency and reach provides the Weighted Number of Exposures, which takes into account both the intensity (frequency) and breadth (reach) of the advertising campaign.

For example, if an ad has a frequency of 3 (meaning, on average, each person sees the ad three times) and a reach of 20% (meaning, the ad reaches 20% of the target audience), then the Weighted Number of Exposures would be:

WE=3×20%=60%WE=3×20%=60%

This implies that, on average, individuals in the target audience have been exposed to the ad 60% of the total possible exposures. Weighted Number of Exposures helps advertisers gauge the overall impact of their campaign by considering both the depth and breadth of exposure.

Measuring the effectiveness of advertising involves assessing both communication effects and sales effects. There are different approaches to evaluating these effects, including historical approaches and experimental approaches.

Historical Approach:

1. **Communication Effects:**

- **Metrics:**
    - **Surveys and Brand Awareness:** Track changes in brand awareness, brand recall, and brand recognition before and after the advertising campaign.
    - **Message Recall:** Assess the audience's ability to recall key messages or specific elements of the ad.
    - **Attitude Surveys:** Measure shifts in consumer attitudes and perceptions toward the brand or product.
- **Methodology:**
    - Conduct surveys and interviews before and after the advertising campaign.

    - Analyze trends in brand metrics over time.
- **Advantages:**
    - Provides insights into changes in consumer awareness and attitudes.
    - Allows for the assessment of long-term brand impact.
- **Considerations:**
    - External factors (e.g., market changes) may influence results.
    - Limited in directly connecting communication effects to sales.

2. **Sales Effects:**

- **Metrics:**
    - **Sales Data:**Analyze historical sales data to identify trends and patterns.
    - **Correlation Analysis:** Examine the correlation between advertising campaigns and sales performance.
    - **Market Share:** Assess changes in market share following advertising efforts.
- **Methodology:**
    - Collect and analyze historical sales data.
    - Use statistical methods to identify correlations.
- **Advantages:**
    - Utilizes existing data.
    - Helps identify sales patterns over time.
- **Considerations:**
    - Difficulty in isolating the impact of advertising from other variables.
    - Limited in understanding the causal relationship between advertising and sales.

Experimental Approach:

1. **Communication Effects:**

- **Metrics:**
    - **Pre-Post Surveys:** Conduct surveys before and after exposure to the advertising campaign to measure changes in awareness and attitudes.

    - **Control Group Comparisons:** Compare a group exposed to the ad with a control group that wasn't exposed to assess the specific impact of the ad.
- **Methodology:**
    - Randomized controlled trials (RCTs) or field experiments.
    - Use experimental and control groups for more accurate comparisons.
- **Advantages:**
    - Allows for the isolation of the impact of the advertising campaign.
    - Provides more robust evidence of the causal relationship.
- **Considerations:**
    - Requires careful experimental design.
    - May not capture long-term effects.

2. **Sales Effects:**
- **Metrics:**
    - **Experimental and Control Groups:** Compare sales performance between groups exposed and not exposed to the advertising.
    - **A/B Testing:** Test different advertising strategies or messages and compare their impact on sales.
- **Methodology:**
    - Randomized controlled trials (RCTs) or A/B testing.
    - Use statistical methods to analyze the differences in sales outcomes.
- **Advantages:**
    - Enables a more accurate assessment of the causal relationship between advertising and sales.
    - Allows for testing different ad strategies to optimize results.
- **Considerations:**
    - External factors may still influence results.
    - Limited in capturing long-term sales effects.

Overall Considerations:

- **Integrated Approach:** Combining both historical and experimental approaches can provide a more comprehensive understanding of advertising effectiveness.
- **Data Quality:** The accuracy and reliability of data are critical for meaningful analysis.
- **Attribution Models:** Consider using attribution models that help attribute sales and communication effects to specific advertising channels or campaigns.
- **Consumer Feedback:** Collecting direct feedback from consumers through surveys, focus groups, or social media can complement quantitative data.
- **Market Conditions:** Understand and account for changes in market conditions that may impact both communication and sales effects.

INTERNET AND INTERACTIVE MEDIA

Online advertising, also called online marketing or Internet advertising or web advertising, is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. Consumers view online advertising as an unwanted distraction with few benefits and have increasingly turned to ad blocking for a variety of reasons.

It includes email marketing, search engine marketing (SEM), social media marketing, many types of display advertising (including web banner advertising), and mobile advertising. Like other advertising media, online advertising frequently involves both a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content. Other potential participants include advertising agencies who help generate and place the ad copy, an ad server which technologically delivers the ad and tracks statistics, and advertising affiliates who do independent promotional work for the advertiser

Internet Advertising The fastest growing media outlet for advertising is the Internet. Compared to spending in other media, the rate of spending for Internet advertising is experiencing tremendous growth. However, total spending for Internet advertising remains relatively small compared to other media. Yet, while Internet advertising is still a small player, its influence continues to expand and each year more major marketers shift a larger portion of their promotional budget to this medium. Two key reasons for this shift rest with the Internet's ability to

: 1) narrowly target an advertising message and,

2) track user response to the advertiser's message.

The Internet offers many advertising options with messages delivered through websites or by email.

➢➢ Website Advertising - Advertising tied to a user's visit to a website accounts for the largest spending on Internet advertising. For marketers, website advertising offers many options in terms of:

λ Creative Types – Internet advertising allows for a large variety of creative types including text-only, image-only, multimedia (e.g., video) and advanced interactive (e.g., advertisement in the form of online games).

λ Size – In addition to a large number of creative types, Internet advertisements can be delivered in a number of different sizes (measured in screen pixels) ranging from full screen to small square ads that are only a few pixels in size. The most popular Internet ad sizes include banner ads (468 x 60 pixels), leader board (728 x 90 pixels) and skyscraper (160 x 600 pixels).

λ Placement – The delivery of an Internet advertisement can occur in many ways including fixed placement in a certain website location (e.g., top of page), processed placement where the ad is delivered based on user characteristics (e.g., entry of words in a search box, recognition of user via Internet tracking cookies), or on a separate webpage where the user may not see the ad until they leave a site or close their browser (e.g., pop-under).

λ Delivery – When it comes to placing advertisements on websites marketers can, in some cases, negotiate with websites directly to place an ad on the site or marketers can place ads via a third-party advertising network, which has agreements to place ads on a large number of partner websites.

➢➢ Email Advertising – Using email to deliver an advertisement affords marketers the advantage of low distribution cost and potentially high reach. In situations where the marketer possesses a highly targeted list, response rates to email advertisements may be quite high. This is especially true if those on the list have agreed to receive email, a process known as "opt-in" marketing. Email advertisement can take the form of a regular email message or be presented within the context of more detailed content, such as an electronic newsletter. Delivery to a user's email address can be viewed as either plain text or can look more like a website using web coding (i.e., HTML). However, as most people are aware, there is significant downside to email advertising due to highly publicized issues related to abuse (i.e., spam).

Direct Mail This method of advertising uses postal and other delivery services to ship advertising materials, including postcards, letters, brochures, catalogs and flyers, to a physical address of targeted customers. Direct mail is most effective when it is designed in a way that makes

it appear to be special to the customer. For instance, a marketer using direct mail can personalize mailings by including a message recipient's name on the address label or by inserting their name within the content of marketer's message. Direct mail can be a very cost-effective method of advertising, especially if mailings contain printed material. This is due to cost advantages obtained by printing in high volume since the majority of printing costs are realized when a printing machine is initially setup to run a print job and not the because of the quantity of material printed. Consequently, the total cost of printing 50,000 postcards is only slightly higher than printing 20,000 postcards but when the total cost is divided by the number of cards printed the cost per-card drops dramatically as more pieces are printed. Obviously there are other costs involved in direct mail, primarily postage expense. While direct mail can be seen as offering the benefit of a low cost-per-contact, the actual cost-per-impression can be quite high as large numbers of customers may discard the mailing before reading. This has led many to refer to direct mail as "junk mail" and due to the name some marketers view the approach as ineffective. However, direct mail, when well-targeted, can be an extremely effective promotional tool.

Copy testing is a research method used in advertising and marketing to assess the effectiveness of advertising copy or creative content before it is fully deployed to a wider audience. The process involves presenting the target audience with the advertising material, such as print ads, TV commercials, online content, or other promotional materials, and collecting feedback to evaluate its impact and potential success.
Importance of Copy Testing:

1. **Audience Receptiveness:**

    - Copy testing helps gauge how well the target audience responds to the advertising message. It provides insights into whether the content is engaging, resonates with the audience, and captures attention effectively.

2. **Message Clarity:**

    - Ensures that the intended message is clear and easily understood. Copy testing helps identify any potential confusion or misinterpretation of the advertising copy, allowing for adjustments before launch.

3. **Brand Perception:**

    - Assesses the impact of the advertising on brand perception. It helps determine whether the message aligns with the brand identity and values and whether it enhances or detracts from the overall brand image.

4. **Effectiveness of Creative Elements:**

- Evaluates the effectiveness of visual and creative elements, including imagery, design, and layout. This ensures that the visual components of the advertising support and reinforce the intended message.

5. **Emotional Resonance:**

    - Measures the emotional impact of the advertising on the audience. Understanding how the content evokes emotions is crucial, as emotional connections can significantly influence consumer behavior and brand recall.

6. **Identification of Weaknesses:**

    - Identifies potential weaknesses or areas of improvement in the advertising copy. This could include issues related to tone, language, cultural sensitivity, or any elements that might hinder the message's effectiveness.

7. **Optimizing Media Spend:**

    - **Copy testing helps advertisers make informed decisions about where to allocate their media budget. By identifying the most effective elements of the campaign, it allows for optimization of resources for maximum impact.**

8. **Reducing Risks:**

    - Minimizes the risk of investing in advertising campaigns that may not resonate with the target audience. Copy testing allows advertisers to make data-driven decisions, reducing the likelihood of unsuccessful campaigns.

9. **Preventing Negative Reactions:**

    - Helps identify potential issues that could lead to negative reactions or backlash from the audience. This proactive approach allows advertisers to address concerns before the campaign is launched widely.

10. **Continuous Improvement:**

    - Copy testing is not just a one-time activity; it can be part of a continuous improvement process. Advertisers can use feedback from copy testing to refine and enhance future campaigns, ensuring ongoing effectiveness.

Methods of coping Testing

1. **Pre-testing Surveys:**

    - Conducting surveys before the official launch of the campaign allows advertisers to gather feedback on various elements of the advertising copy. This can include perceptions of clarity, relevance, and appeal. Surveys can be administered online, by phone, or in person.

2. **Focus Groups:**

- Bringing together a small group of individuals representative of the target audience allows advertisers to observe reactions and gather qualitative feedback. Focus groups can provide insights into emotional responses, perceptions, and potential areas for improvement.

3. **In-Depth Interviews:**

   - One-on-one interviews with individuals from the target audience can offer a deeper understanding of their reactions and opinions. This method allows for more in-depth exploration of specific issues and can be especially useful for complex or niche products.

4. **Eye Tracking:**

   - Eye-tracking technology measures the visual attention of individuals as they view advertising materials. It helps identify which elements attract the most attention and the order in which viewers focus on different parts of the copy.

5. **Biometric Measurement:**

   - Biometric tools, such as heart rate monitors and skin conductance sensors, can provide physiological data related to emotional responses. This method helps gauge the emotional impact of the advertising copy on viewers.

6. **Online Analytics:**

   - Utilizing online analytics tools can provide quantitative data on user interactions with digital advertising content. This includes metrics such as click-through rates, time spent on the content, and engagement levels.

7. **A/B Testing:**

   - A/B testing involves presenting two or more versions of an advertisement to different segments of the audience and comparing their performance. This method helps identify the most effective elements, whether it's the headline, visuals, or messaging.

8. **Memory and Recall Tests:**

   - Assessing the audience's memory and recall of key elements from the advertising copy helps measure its memorability. This can be done through follow-up surveys or interviews after exposure to the material.

9. **Social Media Listening:**

   - Monitoring social media platforms for mentions, comments, and sentiment related to the advertising campaign provides real-time feedback. Social media listening tools help gauge public opinion and identify any issues that need attention.

10. **Ad Tracking Studies:**

    - Longitudinal studies track the performance of an advertising campaign over time. Ad tracking involves collecting data at multiple points during and after the campaign to assess changes in brand awareness, perception, and other key metrics.

11. **Neuromarketing:**

    - Using neuroscience techniques, such as EEG (electroencephalography) and fMRI (functional magnetic resonance imaging), to measure brain activity in response to advertising stimuli. This provides insights into subconscious reactions and emotional engagement.

12. **Concept Testing:**

    - Before finalizing the complete advertising copy, advertisers can test concept elements, such as headlines, visuals, and taglines, to gauge initial reactions and make refinements.

PACT PRINCIPLES

The PACT principles in the context of copy testing refer to a set of criteria used to evaluate and assess the effectiveness of advertising copy. PACT stands for Persuasion, Attention, Communication, and Transformation. Advertisers and marketers use these principles as a framework to analyze and improve their advertising materials. Let's explore each of the PACT principles and the criteria associated with copy testing:

1. Persuasion:

- **Criteria:**
    - **Message Effectiveness:** Evaluate how well the advertising copy communicates the intended message. Assess whether the message is clear, compelling, and likely to persuade the target audience.
    - **Brand Alignment:** Check if the advertising material aligns with the brand's values, positioning, and overall identity. Consistency in messaging contributes to brand trust and recognition.
    - **Call to Action (CTA):** Assess the effectiveness of the call to action. A strong CTA should encourage the audience to take a specific and desired action, such as making a purchase or visiting a website.

2. Attention:

- **Criteria:**

    - **Visual Appeal:** Evaluate the visual elements of the advertising copy, including design, layout, and imagery. Eye-catching visuals are essential for grabbing and maintaining the audience's attention.
    - **Headline Effectiveness:** Assess the impact of the headline or tagline. A compelling and relevant headline is crucial for capturing attention and conveying the main message quickly.
    - **Creativity:** Consider the overall creativity of the advertising material. Creative and innovative content is more likely to stand out and be memorable.

3. Communication:

- **Criteria:**
    - **Clarity:** Assess how clearly the advertising copy communicates its message. Ambiguity or confusion can lead to a loss of interest or misunderstanding.
    - **Relevance:** Evaluate the relevance of the message to the target audience. The content should resonate with the audience's needs, interests, and preferences.
    - **Tone and Style:** Consider the tone and style of the copy. It should be consistent with the brand personality and appealing to the intended audience.

4. Transformation:

- **Criteria:**
    - **Emotional Impact:** Assess the emotional impact of the advertising copy. Emotional connections can lead to better brand recall and positive associations.
    - **Behavioral Impact:** Evaluate whether the advertising material is likely to influence the audience's behavior. This could include purchasing decisions, brand loyalty, or other desired actions.
    - **Memorability:** Consider how memorable the advertising copy is. A memorable message is more likely to leave a lasting impression on the audience.

Copy Testing Criteria (Additional):

- **Brand Recall:** Test the audience's ability to recall and recognize the brand after exposure to the advertising material.
- **Engagement Metrics:** Use quantitative measures such as click-through rates, likes, shares, and comments to gauge audience engagement with digital advertising.
- **Message Reception:** Evaluate how well the audience receives and understands the key message of the advertising copy.

- **Competitive Benchmarking:** Compare the advertising copy against competitors to ensure it stands out and offers a unique value proposition.

CHAPTER III INTRODUCTION TO RETAILING

World of Retailing:

Retailing is a global, high-tech industry that plays a major role in the global economy. About one in five U.S. workers is employed by retailers. Increasingly, retailers are selling their products and services through more than one channel—such as stores, Internet, and catalogs. Firms selling services to consumers, such as dry cleaning and automobile repairs, are also retailers.

Retail management: The various processes which help the customers to procure the desired merchandise from the retail stores for their end use refer to retail management. Retail management includes all the steps required to bring the customers into the store and fulfil their buying needs. Retail management makes shopping a pleasurable experience and ensures the customers leave the store with a smile. In simpler words, retail management helps customers shop without any difficulty.

What is retailing?

Most common form of doing business It consists of selling merchandise from a permanent location (a retail store) in small quantities directly to the consumers. These consumers may be individual buyers or corporate. Retailer purchases goods or merchandise in bulk from manufacturers directly and then sells in small quantities Shops may be located in residential areas, colony streets, community centres or in modern shopping arcades/ malls. Meaning of Retailing: According to Kotler: ´Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business uses.

Characteristics of Retailing:

1. Direct interaction with customers/end customers.

2. Sale volume large in quantities but less in monetary value

3. Customer service plays a vital role

4. Sales promotions are offered at this point only

5. Retail outlets are more than any other form of business

6. Location and layout are critical factors in retail business.

7. It offers employment opportunity to all age

Types of Retailers:

Store Retailing by Store based Strategy Food Retailers

1. Departmentalstores.

2. Convenience Store.

3. Full Line Discount.

4. Conventional Supermarket.

5. Specialty Stores

6. Food Based Superstore

7. Off Price Retailer.

8. Combination Store

. 9. Variety Store.

10. Super Centres

11. Flea Market.

12. Hypermarket

13. Factory Outlet.

14. Limited Line Stores.

15. Membership Club.

1. Department Store Department stores are large retailers that carry wide breadth and depth of products. They offer more customer service than their general merchandise competitors. Department storesare named because they are organized by departments such as juniors, men‘s wear, female wear etc. Each department is act as —

ministore‖. Means the each department is allocated the sales space, manager and sales personnel that they pay an attention to the department. IMC programme for each department is different and particular. Department store utilizes various sources for marketing communication. Due to overstoring most of the budget are spending on advertising, couponing and discounts. Unfortunately the use of coupons diminishes profits and creates a situation where consumer does not buy unless they receive some type of discount.

2) Convenience stores: Convenience stores are located in areas that are easily accessible to customers. Convenience store carry limited assortment of products and are housed in small facilities. The major seller in convenience stores is convenience goods and non alcoholic beverages. The strategy of convenience stores employ is fast shopping, consumer can go into a convenience stores pick out what they want, and check out relatively short time. Due to the high sales, convenience store receives products almost daily. Because convenience store don‘t have the luxury of high volume purchase.

3) Full line Discount Stores It conveys the image of a high volume, low cost, fast turnover outlet selling a broad merchandise assortment for less than conventional prices. It is more to carry the range of products line expected at department stores, including consumer electronics, furniture and appliances. There is also greater emphasis on such items as auto accessories, gardening equipment, and house wares. Customer services are not provided

within stores but at centralized area. Products are sold via self service. Less fashion sensitive merchandise is carried.

4) Specialty Store: Specialty store carry a limited number of product within one or few lines of goods and services. They are named because they specialize in one type of product. Such as apparel and complementary merchandise. Specialty store utilizes a market segmentation strategy rather than typical mass marketing strategy when trying to attract customers. Specialty retailers tend to specialize in apparel, shoes, toys, books, auto supplies, jewellery and sporting goods. In recent years, specialty stores have seen the emergence of the category killer. Category killers (sometimes called power retailer or category specialty) are generally discount specialty stores that offer a deep assortment of merchandise in a particular category.

5) Off-price Retailers Off price retailers resemble discount retailers in that they sell brand name merchandise at everyday low prices. Off price retailers rarely offer many services to customers. The key strategy of off price retailers is to carry the same type of merchandise as traditional department stores but offer prices that can be 40 to 60 percent lower. To able to offer the low prices, off price retailers develop special relationship with their suppliers for large quantity of merchandise. Inventory turnover is the key factor of successful off price retailing business. In addition to purchasing close outs and cancel orders, off price retailers negotiate with manufacturer to discount order off merchandise that is out of seasons or to prepay for items to be manufactured thus reducing the price of buying items. E.g. there are many types of off price retailers, including outlet store, Manufacturers department store or even specialty store chains can be an off-price retailer.

6) Variety Store Variety store offer deep assortment of inexpensive and popular goods like stationary, gift items, women‘s accessories, house wares etc.They are also called 5 to 10 percent store because the merchandise in such stores, used to cost much.

7) Flea Market Flea market is a literal transaction of the French aux puces, in outdoor bazaars in Paris. A flea market is the outdoor or indoor facility that rent out space to vendors who offer merchandise, services and other goods that satisfy the legitimate needs of customers. Flea market provides opportunity for entrepreneur to start business at low price. A flea market consist of many retail vendors offering a variety of products at discount price at places where there is high concentration of people. On specific market days they assemble for exchange of goods and services.

8. Factory Outlets Factory outlets are manufacturer owned stores selling manufacturers closeouts, discontinued merchandise, irregulars, cancelled orders, and sometimes in seasons, first quality merchandise.

9) Membership Clubs A membership club appeals to price conscious consumers, who must be a member of shop there. It breaks the line between wholesale ling and retailing. Some members of typical club are small business owners and employee who pay a nominal annual fee and buy merchandise at wholesale prices; these customers make purchase for use in operating their firm or for personal use. They yield 60% of total club sale. The bulk members are final consumers who buy exclusively for their own use; they represent 40 %of overall sales.

10. Conventional supermarket. Conventional supermarket is essentially large departmental stores that specialize in food. According to the food marketing institute, a conventional supermarket is a self service food store that generates an annual sales volume of $2 million or more. These stores generally carry groceries, meat and produce products. A conventional food store carries very little general merchandise

11. Food Based Superstore One of the biggest trends over the past twenty years in food retailing has been the development of superstore. Superstores are food based retaliates that are larger than the traditional supermarket and carry expanded service daily, bakery, seafood and non food sections. Supermarket varies in size but can be as large as 150000 sq ft. Like combination stores food based superstore are efficient, offer people a degree of one stop shopping stimulate impulse purchase and feature high profit general merchandise.

12. Combination Store Because shoppers have been demanding more convenience in their shopping experience, a new type of food retailers has been emerging. This type of retailer combines food items and non food items to create one stop experience for the customer. Combination stores are popular for the following reasons. They are very large from the 30000 to 100000 or more sq ft. this leads to operating efficiencies and cost savings. Consumer like one stop shopping and will travel further to get to the store. Impulse sales are high.

13. Super Centres and Hypermarkets Super centre is a combination of a superstore and discount store. Supercenter developed based on the European Hypermarkets, an extremely large retailing facility that offers many types of product in addition to foods. In supercentre more than 40 percent of sales come from non food items. Super Centre is fastest growing retail category and encompasses as much as sales. Wal-Mart is category leader with 74 percent share of super centre retail share.

14. Warehouse Clubs and Stores. Warehouse clubs and stores were developed to satisfy customers who want to low prices every day and are willing to give up services needs. These retailers offer a limited assortment of goods and services, both food and general merchandise, to both end users and midsize businesses. The stores are very large and are located in the lower rent areas of cities to keep their overhead low cost low. Generally, warehouse clubs offer varying types of merchandise because they purchase product that manufactures have discounted for variety of reasons. Warehouse clubs rely on fast moving, high turnover merchandise. One benefits of this arrangement is that the stores purchase the merchandise from the manufacture and sell it prior to actually having to pay the manufacturer.

15. Limited Line Stores Limited line store also known as box stores or limited assortment stores, represent a relatively small number of food retail stores in the United States. Limited line store are food discounters that offer a small selections of products at lows prices. They are no frills stores that sell products out of boxes or shippers. Limited line stores rarely carry any refrigerated items and are often cash and carry, accepting no checks or purchase bags from the retailers. In limited line store, the strategy is to price products at least 20 percent below similar products at conventional supermarkets.

Multichannel Retailing: Multi channel retailers are defined as those who browse or purchase through more than one channel (retail store, catalog, Internet) The emergence of multiple channels, especially the internet as a strong channel for shopping, has been a real empowerment for the customer today. The customer is option rich, time and attention poor and fully aware of the choices that he or she has access to in the market. Multichannel retailing helps deliver a superior shopping experience by synchronizing customer touch points and leveraging channel capabilities. The broad trends that we have been seeing in the industry that will have a positive impact on Multi channel retail are:

• Customers that use the online channel in addition to traditional store based retailing has grown by 20-30% year over year • Internet influenced offline spending has grown significantly over the past few years • Cross-channel customers are younger and wealthier • Customers spend more at the store (about $150) when buying a product after performing their research online; increasing the retailer's share of the customer wallet

a) Store channel: Store-Based Sellers – By far the predominant method consumers use to obtain products is to acquire these by physically visiting retail outlets (a.k.a. brick-and-mortar). Store outlets can be further divided into several categories. One key characteristic that distinguishes categories is whether retail outlets are physically connected to one or more others stores:

�Stand-Alone – These are retail outlets that do not have other retail outlets connected.

� Strip-Shopping Centre – A retail arrangement with two or more outlets physically connected or that share physical resources (e.g., share parking lot)

�Shopping Area – A local centre of retail operations containing many retail outlets that may or may not be physically connected but are in close proximity to each other such as a city shopping district. Regional Shopping Mall – Consists of a large self-contained shopping area With many connected outlets

b) Catalog channel: The consumer selects the goods he/she wants to purchase from an online catalog. This catalog may be hosted either on the SAP Marketplace or on the retailer's Web site. Once the order is complete, the customer confirms it and notes the order number. The order is then transferred to the retailer's SAP System, the necessary materials are reserved, the internal order is triggered, and the goods are sent off and delivered by a service partner. Using the confirmed order number, the customer can check the status of the shipment at any time on the Internet. Once the goods have been shipped and the customer has received them, the goods receipt is confirmed and based on this, billing then takes place

c) Internet channel When a firm uses its website to offer products for sale and then individuals or organisations use their computers to make purchases from this company, the parties have engaged in electronic transactions (also called on line selling or internet marketing). Many electronic transactions involve two businesses which focus on sales by firms to ultimate consumers. Thus online retailing is one which consists of electronic transactions in which the purchasers' an ultimate consumer

Customer buying behaviour:

The buying Process: 1.

Need recognition / Problem recognition: The need recognition is the first and most important step in the buying process. If there is no need, there is no purchase. This recognition happens when there is a lag between the consumer's actual situation and the ideal and desired one However, not all the needs end up as a buying behaviour. It requires that the lag between the two situations is quite important. But the —way‖ (product price, ease of acquisition, etc.) to obtain this ideal situation has to be perceived as —acceptable‖ by the consumer based on the level of importance he attributes to the need.

2. Information search Once the need is identified, it's time for the consumer to seek information about possible solutions to the problem. He will search more or less information depending on the complexity of the choices to be made but also his level of involvement. (Buying pasta requires little information and involves fewer consumers than buying a car.)

Then the consumer will seek to make his opinion to guide his choice and his decision-making process with:

Internal information: this information is already present in the consumer's memory. It comes from previous experiences he had with a product or brand and the opinion he may have of the brand.

Internal information is sufficient for the purchasing of everyday products that the consumer knows – including Fast-Moving Consumer Goods (FMCG) or Consumer Packaged Goods (CPG). But when it comes to a major purchase with a level of uncertainty or stronger involvement and the consumer does not have enough information, he must turns to another source

: External information: This is information on a product or brand received from and obtained by friends or family, by reviews from other consumers or from the press. Not to mention, of course, official business sources such as an advertising or a seller's speech.

3. Alternative evaluation Once the information collected, the consumer will be able to evaluate the different alternatives that offer to him

, evaluate the most suitable to his needs and choose the one he think it's best for him. In order to do so, he will evaluate their attributes on two aspects. The objective characteristics (such as the features and functionality of the product) but also subjective (perception and perceived value of the brand by the consumer or its reputation).

Each consumer does not attribute the same importance to each attribute for his decision and his Consumer Buying Decision Process. And it varies from one shopper to another. Mr. Smith may prefer a product for the reputation of the brand X rather than a little more powerful but less known product. While Mrs. Johnson has a very bad perception of that same brand. The consumer will then use the information previously collected and his perception or image of a brand to establish a set of evaluation criteria, desirable or wanted features, classify the different products available and evaluate which alternative has the most chance to satisfy him

4. Purchase decision Now that the consumer has evaluated the different solutions and products available for respond to his need, he will be able to choose the product or brand that seems most appropriate to his needs. Then proceed to the actual purchase itself. His decision will depend on the information and the selection made in the previous step based on the perceived value, product's features and capabilities that are important to him

5. Post-purchase behaviour Once the product is purchased and used, the consumer will evaluate the adequacy with his original needs (those who caused the buying behaviour). And whether he has made the right choice in buying this product or not. He will feel either a sense of satisfaction for the product (and the choice). Or, on the contrary, a disappointment if the product has fallen far short of expectations.An opinion that will influence his future decisions and buying behaviour. If the product has brought satisfaction to the consumer, he will then minimize stages of information search and alternative evaluation for his next purchases in order to buy the same brand. This will produce customer loyalty.

Retail firms can be classified based on various criteria, including legal form, operational structure, merchandise range, degree of services, pricing policy, location, and size of the outlet. Here's an overview of each classification:

1. Legal Form:

- **Sole Proprietorship:** Owned and operated by a single individual. The owner has complete control and is personally responsible for the business.
- **Partnership:** Owned and operated by two or more individuals who share responsibilities and profits.
- **Corporation:** A separate legal entity with shareholders, offering limited liability. Managed by a board of directors.

2. Operational Structure:

- **Independent Retailers:** Standalone businesses not affiliated with larger retail chains.
- **Franchise Retailers:** Independent businesses operating under the brand and guidelines of a larger franchisor.
- **Chain Stores:** Multiple outlets owned and operated by a single company, often with centralized management.

3. Merchandise Range:

- **Department Stores:** Large retailers offering a wide range of products in various departments.
- **Specialty Stores:** Focus on a specific product category or niche.
- **Supermarkets:** Primarily sell groceries and household items.

- **Hypermarkets:** Larger than supermarkets, offering a broader range of products, including clothing, electronics, and more.

4. Degree of Services:

- **Full-Service Retailers:** Provide a high level of customer assistance and services.
- **Self-Service Retailers:** Customers serve themselves, and minimal assistance is provided.
- **Automated Service Retailers:** Rely heavily on technology for customer service, such as online retail platforms.

5. Pricing Policy:

- **Discount Retailers:** Offer products at lower prices, often with a focus on cost-cutting measures.
- **Premium or Luxury Retailers:** Emphasize high-quality products and services, typically with higher price points.
- **Value-Based Retailers:** Focus on providing a balance between quality and price.

6. Location:

- **Brick-and-Mortar Stores:** Physical retail locations with a physical presence.
- **E-commerce Retailers:** Conduct business primarily online.
- **Omni-channel Retailers:** Utilize both physical stores and online platforms for a seamless customer experience.

7. Size of Outlet:

- **Small Independent Retailers:** Single-location stores with limited square footage.
- **Large Format Stores:** Spacious stores often associated with selling in bulk.
- **Pop-up Shops:** Temporary retail spaces established for a short period.

8. Ownership and Membership:

- **Cooperative Retailers:** Owned and controlled by a group of members (e.g., consumers or small retailers).
- **Publicly Owned Retailers:** Owned by shareholders who can buy and sell shares in the company.
- **Privately Owned Retailers:** Owned by individuals, families, or private equity firms

FDI in Retail:FDI in retail industry means that foreign companies in certain categories can sell products through their own retail shop in the country. At present, foreign direct investment (FDI) in pure retailing is not permitted under Indian law.

Government of India has allowed FDI in retail of specific brand of products. Following this, foreign companies in certain categories can sell products through their own retail shops in the country. India's retail industry is estimated to be worth approximately US$411.28 billion and is still growing, expected to reach US$804.06 billion in 2015

. As part of the economic liberalization process set in place by

the Industrial Policy of 1991, the Indian government has opened the retail sector to FDI slowly through a series of

steps: 1995: World Trade Organization's General Agreement on Trade in Services, which includes both wholesale and retailing services, came into effect.

1997: FDI in cash and carry (wholesale) with 100% rights allowed under the government approval route.

2006: FDI in cash and carry (wholesale) brought under the automatic route. Up to 51 percent investment in a single-brand retail outlet permitted.

2011: 100% FDI in single brand retail permitted. The Indian government removed the 51 percent cap on FDI into single-brand retail outlets in

December 2011,and opened the market fully to foreign investors by permitting 100 percent foreign investment in this area.

Government has also made some, albeit limited, progress in allowing multi-brand retailing, which has so far been prohibited in India. At present, this is restricted to 49 percent foreign equity participation. The spectre of large supermarket brands displacing traditional Indian mom-and-pop stores is a hot political issue in India, and the progress and development of the newly liberalized single-brand retail industry will be watched with some keen eyes as concerns further possible liberalization in the multi-brand sector.

FDI IN SINGLE-BRAND RETAIL While the precise meaning of single-brand retail has not been clearly defined in any Indian government circular or notification, single-brand retail generally refers to the selling of goods under a single brand name.

Up to 100 percent FDI is permissible in single-brand retail, subject to the Foreign Investment Promotion Board (FIPB) sanctions and conditions mentioned in press Note. These conditions stipulate that: Only single-brand products are sold (i.e. sale of multi-brand goods is not allowed, even if produced by the same manufacturer).Products are sold under the same brand internationally

Single-brand products include only those identified during manufacturing. Any additional product categories to be sold under single-brand retail must first receive additional government approval FDI in single-brand retail implies that a retail store with foreign investment can only sell one brand. For example, if Adidas were to obtain permission to retail its flagship brand in India, those retail outlets could only sell products under the Adidas brand. For Adidas to sell products under the Reebok brand, which it owns, separate government permission is required and (if permission is granted) Reebok products must then be sold in separate retail outlet.

FDI IN —MULTI-BRAND‖ RETAIL While the government of India has also not clearly defined the term —multi-brand retail,‖ FDI in multi-brand retail generally refers to selling multiple brands under one roof. Currently, this sector is limited to a maximum of 49 percent foreign equity participation. These are positive steps and it will encourage international brands to set up shop in India. On the other hand, this will also lead to competition among Indian players. It will be the consumers who stand to gain,'' This would not change the market dynamics immediately as it will take some time for these plans to fructify

Indian retailing

1. Global economic slowdown impacting consumer demand

The current contraction in overall growth has not been so severe ever since the one witnessed during World War II. The sub prime-triggered crisis in the US during end of 2007 gradually spread across other parts of the world; as a the fallout of this crisis, credit availability dropped sharply in advanced economies and their GDP growth contracted incessantly during the last quarter of 2008. the financial crisis continued to trouble advanced and developing economies in spite of policymakers‘ attempts to replenish liquidity in these markets. Many financial institutions collapsed and filed for bankruptcy, as the situation got from bad to worse. Many banks/institutions made massive write-downs following this turn of events. During 2007-10, the write-downs on global exposures are expected to be worth US$ 4 trillion while the write downs on the US-originated assets alone are likely to be worth US$ 2.7 trillion11. Such massive write-down will affect the financial system to a grave extent, as it is likely to further strain banks‘ funding capabilities. Already these write-downs are turning into a major challenge for banks/financial institutions because of solvency issues, and deepening risk of failure of banks/ financial institutions. Failure of the US investment bank Lehman Brothers, for instance, has had an enormous impact on the overall global financial system, and has consequently shaken the confidence of banks, investors, households etc.

2. Consumption declines in the advanced economies Private consumption expenditure is an important indicator of overall economic growth. In the last couple of quarters, the decline in consumption has further affected the global economic downturn. Moreover, widespread financial crisis severely hit credit availability and household disposable income. For instance, US households lost 20% (US$ 13 trillion)14 of their net worth as a percentage of disposable income from the second quarter of 2007 to the fourth quarter of 2008. The stock prices across the world started falling during the second quarter of 2007 and continued its losses throughout 2008; the global stock market lost between 40-60% in dollar terms that translated to a huge loss of global wealth in 2008. The personal disposable income (at current prices) in the US registered negative growth (3.9% and 2.1%) during the last two quarters of 2008, respectively. The consumer demand situation was aggravated further by reduced capital availability and consequent fall in investments

3. Competition from the unorganised sector Organised retailers face immense competition from the unorganised retailers or kirana stores (mom-and-pop stores) that generally cater to the customers within their neighbourhood. The unorganised retail sector constitutes over 94% of India's total retail sector and thus, poses a serious hurdle for organised retailers. If put numerically, the organised retailers are facing stiff competition from over 13 million kirana stores that offer personalised services such as direct credit to customers, free home delivery services, APART from the loyalty benefits. During the current economic slowdown, the traditional kirana stores adopted various measures to retain their customers, which directly affected organised retailers. Generally, it has been observed that customers shop impulsively and end up spending more than what they need at organised retail outlets; however, in kirana stores, they stick to their needs because of the limited variety. During a downturn, many customers may not like to spend more as is evident from the past few months' trend that shoppers are increasingly switching from organised retail stores to kiranas

4. Retail sector yet to be recognised as an industry The retail sector is not recognised as an industry by the government even though it is the second-largest employer after agriculture. Lack of recognition as an industry affects the retail sector in the following ways:

• Due to the lack of established lending norms and consequent delay in financing activity, the existing and new players have lesser access to credit, which affects their growth and expansion plans

• The absence of a single nodal agency leads to chaos, as retailers have to oblige to multiple authorities to get clearances and for regular operations

5. High real-estate costs Even though the real estate prices have subsided recently due to the slowdown in economies and the financial crises, these prices are expected to go up again in the near future. Presently the sector faces high stamp duties, pro-tenancy acts, the rigid Urban Land Ceiling Act and the Rent Control Act and time-consuming legal processes, which causes delays in opening stores.

Earlier on the lease or rents on properties were very high (among the highest in the world) at some prominent locations in major cities. The profitability of retail companies were affected severely because real costs constituted a major part of their operating expenses. Now companies are moving out from prominent malls of tier I cities and are re-negotiating the rental agreements with landlords to reduce costs. Some are even focussing on setting up shops in tier II and tier III cities

6. Lack of basic infrastructure Poor roads and lack of cold chain infrastructure hampers the development of food retail in India. The existing players have to invest substantial amounts of money and time in building a cold-chain network.

7. Supply-chain inefficiencies Supply chain needs to be efficiently-managed because it has a direct impact on the company's bottom lines. Presently the Indian organised retail has an efficient supply chain but it appears efficient only when compared with the unorganised sector. On an international level the Indian organised retailers fall short of international retailers like Wal-Mart and Carrefour in terms of efficiencies in supply chain. In the following

paragraphs some key challenges that the retailers face during procuring goods from suppliers to delivering the same to end-customers are discussed.

8. Challenges with respect to human resources The Indian organised retail players shell out more than 7% of sales towards personnel costs. The high HR costs are essentially the costs incurred on training employees as there is a severe scarcity for skilled labour in India. The retail industry faces attrition rates as high as 50%, which is high when compared to other sectors also. Changes in career path, employee benefits offered by competitors of similar industries, flexible and better working hours and conditions contribute to the high attrition.

9. Shrinkage Retail shrinkage is the difference between the book value of stock and the actual stock or the unaccounted loss of retail goods. These losses include theft by employees, administrative errors, shoplifting by customers or vendor fraud. According to industry estimates, nearly 3- 4% of the Indian chain's turnover is lost on account of shrinkage. The organised industry players have invested IT, CCTV and antennas to overcome the problem of shrinkage.

organized sector

The organized sector refers to that part of the economy where businesses and enterprises operate in a formal and structured manner, following established rules and regulations. In the context of the organized sector in India, this term is commonly used to describe businesses that operate with a formal structure, maintain proper records, adhere to labor laws, and contribute to the overall formalized economy. Here are some key features and aspects of the organized sector:

1. **Formal Structure:** Businesses in the organized sector have a formal and well-defined structure. They often have clear hierarchies, well-defined roles and responsibilities, and follow established business practices.
2. **Legal Compliance:** Entities in the organized sector comply with various legal and regulatory requirements. This includes adherence to labor laws, taxation regulations, environmental standards, and other relevant statutes.
3. **Large-scale Operations:** Many businesses in the organized sector operate on a larger scale compared to their counterparts in the unorganized sector. This can involve having multiple branches or locations.
4. **Modern Management Practices:** The organized sector typically adopts modern management practices. This includes the use of advanced technologies, professional management, and strategic planning.
5. **Standardized Products and Services:** Businesses in the organized sector often offer standardized products and services. There is an emphasis on quality control and consistency across different branches or outlets.

6. **Access to Formal Finance:** Entities in the organized sector usually have better access to formal financial institutions for loans and capital. This enables them to invest in expansion, technology, and other growth initiatives.
7. **Employment Benefits:** Employees working in the organized sector generally receive formal employment contracts and benefits such as Provident Fund (PF), Employee State Insurance (ESI), health insurance, and other perks.
8. **Technology Integration:** The organized sector embraces technology for various aspects of business operations. This includes using digital platforms for marketing, adopting modern communication tools, and implementing advanced manufacturing or service delivery processes.
9. **Branding and Marketing:** Many businesses in the organized sector invest in branding and marketing activities to create a distinct identity in the market. This includes advertising campaigns, promotions, and brand building.
10. **Global Presence:** Some entities in the organized sector may have a global presence, participating in international trade and expanding their operations beyond national borders.

Examples of the organized sector in India include large corporations in various industries such as manufacturing, information technology, telecommunications, banking, and organized retail chains like Reliance Retail, Tata Group, Infosys, and HDFC Bank. These entities contribute significantly to the formal economy and play a vital role in the country's economic development.

Unorganized Sector:

The unorganized sector refers to that part of the economy where economic activities and businesses operate on a small scale and often lack formal structure and regulatory compliance. Enterprises in the unorganized sector are typically characterized by informal practices, limited access to formal financial institutions, and a lack of adherence to standardized business processes. Here are some key features and aspects of the unorganized sector

1. **Informal Structure:** Operates with a less formalized structure, often as individual or family-run businesses.
2. **Traditional Formats:** Includes kirana stores (mom-and-pop stores), street markets, and local neighborhood shops.
3. **Non-Branded Products:** Offers a mix of branded and unbranded products, often catering to the immediate needs of the local community.
4. **Limited Technology Use:** Relies on traditional methods of inventory management and may have limited technology integration.
5. **Small Retailers:** Dominated by small, independent retailers, local shops, and street vendors.

6. **Informal Employment:** Often involves family members and informal employment arrangements.

Examples:

1. **NeighborhoodKirana Stores:**
    - **Format:** Small neighborhood convenience stores that offer a variety of daily-use products.
    - **Personalized Service:** Known for personalized service and catering to the specific needs of local residents.
2. **Street Markets (e.g., Sarojini Nagar Market, Delhi):**
    - **Format:** Local markets and bazaars where multiple small vendors gather to sell goods.
    - **Diversity:** Known for a diverse range of products and bargaining culture.
3. **Local Electronics Shops:**
    - **Format:** Independent stores specializing in electronics and gadgets.
    - **Local Presence:** Often found in local markets and residential areas.

Organized retailing, when encouraged, can have several positive impacts on various aspects of the economy, including the food processing industry, employment opportunities, product quality, and social infrastructure. Here are some of the benefits associated with the encouragement of organized retailing:

1. Encouragement of the Food Processing Industry:

a. **Market Expansion:**

- Organized retail provides a broader and more organized market for food processors. This encourages the growth of the food processing industry as it allows for a wider distribution of processed food products.

b. **Demand Stimulation:**

- The organized retail sector's demand for processed and packaged foods can stimulate the food processing industry to innovate and diversify its product offerings.

c. **Quality Standards:**

- To meet the requirements of organized retailers, food processors often need to adhere to higher quality and safety standards, promoting better practices within the industry.

2. Employment Opportunities:

a. **Formal Employment:**

- Organized retailing creates formal employment opportunities with defined roles, employment contracts, and often better working conditions compared to the informal sector.

b. **Skill Development:**

- Employees in organized retail may have access to training programs and skill development initiatives, enhancing their professional capabilities.

c. **Career Progression:**

- Larger organized retail chains often provide a structured career path with opportunities for career advancement, contributing to employee satisfaction and loyalty.

3. Good Quality Products:

a. **Quality Assurance:**

- Organized retailers prioritize product quality and consistency, leading to improved standards and quality assurance in the products they offer.

b. **Standardization:**

- The organized retail sector encourages standardization in product offerings, ensuring that consumers receive consistent and reliable quality across different locations.

c. **Compliance with Regulations:**

- To meet the requirements of organized retail, suppliers, including those in the food processing industry, often need to comply with health and safety regulations, contributing to overall product quality.

4. Better Social Infrastructures:

a. **Infrastructure Investment:**

- The growth of organized retail often entails investments in better infrastructure, including modern retail outlets, logistics, and supply chain systems, contributing to overall economic development.

b. **Urban Development:**

- The establishment of organized retail outlets can drive urban development, leading to improved infrastructure, transportation, and services in the surrounding areas.

c. **Community Impact:**

- Organized retail chains may contribute to community development through corporate social responsibility (CSR) initiatives, supporting education, healthcare, and other social causes.

5. Supply Chain Efficiency:

a. **Efficient Distribution:**

- Organized retail encourages the development of efficient supply chains and distribution networks, reducing wastage and ensuring a timely and reliable supply of products.

b. **Inventory Management:**

- The adoption of advanced technologies in organized retail improves inventory management, reducing stockouts and minimizing losses due to perishable goods.

Encouraging organized retailing can lead to a more structured and efficient economy, benefiting various stakeholders, from consumers and businesses to local communities and the government. However, it's important to address challenges related to fair competition, sustainability, and inclusivity to ensure balanced and inclusive growth.

Recent trends in retailing

These trends reflect the ongoing evolution of consumer behavior, technological advancements, and the changing retail landscape.

1. Omni-Channel Retailing:

- **Meaning:** Omni-channel retailing involves seamlessly integrating various channels (online and offline) to provide a unified and consistent shopping experience for consumers. It enables customers to transition between channels, such as physical stores, websites, mobile apps, and social media, without disruptions.

2. Sustainability and Ethical Practices:

- **Meaning:** Consumers are increasingly prioritizing sustainable and ethically produced products. Retailers are responding by adopting eco-friendly practices, sourcing responsibly, and transparently communicating their commitment to sustainability.

3. Social Commerce:

- **Meaning:** Social commerce refers to the integration of e-commerce functionalities into social media platforms. It enables users to discover, share, and purchase products directly within social media environments, blurring the lines between social interaction and online shopping.

4. Augmented Reality (AR) in Retail:

- **Meaning:** Augmented Reality enhances the shopping experience by overlaying digital elements onto the real world. In retail, AR is used for applications such as virtual try-ons, product visualization, and interactive in-store experiences.

5. Direct-to-Consumer (DTC) Retail:

- **Meaning:** Direct-to-Consumer refers to brands selling their products directly to consumers, bypassing traditional intermediaries. This model allows brands to establish a direct relationship with customers, gather data, and maintain greater control over the customer experience.

6. Visual Search:

- **Meaning:** Visual search enables users to search for products using images instead of text. By using images as queries, consumers can find visually similar or related products, enhancing the search and discovery process.

7. Subscription-Based Models:

- **Meaning:** Subscription-based models involve offering products or services on a recurring basis through subscription plans. Retailers are adopting this model to build customer loyalty, provide personalized experiences, and ensure a predictable revenue stream.

8. Contactless and Cashless Transactions:

- **Meaning:** The trend towards contactless and cashless transactions has been accelerated by a focus on health and safety. Retailers are implementing digital payment options and contactless technologies to enhance the speed and security of transactions.

9. Phygital Retail:

- **Meaning:**Phygital retail represents the convergence of physical and digital retail experiences. It involves using technology, such as augmented reality, QR codes, and interactive displays, to enhance the in-store shopping journey.

10. Livestream Shopping:

- **Meaning:**Livestream shopping involves real-time video streaming where hosts showcase and demonstrate products, interact with viewers, and facilitate immediate online purchases. It combines entertainment with e-commerce, creating an interactive shopping experience.

etail formats refer to the specific structure and characteristics of retail establishments, outlining how products are sold to consumers. Traditional retail formats, such as kirana stores and independent stores, are often characterized by their local, small-scale, and personalized nature. Here's a definition of each:

1. Traditional Retail Format:

- **Definition:** Traditional retail formats encompass a variety of local and conventional retail establishments that have been in existence for a significant period. These formats are often deeply rooted in the community and may have a longstanding history.

2. Kirana Store:

- **Definition:** A Kirana store, also known as a neighborhood or corner store, is a small, independent retail outlet that typically operates in local residential areas. The term "kirana" is commonly used in South Asian countries. Kirana stores are characterized by their small size, limited product range, and close proximity to the communities they serve. They often offer a mix of everyday essentials, groceries, and household items.
- **Key Characteristics:**
    - **Proximity:** Located within or near residential areas for convenient access by local residents.
    - **Personalized Service:**Kirana stores often provide personalized service, and the shopkeeper may have a close relationship with regular customers.
    - **Limited Product Range:** Typically offer a limited but essential range of products, focusing on meeting daily needs.
    - **Family-run Businesses:** Many kirana stores are family-run, with family members actively involved in the day-to-day operations.

3. Independent Store:

- **Definition:** An independent store is a retail establishment that operates as a standalone business, separate from larger retail chains or franchises. Independent stores can vary widely in terms of size, product offerings, and target markets.
- **Key Characteristics:**
    - **Autonomous Operation:** Operates independently without being part of a larger retail chain or franchise network.
    - **Diverse Product Range:** The product range in independent stores can be diverse, ranging from specialized goods to general merchandise.
    - **Local Focus:** Often caters to the specific needs and preferences of the local community or target market.
    - **Entrepreneurial Ownership:** Independent stores are often owned and managed by entrepreneurs or small business owners.

These traditional retail formats play a crucial role in providing convenient access to daily necessities for local communities. While larger retail formats and online shopping have gained prominence, traditional retail formats like kirana stores and independent stores continue to thrive due to their localized approach, personalized service, and community engagement.

1. **Size and Space:**
    - Supercenters are typically large, spacious stores that cover a significant retail space. They may have a footprint ranging from tens of thousands to hundreds of thousands of square feet.
2. **Diverse Product Range:**
    - Supercenters offer a diverse range of products, including groceries, fresh produce, apparel, electronics, household goods, furniture, and more. The goal is to provide customers with a comprehensive selection of items under one roof.
3. **Grocery Section:**
    - A significant portion of a supercenter is dedicated to a grocery section, resembling a hypermarket. It includes fresh produce, packaged goods, dairy products, and other grocery essentials.
4. **Non-Grocery Sections:**
    - Beyond groceries, supercenters have non-grocery sections that encompass a wide variety of products. This can include clothing, electronics, home appliances, furniture, toys, and more.
5. **Department Store Features:**
    - Supercenters often incorporate features similar to department stores, organizing products into different departments or sections for easy navigation. Each department may have specialized staff to assist customers.
6. **Discounts and Promotions:**
    - Supercenters frequently offer discounts, promotions, and bundled deals to attract customers and enhance the value proposition. This can include loyalty programs, special sales events, and seasonal promotions.
7. **In-House Brands:**
    - Many supercenters have their own private labels or in-house brands, offering a range of products at different price points. These brands provide exclusivity and may contribute to cost savings.
8. **Services and Amenities:**
    - Supercenters often include additional services and amenities such as in-store cafes, customer service counters, delivery services, and sometimes even entertainment or recreational areas.

9. **Technology Integration:**

    - Modern supercenters leverage technology for various aspects, including inventory management, point-of-sale systems, and online platforms to enhance the overall shopping experience.

10. **Accessibility and Parking:**

    - Supercenters are typically located in easily accessible areas with ample parking space to accommodate a large number of customers.

Examples of Supercenters in India:

1. **Big Bazaar (Future Group):**

    - Big Bazaar, a popular retail chain in India, operates supercenters that offer a wide range of products, including groceries, apparel, electronics, and home goods.

2. **Reliance Fresh & SMART (Reliance Retail):**

    - Reliance Fresh and SMART stores are part of the Reliance Retail chain, providing a comprehensive shopping experience with a focus on fresh produce, groceries, and non-food items.

Supercenters in India play a significant role in the modern retail landscape, catering to the diverse needs of consumers and offering convenience through a broad range of products and services.

The behavior of the organized retail market is influenced by a variety of factors, including consumer trends, economic conditions, technological advancements, and competitive dynamics. Understanding the behavior of the organized retail market involves examining key aspects such as consumer preferences, market structure, growth trends, and the strategies adopted by organized retail players. Here are several factors that contribute to the behavior of the organized retail market:

1. **Consumer Preferences:**

    - **Product Selection:** Organized retailers respond to changing consumer preferences by curating and offering a diverse range of products to meet varying tastes and needs.

    - **Convenience:** Consumer demand for convenience influences the location and layout of organized retail outlets, encouraging the development of easily accessible stores.

    - **Shopping Experience:** Organized retailers focus on creating a positive and efficient shopping experience, leveraging factors such as store ambiance, customer service, and technology.

2. **Economic Conditions:**
    - **Income Levels:** The purchasing power of consumers, influenced by economic conditions, impacts the types of products and brands they choose, influencing the retail market's behavior.
    - **Inflation and Pricing:** Organized retailers may adjust pricing strategies based on inflation rates and economic indicators to remain competitive and maintain customer loyalty.
3. **Technological Advancements:**
    - **E-commerce Integration:** Organized retailers often integrate online platforms to reach a wider audience and provide customers with the convenience of online shopping.
    - **Data Analytics:** Technology enables organized retailers to gather and analyze consumer data for personalized marketing, inventory management, and improving overall operational efficiency.
4. **Competition and Market Structure:**
    - **Market Concentration:** The behavior of the organized retail market is influenced by the degree of market concentration, with dominant players shaping industry trends and dynamics.
    - **Competitive Strategies:** Organized retail players employ strategies such as pricing, promotions, and loyalty programs to gain a competitive edge and attract and retain customers.
5. **Regulatory Environment:**
    - **Government Policies:** Policies related to foreign direct investment (FDI), taxation, and trade regulations impact the behavior of organized retail players, shaping their market strategies and expansion plans.
6. **Supply Chain and Logistics:**
    - **Efficient Supply Chains:** Organized retailers focus on building efficient supply chains to ensure timely and cost-effective sourcing, distribution, and inventory management.
    - **Vendor Relationships:** Relationships with suppliers and vendors play a crucial role in the behavior of the organized retail market, affecting product availability and pricing.
7. **Changing Demographics:**
    - **Urbanization:** The trend of urbanization influences the location and format of organized retail outlets, with a focus on serving the needs of urban consumers.

- **Demographic Shifts:** Changes in demographics, such as age groups and lifestyles, impact the types of products and services in demand.

8. **Socio-cultural Factors:**

    - **Cultural Preferences:** Organized retail players consider cultural preferences and local tastes when determining product assortments and marketing strategies.
    - **Social Trends:**Behavioral shifts in societal trends, such as health consciousness or sustainability, influence the types of products consumers seek from organized retailers.

Chapter IV Retailing in India

INTRODUCTION

Rural Market:A rural market refers to the market in non-urban or countryside areas, typically characterized by smaller population densities, agricultural-based economies, and a different set of socio-economic dynamics compared to urban areas. In the context of retailing, rural markets represent the opportunities and challenges associated with providing goods and services to consumers in these rural or semi-rural settings.

Features of Rural Retailing:

1. **Low Population Density:**
    - Rural areas generally have lower population densities compared to urban areas, which can impact the scale and size of retail establishments.
2. **Agricultural Dependence:**
    - Many rural areas are agriculturally oriented, influencing the demand for products related to farming, agro-inputs, and seasonal goods.
3. **Limited Infrastructure:**
    - Rural areas may have limited infrastructure, affecting the transportation and distribution of goods. Poor road connectivity can be a challenge for retailers.
4. **Traditional Lifestyles:**
    - Rural consumers often adhere to traditional lifestyles, influencing their product preferences and buying behavior.
5. **Low Income Levels:**
    - Income levels in rural areas may be comparatively lower than in urban areas, impacting the affordability of certain products.
6. **Unique Cultural Dynamics:**
    - Each rural market may have unique cultural dynamics, including festivals, traditions, and local customs, which retailers need to understand for effective marketing.
7. **Seasonal Demand:**
    - Agricultural cycles and seasonal variations significantly impact the demand for certain products in rural areas.

8. **Informal Retailing:**

- Informal retail formats, such as local kirana stores and street vendors, are common in rural areas. These outlets often play a crucial role in serving local communities.

9. **Limited Brand Awareness:**

- Brand awareness may be lower in rural areas, and consumers may rely more on word-of-mouth recommendations.

Needs and Significance of Retailing in Rural Areas in India:

1. **Economic Development:**

- Retailing in rural areas contributes to economic development by providing employment opportunities, supporting local businesses, and generating income for rural communities.

2. **Access to Essentials:**

- Rural retailing ensures that residents have access to essential goods and services without having to travel long distances to urban centers.

3. **Agricultural Input Distribution:**

- Retail outlets in rural areas play a crucial role in distributing agricultural inputs such as seeds, fertilizers, and pesticides, supporting local farming activities.

4. **Financial Inclusion:**

- Rural retail outlets often act as points for financial inclusion, providing banking and financial services to residents who may not have easy access to traditional banking.

5. **Customized Offerings:**

- Retailers in rural areas need to understand the unique needs and preferences of the local population, leading to the development of customized products and services.

6. **Improved Infrastructure:**

- Retailing in rural areas can drive improvements in local infrastructure, including better roads and transportation networks.

7. **Social Impact:**

- Retailing in rural areas can have a positive social impact by empowering local entrepreneurs, fostering community development, and supporting education and healthcare initiatives.

8. **Market Expansion for Businesses:**

    - For businesses, tapping into rural markets represents an opportunity for market expansion and growth. It allows companies to reach a large, untapped consumer base.

9. **Government Initiatives:**

    - Government initiatives such as the PradhanMantri Gram SadakYojana (PMGSY) and other rural development programs contribute to improved infrastructure and connectivity, facilitating retail operations.

10. **Sustainable Business Models:**

    - Developing sustainable and inclusive business models in rural retailing contributes to the overall growth and development of the rural economy.

Opportunities in India Rural Retail Market:

1. **Large Untapped Market:**

    - Rural areas in India represent a vast and untapped market with significant potential for growth. There is an opportunity to cater to the needs of a large population that has traditionally been underserved.

2. **Increasing Disposable Income:**

    - With rising incomes and government initiatives, there is an increasing purchasing power in rural areas. This presents an opportunity for retailers to offer a wider range of products and services.

3. **Agricultural Retailing:**

    - Rural retailing can focus on agricultural inputs, equipment, and services, aligning with the predominantly agrarian nature of many rural communities.

4. **Digital Transformation:**

    - The increasing penetration of mobile phones and internet connectivity in rural areas provides an opportunity for digital retailing, e-commerce, and digital payment solutions.

5. **Government Initiatives:**

- Government initiatives like the PradhanMantri Gram SadakYojana (PMGSY) and others aim to improve rural infrastructure, including roads, which can facilitate better connectivity and accessibility for retailers.

6. **Customized Offerings:**
    - Understanding the local culture and preferences enables retailers to offer customized products and services that resonate with the rural population.
7. **Financial Inclusion:**
    - Rural retail outlets can serve as points for financial inclusion, offering banking and financial services to residents who may not have easy access to traditional banking.
8. **Social Impact:**
    - Retailers can have a positive social impact by contributing to community development, supporting education and healthcare, and empowering local entrepreneurs.
9. **Aggregation of Demand:**
    - Retailers can leverage the concept of aggregation of demand to create economies of scale, making it more feasible to serve dispersed rural markets.

Challenges in India Rural Retail Market:

1. **Infrastructure Constraints:**
    - Poor road connectivity and inadequate transportation infrastructure can pose challenges for the timely distribution of goods and maintaining supply chain efficiency.
2. **Low Literacy Levels:**
    - Lower literacy levels in rural areas can affect communication and marketing strategies. Retailers may need to employ creative and visual communication methods.
3. **Diverse Cultural Dynamics:**
    - India's rural landscape is culturally diverse. Understanding and respecting local customs and traditions is essential but can be challenging due to this diversity.
4. **Limited Brand Awareness:**
    - Limited exposure to mainstream media may result in lower brand awareness in rural areas. Building brand recognition can require strategic efforts.

5. **Seasonal Demand:**

    - Agricultural cycles and seasonal variations significantly impact the demand for certain products in rural areas. Retailers need to manage inventory and supply chain accordingly.

6. **Economic Vulnerability:**

    - **Economic dependence on agriculture can make rural areas more susceptible to factors like weather conditions and market fluctuations, affecting purchasing power.**

7. **Technology Adoption:**

    - While there is increasing digital penetration, technology adoption in rural areas may still lag behind urban areas, posing challenges for e-commerce and digital retailing.

8. **Logistical Challenges:**

    - The lack of well-established supply chain networks and logistical challenges can lead to increased operational costs for retailers serving rural markets.

9. **Competition with Unorganized Sector:**

    - The unorganized retail sector, including local kirana stores, often poses stiff competition. Understanding and collaborating with the existing ecosystem is crucial.

10. **Regulatory Constraints:**

    - Adherence to local regulations and compliance can be complex, and understanding and navigating these regulatory frameworks is essential for retailers.

The classification of retail locations into Class A, Class B, and Class C is a common practice in India to categorize areas based on their economic and commercial significance.

The classification takes into account factors such as population density, income levels, and the overall economic activity in a particular region. Additionally, the retail sector is often segmented based on specific product categories, such as food, durables, restaurants, and health and beauty products. Below is a general understanding of how the geographic spread and classification may look for the mentioned retail sectors in India:

Geographic Spread and Classification:

Class A Cities:

- **Definition:** Tier-I cities and major metropolitan areas with high population density, significant economic activity, and substantial purchasing power.
- **Examples:** Mumbai, Delhi, Bengaluru, Chennai, Kolkata, Hyderabad.

Class B Cities:

- **Definition:** Tier-II cities and emerging urban centers with moderate population density and economic growth.
- **Examples:** Pune, Ahmedabad, Surat, Jaipur, Lucknow, Visakhapatnam.

Class C Cities:

- **Definition:** Tier-III cities, smaller towns, and rural areas with lower population density and comparatively lower economic activity.
- **Examples:**Nagapattinam, Sangli, Haldwani, Bettiah, Chittorgarh.

Retail Sectors:

1. Food Retail:

- **Geographic Spread:** Food retail is widespread across urban and rural areas, catering to diverse consumer needs.
- **Class A:** High-end supermarkets, gourmet stores.
- **Class B:** Hypermarkets, large grocery stores.
- **Class C:** Local grocery stores, kirana shops, rural markets.

2. Durable Goods Retail:

- **Geographic Spread:** Concentrated in urban and suburban areas with higher purchasing power.
- **Class A:** Exclusive showrooms, electronics chains.
- **Class B:** Multi-brand outlets, consumer electronics stores.
- **Class C:** Local appliance stores, smaller electronics shops.

3. Restaurants:

- **Geographic Spread:** Predominantly in urban and semi-urban areas, with a growing presence in Class B and C cities.
- **Class A:** Fine-dining restaurants, international chains.
- **Class B:** Casual dining, popular chains.
- **Class C:** Local eateries, small cafes.

4. Health and Beauty Products:

- **Geographic Spread:** Widespread with presence in urban, semi-urban, and rural areas.
- **Class A:** Exclusive beauty and wellness chains.
- **Class B:** Multi-brand beauty stores, department store cosmetics sections.
- **Class C:** Local pharmacies, beauty stores in smaller towns.

Key Considerations:

1. **Economic Landscape:**
    - Class A cities typically have a higher per capita income and greater economic activity, leading to a more significant retail presence.
2. **Consumer Behavior:**
    - Consumer preferences and behavior may vary across classes, influencing the types of retail establishments and products that are popular.
3. **Market Potential:**
    - Retailers consider market potential and growth prospects when deciding on the geographic spread and the type of products or services to offer in different classes.
4. **Infrastructure and Connectivity:**
    - The presence and quality of infrastructure, including roads and transportation networks, can impact the feasibility of retail operations in different classes.
5. **Local Competition:**
    - The competitive landscape varies across classes, with different levels of competition from both organized and unorganized retail players.

Retailing in the health category encompasses a wide range of products and services related to healthcare, wellness, and personal care. This sector includes pharmacies, health and beauty stores, specialty health retailers, and online platforms that offer health-related products. Here are examples of healthcare retailers in various formats:

1. Pharmacies:

- **Apollo Pharmacy:**
    - *Overview:* Apollo Pharmacy is a well-known chain of pharmacies in India, providing a wide range of prescription medications, over-the-counter drugs, health supplements, and personal care products.
- **Walgreens:**

- *Overview:* Walgreens is a prominent pharmacy chain in the United States, offering prescription medications, health and wellness products, as well as providing services like vaccinations and health clinics.

2. Health and Beauty Retailers:

- **Boots:**
  - *Overview:* Boots is a UK-based health and beauty retailer, offering a diverse range of products, including skincare, cosmetics, vitamins, and over-the-counter medications.
- **Watsons:**
  - *Overview:* Watsons is a health and beauty retailer with a strong presence in Asia. They provide a variety of health and personal care products, cosmetics, and wellness items.

3. Specialty Health Retailers:

- **GNC (General Nutrition Center):**
  - *Overview:* GNC is a global specialty health retailer that focuses on nutritional supplements, vitamins, minerals, and sports nutrition products.
- **Holland & Barrett:**
  - *Overview:* Holland & Barrett is a health food and supplements retailer with a significant presence in the UK and other countries. They offer a wide range of vitamins, minerals, and herbal supplements.

4. Online Health Retailers:

- **Netmeds:**
  - *Overview:*Netmeds is an online pharmacy and healthcare platform in India, providing a convenient way for consumers to order prescription medications, over-the-counter drugs, and health products.
- **Amazon Pharmacy:**
  - *Overview:* Amazon Pharmacy is an extension of the e-commerce giant, offering a range of prescription medications, over-the-counter drugs, and healthcare products through its online platform.

5. Organic and Natural Health Retailers:

- **Whole Foods Market:**

- *Overview:* Whole Foods Market, now a part of Amazon, is a grocery store chain that emphasizes natural and organic products, including health foods and supplements.

- **Planet Organic:**
    - *Overview:* Planet Organic is a UK-based retailer specializing in organic and natural products, including fresh produce, supplements, and health-focused groceries.

6. Fitness and Wellness Retailers:

- **Decathlon:**
    - *Overview:* Decathlon is a global sports and fitness retailer that offers a range of sports equipment, apparel, and accessories to promote a healthy and active lifestyle.
- **LululemonAthletica:**
    - *Overview:*Lululemon is a brand that specializes in athletic wear and yoga apparel, contributing to the health and fitness retail segment.

Retailing in clothing and footwear in India is a dynamic and rapidly evolving sector. It encompasses a wide range of formats, from traditional brick-and-mortar stores to e-commerce platforms, catering to diverse consumer preferences. Here's an overview of retailing in the clothing and footwear sector in India, along with examples:

1. Brick-and-Mortar Stores:

- **Shoppers Stop:**
    - *Overview:* Shoppers Stop is a well-established Indian department store chain that offers a wide range of clothing, footwear, accessories, and beauty products. It features a mix of Indian and international brands.
- **Pantaloons:**
    - *Overview:* Pantaloons is a popular retail chain known for its trendy and affordable clothing. It caters to a broad consumer base and offers a variety of fashion choices.

2. Specialty Apparel Stores:

- **Zara:**
    - *Overview:* Zara, a global fast-fashion retailer, has a significant presence in India. Known for its trendy and quickly changing collections, Zara caters to fashion-conscious consumers.
- **H&M (Hennes&Mauritz):**

- *Overview:* H&M is another international fast-fashion giant that has made its mark in India. It provides affordable and stylish clothing and footwear for men, women, and children.

3. Footwear Retailers:

- **Bata:**
    - *Overview:* Bata is a well-established footwear brand in India, with a widespread retail presence. It offers a diverse range of footwear, including formal shoes, casual shoes, and sports shoes.
- **Metro Shoes:**
    - *Overview:* Metro Shoes is a popular Indian footwear retailer known for its stylish and comfortable footwear collections. It caters to both men and women.

4. E-commerce Platforms:

- **Flipkart:**
    - *Overview:*Flipkart is one of India's leading e-commerce platforms, offering a vast array of clothing and footwear brands. It provides a convenient online shopping experience with a broad product selection.
- **Myntra:**
    - *Overview:*Myntra is a fashion-focused e-commerce platform in India, offering a wide range of clothing, footwear, and accessories. It features both Indian and international brands.

5. Luxury Retail:

- **Luxury Multi-Brand Stores (e.g., DLF Emporio):**
    - *Overview:* Luxury multi-brand stores, such as DLF Emporio in Delhi, cater to high-end consumers by offering a curated selection of luxury clothing and footwear brands.
- **Individual Luxury Brands (e.g., Louis Vuitton, Gucci):**
    - *Overview:* Exclusive outlets of international luxury brands like Louis Vuitton and Gucci have a presence in select metro cities, providing premium clothing, footwear, and accessories.

6. Regional and Ethnic Wear:

- **FabIndia:**

- *Overview:*FabIndia is known for promoting traditional Indian handloom and ethnic wear. It offers a range of clothing, footwear, and home decor items with a focus on craftsmanship.

- **W for Woman:**

  - *Overview:* W for Woman is a brand specializing in women's ethnic wear, offering a mix of contemporary and traditional designs.

7. Discount and Fast-Fashion Retail:

- **Reliance Trends:**

  - *Overview:* Reliance Trends is a retail chain offering a mix of affordable and trendy clothing for men, women, and children. It caters to a broad audience with frequent discounts and promotions.

- **Big Bazaar Fashion:**

  - *Overview:* Big Bazaar, a well-known retail chain in India, extends its offerings to fashion with Big Bazaar Fashion, providing a range of clothing and footwear at competitive prices.

Retail Banking in India:

Retail banking refers to the range of financial services provided by banks to individual customers. In India, retail banking has witnessed significant growth with the expansion of banking services to a wider population. Examples of retail banking services include savings accounts, personal loans, home loans, credit cards, and various investment products. Here are some key aspects of retail banking in India:

1. **State Bank of India (SBI):**

   - *Overview:* SBI is one of the largest and oldest public sector banks in India. It offers a comprehensive range of retail banking services, including savings accounts, home loans, personal loans, and credit cards. SBI has an extensive branch network across the country.

2. **HDFC Bank:**

   - *Overview:* HDFC Bank is a leading private sector bank known for its robust retail banking services. It provides a wide array of products such as savings accounts, fixed deposits, personal loans, home loans, and credit cards. HDFC Bank has a strong digital presence and offers convenient online banking services.

3. **ICICI Bank:**

   - *Overview:* ICICI Bank is a prominent private sector bank offering diverse retail banking products. It provides savings accounts, various types of loans, credit cards, and investment products. ICICI Bank has a widespread network of branches and ATMs.

4. **Axis Bank:**

    - *Overview:* Axis Bank is another major private sector bank with a focus on retail banking. It offers services like savings accounts, personal loans, home loans, and credit cards. Axis Bank has embraced digital technologies to enhance customer experience.

Petro Retailing in India:

Petro retailing involves the retail sale of petroleum products, primarily fuel and lubricants. In India, petro retailing is a crucial sector, and state-owned and private companies operate retail outlets across the country. The major products include petrol, diesel, and compressed natural gas (CNG) for vehicles. Here are examples of petro retailing in India:

1. **Indian Oil Corporation (IOC):**

    - *Overview:* Indian Oil Corporation is a leading state-owned oil and gas company in India. It operates a vast network of retail outlets under the brand name "IndianOil XTRAPOWER." These outlets offer a range of fuels, including petrol, diesel, and CNG, along with convenience stores and other services.

2. **Bharat Petroleum Corporation Limited (BPCL):**

    - *Overview:* BPCL is another major state-owned oil and gas company in India. It operates retail outlets under the brand name "Bharat Petroleum." These outlets provide various fuels and services, including petrol, diesel, lubricants, and convenience stores.

3. **Hindustan Petroleum Corporation Limited (HPCL):**

    - *Overview:* HPCL, a prominent state-owned oil and gas company, operates retail outlets under the brand name "HPCL Retail Outlets." These outlets offer a wide range of petroleum products, and some outlets also feature additional services such as quick-service restaurants.

4. **Reliance Industries Limited (Reliance Retail):**

    - *Overview:* Reliance Industries, a private conglomerate, entered the petro retailing sector with its brand "Reliance Petroleum." The company operates fuel retail outlets and has expanded its presence in the sector.

5. **Shell India:**

    - *Overview:* Shell is a multinational company with a presence in petro retailing in India. It operates fuel stations under the brand "Shell Select" and provides a range of fuels and lubricants with a focus on quality and customer service.

Key Considerations:

- **Digital Transformation:** Both retail banking and petro retailing sectors in India are undergoing digital transformation, with a focus on enhancing online and mobile services for customers.
- **Customer Experience:** Providing a positive customer experience is a priority for both sectors, leading to innovations such as digital payment solutions in retail banking and modern, well-equipped fuel stations in petro retailing.
- **Competition:** Both sectors face intense competition, with various players striving to differentiate themselves through service quality, convenience, and additional offerings.
- **Regulatory Framework:** The retail banking and petro retailing sectors are subject to regulatory frameworks set by the Reserve Bank of India (RBI) and the Petroleum and Natural Gas Regulatory Board (PNGRB), respectively.

International retail refers to the practice of conducting retail operations and selling products or services in multiple countries beyond a retailer's home country. It involves the expansion of retail businesses across borders, entering new markets, and adapting strategies to meet the unique needs and preferences of diverse consumer populations. International retailing can take various forms, including physical store presence, e-commerce, or a combination of both.

Key Components of International Retail:

1. **Market Entry Strategies:**
    - Retailers choose from various market entry strategies, including franchising, licensing, joint ventures, acquisitions, or establishing wholly-owned subsidiaries. The choice depends on factors like risk tolerance, capital availability, and the level of control desired.
2. **Localization:**
    - Successful international retailers understand the importance of localization. This involves adapting products, services, and marketing strategies to suit the cultural, economic, and regulatory nuances of each market. Localization extends to factors like product assortment, pricing, and promotional activities.
3. **Global Supply Chain Management:**
    - Managing a global supply chain is critical for international retailers. This involves sourcing products globally, coordinating logistics, and optimizing inventory management to ensure efficient and cost-effective operations.
4. **E-commerce and Digital Presence:**

- E-commerce plays a significant role in international retailing. Retailers establish online platforms, leverage digital marketing strategies, and ensure a seamless online shopping experience for customers in different countries.

5. **Brand Consistency and Adaptation:**
    - Maintaining brand consistency across international markets while allowing for adaptation to local preferences is a delicate balance. International retailers often develop strategies to ensure a recognizable global brand image while tailoring aspects like product assortment and messaging.
6. **Regulatory Compliance:**
    - Adhering to diverse regulatory frameworks is crucial. This includes understanding and complying with local laws related to taxation, import/export regulations, employment practices, and product standards.
7. **Market Research:**
    - In-depth market research is essential for understanding the competitive landscape, consumer behavior, and market trends in each target country. This knowledge guides decision-making and helps retailers tailor their strategies.
8. **Risk Management:**
    - International retailing involves exposure to various risks, including currency fluctuations, geopolitical events, and economic uncertainties. Retailers implement risk management strategies to mitigate potential challenges and disruptions.

Examples of International Retailers:

1. **Walmart:**
    - *Overview:*Walmart, headquartered in the United States, is one of the largest international retailers with a significant presence in various countries. It operates a diverse range of retail formats, including hypermarkets, supermarkets, and e-commerce platforms.
2. **IKEA:**
    - *Overview:* IKEA, a Swedish furniture retailer, has a global presence with stores in numerous countries. Known for its self-assembly furniture and home furnishings, IKEA tailors its product offerings to suit local tastes.
3. **Zara:**
    - *Overview:* Zara, a fast-fashion retailer based in Spain, has expanded internationally and operates in multiple countries. Zara is known for its agile supply chain, allowing it to quickly respond to changing fashion trends.

4. **Alibaba:**
    - *Overview:*Alibaba, a Chinese e-commerce giant, has a significant international presence through its various platforms, including Alibaba.com and AliExpress. It facilitates cross-border trade and connects businesses with consumers globally.
5. **Uniqlo:**
    - *Overview:*Uniqlo, a Japanese apparel retailer, has expanded its international footprint with stores in different countries. It focuses on offering high-quality, affordable basics and has adapted its product offerings to local preferences.
6. **Amazon:**
    - *Overview:* Amazon, based in the United States, is a global e-commerce and technology company with a presence in multiple countries. It provides a wide range of products and services, including online retail, cloud computing, and streaming.

Benefits of International Retail:

1. **Diversification of Revenue Streams:**
    - International retailing allows retailers to diversify their revenue streams, reducing reliance on a single market.
2. **Access to New Markets:**
    - Expansion into new countries provides access to untapped markets, enabling retailers to reach a broader customer base.
3. **Economies of Scale:**
    - Operating in multiple countries can lead to economies of scale, enabling cost efficiencies in sourcing, production, and distribution.
4. **Global Brand Recognition:**
    - Successful international retailing contributes to global brand recognition, enhancing the brand's reputation and customer trust.
5. **Learning and Innovation:**
    - Exposure to diverse markets fosters learning and innovation, allowing retailers to stay ahead of trends and adapt to changing consumer preferences.

Challenges of International Retail:

1. **Cultural and Language Barriers:**

- Differences in culture and language can pose challenges in communication, marketing, and understanding consumer behavior.

2. **Regulatory Complexities:**

   - Navigating diverse regulatory frameworks and compliance requirements in different countries can be complex and time-consuming.

3. **Logistical Challenges:**

   - Managing global supply chains and logistics presents challenges related to transportation, inventory management, and distribution.

4. **Currency Fluctuations:**

   - Fluctuations in currency exchange rates can impact profitability and financial stability, exposing retailers to financial risks.

5. **Local Competition:**

   - Facing local competitors who have a better understanding of the market can be a challenge, requiring retailers to adapt and differentiate themselves.

6. **Political and Economic Instability:**

   - Operating in regions with political instability or economic uncertainties may pose risks to business continuity and profitability.

7. **Talent Management:**

   - Managing a diverse workforce across different countries requires effective talent management strategies.

8. **Brand Localization:**

   - Adapting the brand and marketing strategies to suit local preferences without diluting

Multinational Corporations (MNCs) play a significant role in the global economy, and their impact extends across various sectors and aspects of business. Here are some key roles that MNCs typically play:

Global Market Expansion:

MNCs expand their operations beyond their home country, entering and investing in new markets around the world. This expansion contributes to economic growth and development in host countries.

Job Creation:

MNCs often create employment opportunities in the countries where they operate. This includes a wide range of jobs, from manufacturing and production to management, research and development, and support functions.

Transfer of Technology and Knowledge:

MNCs bring advanced technologies, managerial expertise, and best practices from their home countries to the host countries. This transfer of knowledge helps in upgrading local skills and capabilities.

Investment in Infrastructure:

MNCs may invest in building or upgrading infrastructure in the host countries, such as factories, offices, and logistics facilities. This can contribute to the overall development of the host country's infrastructure.

Economic Development:

MNCs can significantly contribute to the economic development of host countries by bringing in foreign direct investment (FDI), fostering innovation, and participating in local supply chains.

Access to Global Markets:

For businesses in host countries, partnering with or being acquired by MNCs can provide access to global markets. This can lead to increased exports, business growth, and exposure to international business practices.

Research and Development:

MNCs often allocate resources for research and development activities in different countries. This fosters innovation, technological advancements, and the creation of new products and services.

Supply Chain Integration:

MNCs frequently operate integrated global supply chains. This involves sourcing raw materials, components, and finished products from different parts of the world, leading to more efficient and cost-effective production processes.

Market Competition:

MNCs introduce competition in local markets, which can drive efficiency, innovation, and improvements in product quality. Local businesses may respond to this competition by enhancing their own capabilities.

Corporate Social Responsibility (CSR):

MNCs are increasingly expected to engage in corporate social responsibility initiatives. This can include sustainable and ethical business practices, environmental conservation efforts, and community development projects.

Risk Diversification:

Operating in multiple countries allows MNCs to diversify their business risks. This diversification can help them manage challenges in one market by relying on the stability and growth of other markets.

Global Talent Mobility:

MNCs facilitate the movement of talent across borders, allowing employees to gain international experience and contribute to the transfer of skills and knowledge within the organization.

Tax Revenue Contribution:

MNCs contribute to the tax revenue of host countries through corporate taxes, employment-related taxes, and other contributions, which can benefit public services and infrastructure.

CRM IN RETAILING

CRM Definition: Customer Relationship Management (CRM) is a strategy, process, or system that businesses use to manage and analyze customer interactions throughout the customer lifecycle. The goal of CRM is to improve customer retention, enhance customer satisfaction, and drive overall business growth by understanding and responding to customer needs effectively.

CRM Process in Retailing:

The CRM process in retailing involves a series of steps and activities aimed at building, maintaining, and enhancing relationships with customers. This process typically encompasses the following stages**:**

1. **Customer Data Collection:**

    - **Objective:** Gather comprehensive information about customers to understand their preferences, behaviors, and purchase history**.**
    - **CRM Process in Retailing:**
    - The CRM process in retailing involves a series of steps and activities aimed at building, maintaining, and enhancing relationships with customers. This process typically encompasses the following stages**:**
    - **Customer Data Collection:**
    - **Objective:** Gather comprehensive information about customers to understand their preferences, behaviors, and purchase history**.**
    - **Methods:** Collect data through various channels, including in-store transactions, online purchases, social media interactions, customer surveys, and loyalty programs**.**
    - **Data Analysis and Segmentation:**
    - **Objective:** Analyze collected data to identify patterns, preferences, and segments within the customer base.
    - Methods: Use data analytics tools to segment customers based on demographics, purchase history, preferences, and other relevant criteria.
    - **Customer Profiling:**
    - **Objective:** Create detailed customer profiles to understand individual preferences, shopping behaviors, and needs.

- **Methods:** Develop customer personas and profiles based on demographic information, purchase history, product preferences, and engagement patterns.
- **Personalized Marketing and Communication:**
- **Objective:** Tailor marketing messages and communication to meet the specific needs and preferences of individual customers.
- **Methods:** Implement personalized marketing campaigns, targeted advertisements, and communication strategies through various channels, such as email, social media, and in-store promotions**.**
- **Customer Engagement:**
- **Objective:** Foster ongoing engagement with customers to build brand loyalty and encourage repeat business**.**
- **Methods:** Utilize loyalty programs, exclusive offers, and personalized communication to keep customers engaged. Encourage feedback and interaction through social media and other platforms.
- Omnichannel Integration:
- Objective: Provide a seamless and consistent experience across multiple retail channels, both online and offline.
- Methods: Integrate data and communication channels to ensure a unified customer experience. For example, customers should have a consistent experience whether shopping in-store, online, or via a mobile app.
- Feedback and Customer Support:
- Objective: Gather feedback from customers and address any issues promptly to enhance customer satisfaction.
- Methods: Implement customer feedback mechanisms, such as surveys and reviews. Provide efficient customer support through various channels, including phone, email, live chat, and social media.
- Customer Retention Strategies:
- Objective: Implement strategies to retain existing customers and encourage repeat purchases.
- Methods: Offer loyalty rewards, personalized discounts, and exclusive access to new products. Develop customer-centric policies to enhance overall satisfaction.
- Performance Measurement and Analysis:

- Objective: Continuously measure the effectiveness of CRM strategies and adjust them based on performance metrics.
- Methods: Use key performance indicators (KPIs) such as customer retention rates, customer lifetime value, and Net Promoter Score (NPS) to evaluate the success of CRM initiatives.
- Adaptation and Continuous Improvement:
- Objective: Adapt CRM strategies based on evolving customer needs and market trends. Continuously improve processes for better customer relationships.
- Methods: Stay informed about industry trends, monitor customer feedback, and be agile in adapting strategies to meet changing market conditions.
- Objective**:** Tailor marketing messages and communication to meet the specific needs and preferences of individual customers.
- **Methods:** Implement personalized marketing campaigns, targeted advertisements, and communication strategies through various channels, such as email, social media, and in-store promotions**.**

2. **Customer Engagement:**
   - **Objective:** Foster ongoing engagement with customers to build brand loyalty and encourage repeat business.
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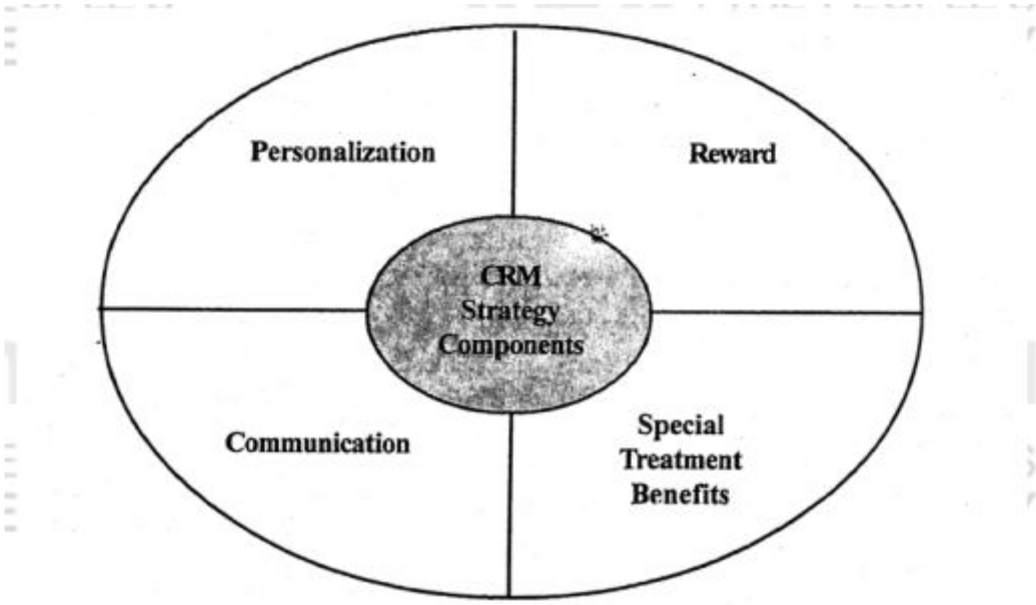
Customer Relationship Marketing (CRM) strategies refer to any effort that is actively made by a seller towards a buyer, and is intended to contribute to the buyer's customer value above and beyond the core product and/or the service provided. This can only be perceived by the buyer after continued exchange with the seller. For instance, if the traditional Indian retailers treat their regular customers in a warm and friendly manner and also provide them with special benefits in terms of home delivery, discounts, etc, then these efforts are an attempt to provide benefits above and beyond the core service performance. From this we can figure out that strategies laid for CRM is a combination of several benefits. Let's familiarize ourselves with the major four components that help in formulating a Customer Relationship marketing strategy. The figure below shows the four components in a snap shot



1) Personalisation Personalization describes the social interaction between service employees and their customers. It refers to the way in which employees relate to customers as people - cold and impersonal at one end, and warm and personal at the other. Consequently, personalization can be regarded as a means of showing recognition and respect for the other party. Some of the common examples of social relationship benefits include feelings of familiarity, personal recognition, friendship, and social support. Such an interaction afforded by shopping sometimes works as a prime motivator for some consumers to visit retail establishments. One of the suggested ways of valuing a buyer's uniqueness as an individual is to address him by his name, as people feel good when someone remembers their names at a later point in time. Sales practitioners often stress the importance of remembering and using customers' names. Other indicators of personalization efforts are employees' attempts to get to know a customer as a person, their efforts to engage in friendly conversations, and their exhibition of personal warmth. This corresponds to the feeling of `being included in the communication processes and of 'being liked and treated with respect'. Therefore, personalization leads to a positive impact in terms of increasing trust in the seller/ store, customer satisfaction with the relationship, and repeat purchase.

2) Communication Communication is without a doubt, an essential condition in the existence of any relationship. A retailer's communication with a buyer conveys his interest in them and serves to strengthen their relationship. So, efforts to `stay in touch' with the customers have been identified as The key determinants of relationship enhancement in retailer - customer relationship. It is generally observed that buyer - seller relationships become stronger when the ease and volume of exchange between buyers and sellers increase. From this we understand that the intense levels of buyer - seller communication will help in increases the probability of discovering behaviours that generate rewards, • Enhances the prediction of behaviour of the other party and clarifies each other's roles, • Leads to easier discovering of similarities between parties, and • Encourages feelings of trust, special status, and closeness. Generally, communication strategies as part of relationship marketing efforts refer to directed communication to the customers as against mass-media communication, which does not afford selectivity. However, it does not include face-to-face interaction, which forms part of personalization efforts by the retailer. Many retailers now also adopt direct mail, e-mail, telephone, and SMS as means to interact with their loyal customers or members of loyalty programmes.

4) Rewards Providing customers with tangible rewards is often referred to as `level one relationship marketing' . This level of CRM relies primarily on pricing incentives and money savings to secure customers' loyalty. Frequent flyer programmes, customer loyalty bonuses, free gifts, personalized discount coupons, and other point-for-benefit `clubs' are examples of these efforts. Trying to earn points on such things as hotel stays, movie tickets, and car maintenance would help customers to remain loyal, regardless of service enhancement or price promotions of competitors. Rewards should be designed to promote long-term behaviour and discourage short-term dealseeking behaviour

. Rewarding efforts refer to structured and planned marketing efforts that should encourage loyal behaviour, distinguishing it from short-term oriented sales promotions. Special Treatment Benefits A key aspect of relationship marketing is that all consumers do not need to be served in the same way. If a consumer receives personalized, customized service from retailer A, but not from Retailer B, and if this service is valued, then the consumer will be less likely to leave Retailer A for B.

The retailers can distinguish between at least two identifiable customers segments: loyal customers and non-loyal customers. Differentiating between loyal and non-loyal buyers enables a seller to address a person's basic human need to feel important. Most retailers use core service upgradation and service augmentation as ways to provide special treatment benefits to customers in return for their loyalty.

Factors Affecting Pricing Decisions:

Costs:

The cost of production, distribution, and other operational expenses influences pricing decisions.

Demand:

The level of demand for a product or service affects pricing. High demand may allow for higher prices, while low demand may require competitive pricing strategies.

Competition:

The competitive landscape, including the number and strength of competitors, influences pricing decisions.

Customer Perceptions and Behavior:

Understanding how customers perceive value and their price sensitivity is crucial for effective pricing.

Regulatory Environment:

Legal and regulatory factors, such as pricing controls and antitrust laws, affect pricing decisions.

Economic Conditions:

The overall economic environment, including inflation rates and economic cycles, can impact pricing strategies.

Brand Image:

The brand's image and positioning in the market influence the pricing strategy, especially for premium brands.

Product Life Cycle:

Pricing decisions may vary at different stages of a product's life cycle, such as introduction, growth, maturity, and decline.

Distribution Channels:

The choice of distribution channels and associated costs impact pricing decisions.

Psychological Factors:

Pricing may be influenced by psychological factors such as perception of value, prestige, and perceived fairness.

Key Drivers of Retail Pricing:

Costs and Markup:

Retailers consider the cost of goods sold (COGS) and apply a markup to cover operating expenses and generate profit.

Competitor Pricing:

Retailers monitor competitors' prices to ensure they remain competitive in the market.

Customer Demand:

Understanding customer demand patterns helps retailers set prices that align with market preferences.

Seasonality and Trends:

Pricing may be adjusted based on seasonal demand or emerging trends in the market.

Promotions and Discounts:

Retailers use promotional pricing, discounts, and sales events to attract customers and stimulate sales.

Branding Strategy:

The retailer's branding strategy, whether focused on value, quality, or exclusivity, influences pricing decisions.

Channel Strategy:

Pricing may vary based on the retail channel, such as online, brick-and-mortar, or a combination of both.

Customer Segmentation:

Retailers may employ differential pricing strategies based on customer segments, offering different price points for different customer groups.

Private Label vs. National Brands:

Pricing decisions may be influenced by the mix of private label and national brands in the product assortment.

Supply Chain Efficiency:

Efficient supply chain management can lead to cost savings, allowing for competitive pricing.

Merchandising Management:

Definition: Merchandising management refers to the strategic planning, coordination, and execution of activities related to the buying, selling, and promotion of products to maximize sales and profitability. It involves a comprehensive approach to product selection, pricing, presentation, and promotion to meet customer demand and achieve business goals.

Objectives of Merchandising Management:

1. **Sales Maximization:**
    - Merchandising aims to maximize sales by offering the right mix of products that resonate with customer preferences and market trends.
2. **Profit Optimization:**
    - The primary goal is to optimize profits by effectively managing product costs, pricing strategies, and inventory turnover.
3. **Customer Satisfaction:**
    - Merchandising strives to meet and exceed customer expectations by offering desirable products, ensuring availability, and providing a positive shopping experience.
4. **Brand Image Enhancement:**
    - Building and maintaining a strong brand image through merchandising contributes to customer loyalty and trust.
5. **Inventory Management:**
    - Efficient inventory management is crucial to minimize stockouts, reduce excess inventory, and improve overall supply chain efficiency.
6. **Market Responsiveness:**
    - Merchandising management aims to respond quickly to changing market trends and consumer preferences, ensuring the retail assortment stays relevant.

Levels of Merchandising:

1. **Strategic Merchandising:**

- Involves long-term planning and decision-making, such as assortment planning, vendor selection, and overall product positioning in the market.

2. **Tactical Merchandising:**

    - Focuses on short-to-medium term strategies, including pricing, promotions, and visual merchandising to drive sales and achieve specific objectives.

3. **Operational Merchandising:**

    - Involves day-to-day activities related to inventory management, order fulfillment, and other operational aspects to ensure the smooth flow of products through the supply chain.

Components of Merchandising:

1. **Assortment Planning:**

    - Determining the range and mix of products to be offered, considering factors like seasonality, trends, and customer preferences.

2. **Pricing Strategy:**

    - Setting the right price points to balance competitiveness, profitability, and perceived value in the market.

3. **Inventory Management:**

    - Efficiently managing stock levels to meet demand, reduce carrying costs, and minimize stockouts.

4. **Vendor Management:**

    - Establishing and maintaining relationships with suppliers and negotiating favorable terms for procurement.

5. **Promotions and Marketing:**

    - Planning and executing promotional activities to drive sales, attract customers, and enhance brand visibility.

6. **Visual Merchandising:**

    - Presenting products in an attractive and appealing manner to create a positive shopping experience and stimulate sales.

7. **Space Planning:**

    - Optimizing the layout of retail spaces to maximize product visibility, accessibility, and overall store efficiency.

8. **Forecasting and Trend Analysis:**

- Analyzing market trends, consumer behavior, and historical data to make informed decisions about future product offerings.

9. **Seasonal Planning:**
    - Planning and managing inventory based on seasonal demand fluctuations and trends.
10. **Sourcing and Procurement:**
    - Identifying reliable sources for product procurement and ensuring the availability of high-quality merchandise.
11. **Markdown Management:**
    - Strategically implementing price reductions to clear excess inventory and maintain profitability.
12. **Customer Feedback Analysis:**
    - Analyzing customer feedback and preferences to adjust merchandising strategies and improve the overall customer experience.
13. **Technology Integration:**
    - Leveraging technology, such as merchandising software and data analytics, to enhance decision-making and optimize processes.

Merchandise management in retail faces several challenges, spanning strategic planning, operational execution, and adapting to dynamic market conditions. Here are key challenges involved in merchandise management:

Demand Forecasting:

Challenge: Accurately predicting customer demand is challenging, especially with evolving consumer preferences, seasonal variations, and external factors affecting buying behavior.

Inventory Management:

Challenge: Balancing inventory levels to avoid stockouts and excess inventory is complex. Overstocking ties up capital, while stockouts can result in lost sales and customer dissatisfaction.

Supplier Relationships:

Challenge: Maintaining effective relationships with suppliers involves negotiating terms, managing lead times, and ensuring a reliable supply chain, which can be challenging in a global market.

Market Trends and Fast Fashion:

Challenge: Rapid changes in fashion trends and consumer preferences, especially in the fast-fashion industry, require retailers to quickly adapt their product assortment and stay ahead of trends.

Pricing Strategy:

Challenge: Developing an effective pricing strategy that balances competitiveness, profitability, and perceived value is challenging, especially in a market with dynamic pricing trends.

Omnichannel Integration:

Challenge: Ensuring a seamless and consistent customer experience across various channels, including online and offline, presents challenges related to inventory synchronization and technology integration.

Seasonal Planning:

Challenge: Managing inventory and marketing strategies during seasonal peaks and troughs requires effective planning to avoid overstocking or understocking.

Markdown Management:

Challenge: Determining the optimal time and magnitude for markdowns to clear inventory while maintaining profitability is a delicate balance.

Technology Adoption:

Challenge: Implementing and integrating technology solutions, such as advanced inventory management systems and analytics tools, can be challenging for some retailers.

Private Label vs. National Brands:

Challenge: Deciding on the right mix of private label and national brands, considering factors like brand image, customer perception, and profitability, is a complex decision.

Globalization and Supply Chain Risks:

Challenge: Managing a global supply chain involves dealing with geopolitical risks, transportation challenges, and potential disruptions that can impact product availability.

Customer Feedback and Reviews:

Challenge: Effectively analyzing and responding to customer feedback and reviews in real-time to improve merchandise strategies and customer satisfaction can be demanding.

E-commerce Challenges:

Challenge: The growth of e-commerce introduces challenges related to order fulfillment, last-mile delivery, and managing returns, especially for retailers with an omnichannel presence.

Sustainability Considerations:

Challenge: Meeting increasing consumer demand for sustainable and ethical products while balancing costs and maintaining profitability poses a challenge for merchandise managers.

Global Economic Factors:

Challenge: Economic uncertainties, currency fluctuations, and global events can impact consumer spending behavior and present challenges for merchandise planning.

Visual merchandising plays a crucial role in retailing and contributes significantly to the overall success of a retail business. Here are some key importance of visual merchandising in retailing:

1. **Enhanced Customer Experience:**
    - Visual merchandising creates a visually appealing and engaging shopping environment. A well-designed store attracts customers, encourages exploration, and enhances the overall shopping experience.
2. **Brand Image and Identity:**
    - Visual merchandising helps convey the brand's identity and personality. Through carefully curated displays, retailers can establish a distinctive brand image, reinforcing their unique selling proposition.
3. **Increased Sales and Revenue:**
    - Well-executed visual merchandising attracts attention to specific products, promotions, and new arrivals, resulting in increased customer interest and, ultimately, higher sales and revenue.
4. **Effective Communication:**
    - Visual displays serve as a powerful means of communication. They convey messages about product features, benefits, and promotions, influencing customer perceptions and purchasing decisions.
5. **Highlighting Product Features:**
    - Visual merchandising allows retailers to showcase the key features and benefits of products. Highlighting product attributes through displays helps customers understand the value proposition and encourages buying decisions.
6. **Seasonal and Trend Adaptation:**

- Visual merchandising allows retailers to adapt quickly to seasonal changes and emerging trends. Themed displays and decorations help keep the store fresh and aligned with current market demands.

7. **Cross-Selling and Upselling:**

    - Thoughtful placement of products and complementary items encourages customers to explore additional options, leading to cross-selling and upselling opportunities.

8. **Improved Store Navigation:**

    - Visual merchandising contributes to an organized and well-structured store layout. Clear signage, category displays, and visual cues help customers navigate the store easily, improving their overall shopping experience.

9. **Customer Engagement:**

    - Engaging displays capture customers' attention and encourage them to spend more time in the store. Interactive elements and creative visuals create a sense of involvement and connection with the brand.

10. **Competitive Advantage:**

    - Unique and appealing visual displays set a retailer apart from competitors. A well-designed store can become a destination for shoppers, providing a competitive edge in the market.

11. **Encourages Impulse Purchases:**

    - Eye-catching displays and strategically placed products can trigger impulse purchases. Visual merchandising capitalizes on customers' spontaneous buying tendencies.

12. **Brand Consistency Across Channels:**

    - Visual merchandising ensures consistency in brand presentation across various channels, including physical stores, online platforms, and social media. This consistency reinforces the brand identity and messaging.

13. **Effective Clearance of Inventory:**

    - Clearance and promotional displays help move excess inventory efficiently, preventing stock obsolescence and contributing to better inventory management.

14. **Customer Loyalty and Repeat Business:**

    - A visually appealing and consistently well-merchandised store fosters positive impressions, encouraging customer loyalty and repeat business.

15. **Data Collection and Insights:**

    - Customer interactions with visual displays provide valuable insights. Retailers can observe customer behavior, preferences, and responses to different visual elements, informing future merchandising decisions.

Logistics management is a critical component of the generic value chain proposed by Michael Porter, a renowned business strategist. The value chain model identifies primary and support activities that contribute to a company's competitive advantage. Retail logistics falls within the primary activities and plays a crucial role in enhancing overall efficiency and customer satisfaction. Here are the key importance of retail logistics within the generic value chain:

1. Inbound Logistics:

- **Importance:**
    - Efficient inbound logistics, including sourcing, transportation, and inventory management, contribute to cost savings and ensure a smooth flow of goods into the retail supply chain.
- Well-managed inbound logistics reduce lead times, enabling retailers to respond quickly to changes in demand and market conditions.

2. Operations:

- **Importance:**
    - Effective retail logistics facilitates seamless operations, ensuring that products are stored, picked, packed, and shipped efficiently.
    - Timely and accurate order fulfillment contributes to customer satisfaction and helps in building a positive brand image.

3. Outbound Logistics:

- **Importance:**
    - Timely and accurate delivery of products to customers is a key aspect of outbound logistics.
    - Efficient outbound logistics contribute to customer loyalty, repeat business, and positive word-of-mouth.

4. Marketing and Sales:

- **Importance:**
    - Retail logistics supports marketing and sales efforts by ensuring that products are available at the right place and time.

    - Availability and quick replenishment contribute to improved sales and market share.

5. Service:

- **Importance:**
    - After-sales service, including returns and repairs, is part of retail logistics.
    - Efficient service logistics contribute to customer satisfaction, addressing issues promptly and maintaining positive customer relationships.

6. Procurement:

- **Importance:**
    - Retail logistics influence the procurement process by ensuring timely and cost-effective sourcing of goods.
    - Effective procurement logistics contribute to cost savings and availability of products.

7. Human Resource Management:

- **Importance:**
    - Logistics personnel play a crucial role in the efficient functioning of the entire value chain.
    - Proper training and management of logistics staff contribute to the smooth execution of logistics activities.

8. Technology Development:

- **Importance:**
    - Integration of technology, such as inventory management systems and supply chain software, enhances the efficiency of retail logistics.
    - Technology development in logistics contributes to real-time visibility, data-driven decision-making, and process optimization.

9. Firm Infrastructure:

- **Importance:**
    - The physical and technological infrastructure supporting logistics operations is vital for overall business success.
    - Efficient firm infrastructure ensures that logistics activities align with strategic business objectives.

Developing retail Customer Relationship Management (CRM) programs involves designing strategies and initiatives to build and maintain strong relationships with customers. A successful retail CRM program aims to enhance customer satisfaction, drive loyalty, and ultimately increase revenue. H

ere's a step-by-step guide on developing retail CRM programs:

1. Understand Your Customers:

- **Data Collection:**
    - Gather comprehensive customer data through various touchpoints, including transactions, online interactions, and customer feedback.
- Utilize CRM software to centralize customer information and create detailed customer profiles.

2. Segment Your Customer Base:

- **Demographic Segmentation:**
    - Segment customers based on demographics, such as age, gender, location, and income.
- Use behavioral segmentation to group customers based on their purchasing patterns and preferences.

3. Define CRM Objectives:

- **Set Clear Goals:**
    - Establish specific, measurable, achievable, relevant, and time-bound (SMART) CRM objectives.
    - Goals may include increasing customer retention, boosting average transaction value, or improving customer satisfaction scores.

4. Implement Personalized Marketing:

- **Targeted Campaigns:**
    - Develop personalized marketing campaigns based on customer segments.
    - Utilize data insights to tailor promotions, discounts, and product recommendations for specific customer groups.

5. Loyalty Programs and Rewards:

- **Design Loyalty Initiatives:**

    - Create and implement a loyalty program that rewards customers for repeat purchases.
    - Offer exclusive discounts, early access to sales, or points-based systems to incentivize loyalty.

6. Multi-Channel Integration:

- **Omnichannel Approach:**
    - Ensure a seamless experience across various channels (in-store, online, mobile) for customers.
    - Integrate CRM systems to provide consistent and personalized interactions.

7. Customer Feedback and Surveys:

- **Gather Insights:**
    - Implement customer feedback mechanisms, including surveys and reviews.
    - Use insights to understand customer satisfaction levels and areas for improvement.

8. Responsive Customer Support:

- **Efficient Communication:**
    - Provide responsive and personalized customer support through various channels.
    - Address customer inquiries and issues promptly, enhancing overall satisfaction.

9. Use Technology and Analytics:

- **CRM Software:**
    - Invest in CRM software to centralize customer data and streamline communication.
    - Leverage analytics tools to gain insights into customer behavior and preferences.

10. Create Customer-Centric Policies:

- **Flexible Return Policies:**
    - Implement customer-friendly policies, such as hassle-free returns, to enhance the overall customer experience.
    - Communicate these policies clearly to build trust.

11. Measure and Analyze Results:

- **Key Performance Indicators (KPIs):**
  - Establish KPIs to measure the success of your CRM initiatives.
  - Track metrics such as customer retention rates, customer lifetime value, and Net Promoter Score (NPS).

12. Continuous Improvement:

- **Adapt Strategies:**
  - Continuously adapt CRM strategies based on customer feedback, market trends, and performance metrics.
  - Stay agile to address changing customer needs and preferences.

13. Employee Training:

- **Customer-Centric Culture:**
  - Train employees to prioritize customer satisfaction and effectively use CRM tools.
  - Foster a customer-centric culture within the organization.

14. Legal and Ethical Considerations:

- **Data Privacy Compliance:**
  - Ensure compliance with data privacy regulations when collecting and using customer information.
  - Clearly communicate privacy policies to build trust with customers.

Legal and ethical concerns in organized retail involve adherence to laws, regulations, and ethical principles governing business practices. Violations can result in legal consequences, damage to a company's reputation, and loss of customer trust. Here are some legal and ethical concerns in organized retail along with examples:

1. Employee Rights and Labor Practices:

- **Concerns:**
  - Ensuring fair wages, reasonable working hours, and safe working conditions for employees.
- **Examples:**

- Violation of minimum wage laws, inadequate workplace safety measures, or discriminatory employment practices.

2. Consumer Privacy:

- **Concerns:**
  - Safeguarding customer data and respecting privacy rights.
- **Examples:**
  - Improper handling of customer data, unauthorized data sharing, or data breaches that compromise customer information.

3. Product Quality and Safety:

- **Concerns:**
  - Providing safe and quality products to customers.
- **Examples:**
  - Selling products that do not meet safety standards, failing to recall defective products promptly, or mislabeling products.

4. Advertising and Marketing Practices:

- **Concerns:**
  - Ensuring truthfulness, transparency, and non-deceptive practices in advertising and marketing.
- **Examples:**
  - False advertising, misleading product claims, or deceptive pricing strategies.

5. Antitrust and Competition Laws:

- **Concerns:**
  - Avoiding anti-competitive practices and promoting fair competition.
- **Examples:**
  - Price fixing, market manipulation, or monopolistic behavior that stifles competition.

6. Supply Chain Ethics:

- **Concerns:**
  - Ensuring ethical sourcing, fair treatment of suppliers, and sustainability in the supply chain.

- **Examples:**
  - Exploitative labor practices in the supply chain, environmental violations, or unethical procurement practices.

7. Customer Discrimination:

- **Concerns:**
  - Preventing discrimination based on race, gender, age, religion, or other protected characteristics.
- **Examples:**
  - Unfair treatment of customers, discriminatory hiring practices, or biased customer service.

8. Compliance with Local Laws:

- **Concerns:**
  - Adhering to local laws and regulations in each market of operation.
- **Examples:**
  - Ignoring local labor laws, taxation regulations, or licensing requirements.

9. Waste Management and Environmental Impact:

- **Concerns:**
  - Managing waste responsibly and minimizing the environmental impact of retail operations.
- **Examples:**
  - Improper disposal of hazardous materials, excessive use of non-renewable resources, or contributing to environmental pollution.

10. Price Gouging:

- **Concerns:**
  - Charging excessively high prices during emergencies or crises.
- **Examples:**
  - Inflating prices on essential goods during natural disasters, pandemics, or other emergencies.

11. Intellectual Property Protection:

- **Concerns:**

- Respecting intellectual property rights and avoiding infringement.

- **Examples:**
    - Selling counterfeit products, using copyrighted material without permission, or violating trademarks.

12. Ethical Treatment of Competitors:

- **Concerns:**
    - Competing ethically without engaging in malicious practices against competitors.
- **Examples:**
    - Spreading false rumors about competitors, engaging in unfair business practices, or sabotaging competitors' operations.

Ethical concerns in organized retail encompass a range of issues related to fair business practices, transparency, and responsible corporate behavior. Maintaining ethical standards is crucial for building trust with customers, employees, and the broader community. Here are some common ethical concerns in organized retail:

1. Labor Practices:

- **Concerns:**
    - Fair wages, reasonable working hours, and safe working conditions for employees.
- **Examples:**
    - Exploitative labor practices, child labor, inadequate safety measures, or discriminatory employment practices.

2. Supply Chain Ethics:

- **Concerns:**
    - Ethical sourcing, fair treatment of suppliers, and sustainability in the supply chain.
- **Examples:**
    - Exploitative practices in the supply chain, environmental violations, or engaging with suppliers with poor labor practices.

3. Consumer Rights:

- **Concerns:**

- Ensuring fair treatment of customers, transparency in pricing, and protecting consumer rights.

- **Examples:**
    - Deceptive advertising, misleading product claims, or failure to honor warranty commitments.

4. Environmental Impact:

- **Concerns:**
    - Reducing the environmental footprint of retail operations.
- **Examples:**
    - Excessive use of non-renewable resources, improper waste disposal, or contributing to environmental pollution.

5. Product Quality and Safety:

- **Concerns:**
    - Providing safe and quality products to customers.
- **Examples:**
    - Selling products that do not meet safety standards, failing to recall defective products promptly, or mislabeling products.

6. Fair Competition:

- **Concerns:**
    - Avoiding anti-competitive practices and promoting fair competition.
- **Examples:**
    - Price fixing, market manipulation, or engaging in monopolistic behavior that stifles competition.

7. Privacy and Data Security:

- **Concerns:**
    - Safeguarding customer data and respecting privacy rights.
- **Examples:**
    - Mishandling customer data, unauthorized data sharing, or data breaches that compromise customer information.

8. Employee Treatment:

- **Concerns:**
    - Treating employees with respect, providing fair benefits, and promoting diversity and inclusion.
- **Examples:**
    - Discriminatory employment practices, harassment in the workplace, or unfair treatment of workers.

9. Community Impact:

- **Concerns:**
    - Engaging responsibly with local communities and minimizing negative impacts.
- **Examples:**
    - Ignoring local customs, exploiting local resources without consideration, or failing to contribute positively to the community.

******THE END*******