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Impact of Retail Advertisements on Consumers in Visakhapatnam

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Abstract

Organized retailing, in India, refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the publicly traded supermarkets, corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local corner shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc. Organized retailing was absent in most rural and small towns of India in 2010. Supermarkets and similar organized retail accounted for just 4% of the market. Most Indian shopping happens in open markets or numerous small grocery and retail shops. Shoppers typically wait outside the shop, ask for what they want, and cannot pick or examine a product from the shelf. In this scenario, an attempt has been made to identify the impact of different retail advertisements and their impact on consumers.

Key words: retail – advertising – retail advertising – retailing – customer communications

INTRODUCTION

The National Commission for Enterprises in the Unorganized Sector (NCEUS) defines Unorganized sector as "Unorganized Sector is a Sector consisting of all unincorporated private enterprises owned by individuals or households engaged in the sale or production of goods and services operated on a proprietary or partnership basis and with less than ten total workers".

Based on this definition, Organized sector in India is defined as "Organized sector is a sector consisting of all incorporated enterprises which are engaged in the sales or production of goods and services operated as private limited or limited organizations governed by Companies act and having more than ten total workers".

With this definition, Organized Retail Sector will be characterized as:

- 'Company owned retail setups'
- 'Part of the employees are on the direct payroll of the company (some may be on the contract also)'
- 'Employees will be governed by minimum wages act'
- 'These outlets can be "standalone company owned showroom" or "The retail space" in any of the super market or mall etc.'
  - Practically there may be less than ten worker though

Organized retailing, in India, refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the publicly traded supermarkets, corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses.

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Organized retailing was absent in most rural and small towns of India in 2010. Supermarkets and similar organized retail accounted for just 4% of the market. Most Indian shopping happens in open markets or numerous small grocery and retail shops. Shoppers typically wait outside the shop, ask for what they want, and cannot pick or examine a product from the shelf. Access to the shelf or product storage area is limited. Once the shopper requests the food staple or household product they are looking for, the shopkeeper goes to the container or shelf or to the back of the store, brings it out and offers it for sale to the shopper. Often the shopkeeper may substitute the product, claiming that it is similar or equivalent to the product the consumer is asking for. The product typically has no price label in these small retail shops; all packaged products must display the maximum retail price (MRP) above which the product cannot be sold. It is a criminal offence to sell a product beyond the MRP of a product. The shopkeeper can price the food staple and household products arbitrarily, and two consumers may pay different prices for the same product on the same day but never will those price be above the maximum retail price. Price is rarely negotiated between the shopper and shopkeeper. The shoppers usually do not have time to examine the product label, and do not have a choice to make an informed decision between competitive products.

India's retail and logistics industry, organised and unorganised in combination, employs about 40 million Indians (3.3% of Indian population). The typical Indian retail shops are very small. Over 14 million outlets operate in the country and only 4% of them being larger than 500 sq ft (46 m^2) in size. India has about 11 shop outlets for every 1000 people. Vast majority of the unorganised retail shops in India employ family members, do not have the scale to procure or transport products at high volume wholesale level, have limited to no quality control or fake-versus-authentic product screening technology and have no training on safe and hygienic storage, packaging or logistics. The unorganised retail shops source their products from a chain of middlemen who mark up the product as it moves from farmer or producer to the consumer. The unorganised retail shops typically offer no after-sales support or service. Finally, most transactions at unorganised retail shops are done with cash, with all sales being final.

Until the 1990s, regulations prevented innovation and entrepreneurship in Indian retailing. Some retails faced complying with over thirty regulations such as "signboard licenses" and "anti-hoarding measures" before they could open doors. There are taxes for moving goods to states, from states, and even within states in some cases. Farmers and producers had to go through middlemen monopolies. The logistics and infrastructure was very poor, with losses exceeding 30 percent.

Through the 1990s, India introduced widespread free market reforms, including some related to retail. Between 2000 and 2010, consumers in select Indian cities have gradually begun to experience the quality, choice, convenience and benefits of organised retail industry.

Growth over 1997-2010

India in 1997 allowed foreign direct investment (FDI) in cash and carry wholesale. Then, it required government approval. The approval requirement was relaxed, and automatic permission was granted in 2006. Between 2000 to 2010, Indian retail attracted about $1.8 billion in foreign direct investment, representing a very small 1.5% of total investment flow into India.

Single brand retailing attracted 94 proposals between 2006 and 2010, of which 57 were approved and implemented. For a country of 1.2 billion people, this is a very small number. Some claim one of the primary restraint inhibiting better participation was that India required single brand retailers to limit their ownership in Indian outlets to 51%. China in contrast allows 100% ownership by foreign companies in both single brand and multi-brand retail presence.

Indian retail has experienced limited growth, and its spoilage of food harvest is amongst the highest in the world, because of very limited integrated cold-chain and other infrastructure. India has only 5386 stand-alone cold storages, having a total capacity of 23.6 million metric tons. However, 80 percent of this storage is used only for potatoes. The remaining infrastructure capacity is less than 1% of the annual farm output of India, and grossly inadequate during peak harvest seasons. This leads to about 30% losses in certain perishable agricultural output in India, on average, every year.

Indian laws already allow foreign direct investment in cold-chain infrastructure to the extent of 100 percent. There has been no interest in foreign direct investment in cold storage infrastructure build out. Experts claim that cold storage infrastructure will become economically viable only when there is strong and contractually binding demand from organised retail. The risk of cold storing perishable food, without an assured way to move and sell it, puts the economic viability of expensive cold storage in doubt. In the absence of organised retail competition and with a ban on foreign direct investment in multi-brand retailers, foreign direct investments are unlikely to begin in cold storage and farm logistics infrastructure.

Until 2010, intermediaries and middlemen in India have dominated the value chain. Due to a number of intermediaries involved in the traditional Indian retail chain, norms are flouted and pricing lacks transparency. Small Indian farmers realise only 1/3rd of the total price paid by the final Indian consumer, as against 2/3rd by farmers in nations with a higher share of organised retail. The 60%+ margins for middlemen and traditional retail shops have limited growth and prevented innovation in Indian retail industry.

India has had years of debate and discussions on the risks and prudence of allowing innovation and competition within its retail industry. Numerous economists repeatedly recommended to the Government of India that legal restrictions on organised retail must be removed, and the retail industry in India must be opened to competition. For example, in an invited address to the Indian parliament in December 2010, Jagdish Bhagwati, Professor of Economics and Law at the Columbia University analysed the relationship between growth and poverty reduction, then urged the Indian parliament to extend economic reforms by freeing up of the retail sector, further liberalisation of trade in all sectors, and introducing labour market reforms. Such reforms Professor Bhagwati argued will accelerate economic growth and make a sustainable difference in the life of India's poorest.

A 2007 report noted that an increasing number of people in India are turning to the services sector for employment due to the relative low compensation offered by the traditional agriculture and manufacturing sectors. The organised retail market is growing at 35 percent annually while growth of unorganised retail sector is pegged at 6 percent

The Retail Business in India is currently at the point of inflection. As of 2008, rapid change with investments to the tune of US$25 billion were being planned by several Indian and multinational companies in the next 5 years. It is a huge industry in terms of size and according to India Brand Equity Foundation (IBEF), it is valued at about US$395.96 billion. Organised retail is expected to garner about 16-18 percent of the total retail market (US$65–75 billion) in the next 5 years.

India has topped the A.T. Kearney's annual Global Retail Development Index (GRDI) for the third consecutive year, maintaining its position as the most attractive market for retail investment. The Indian economy has registered a growth of 8% for 2007. The predictions for 2008 is 7.9%. The enormous growth of the retail industry has created a huge demand for real estate. Property developers are creating retail real estate at an aggressive pace and by 2010, 300 malls are estimated to be operational in the country.

Growth after 2011

Before 2011, India had prevented innovation and organised competition in its consumer retail industry. Several studies claim that the lack of infrastructure and competitive retail industry is a key cause of India's persistently high inflation. Furthermore, because of unorganised retail, in a nation where malnutrition remains a serious problem, food waste is rife. Well over 30% of food staples and perishable goods produced in India spoils because poor infrastructure and small retail outlets prevent hygienic storage and movement of the goods from the farmer to the consumer.,

One report estimates the 2011 Indian retail market as generating sales of about $470 billion a year, of which a minuscule $27 billion comes from organized retail such as supermarkets, chain stores with centralized operations and shops in malls. The opening of retail industry to free market competition, some claim will enable rapid growth in retail sector of

Indian economy. Others believe the growth of Indian retail industry will take time, with organized retail possibly needing a decade to grow to a 25% share. A 25% market share, given the expected growth of Indian retail industry through 2021, is estimated to be over $250 billion a year: a revenue equal to the 2009 revenue share from Japan for the world's 250 largest retailers.

Economist forecasts that Indian retail will nearly double in economic value, expanding by about $850 billion by 2020.The projected increase alone is equivalent to the current retail market size of France.

In 2011, food accounted for 70% of Indian retail, but was under-represented by organised retail. A.T. Kearney estimates India's organised retail had a 31% share in clothing and apparel, while the home supplies retail was growing between 20% to 30% per year. These data correspond to retail prospects prior to November announcement of the retail reform.

It might be true that India has the largest number of shops per inhabitant. However, there are detailed figures for Belgium, the Netherlands and Luxemburg. In Belgium, the number of outlets is approximately 8 per 1,000 and in the Netherlands it is 6. So the Indian number must be far higher.

MEANING OF RETAIL ADVERTISING:

Retail Advertising refers to advertising for the retail business, in connection of the private business of branches. Furthermore, the designation Retail is used also in the tourism and banking industry.

An optimization of the individual advertising is achieved when the position of the receiver (client, user) is determined. In digital marketing, it is controllable via geo-marketing and geo-targeting. Advertising, for example banners (display) will be shipped only in a particular environment

- Your retail strategy
- Your competitive
- Your external advertising strategy

And other external factor that can influence your retail visits.

ADVANTAGES OF RETAIL ADVERTISING:

- Advertising quickens the turnover, reduces risk on dead stock and can result in proportionate reduction of overhead expenses.
- The retailer is generally afraid of fluctuations in prices. Advertising stabilizes the price and thus avoids losses to the retailer through change in the price.
- In case of many .well-advertised articles, the manufacturer himself controls the price and thus unfair competition and “price wars” are avoided.
- The retailer can also easily anticipate the actual sales and plan his stock accordingly.
- By creating new demands and inducing the public to spend more money on the goods, advertising increases the sales which benefits the retailer by reducing the percentage of overhead expenses.
- By advertising, the retailer can himself inform the public of his existence and the product he sells.
- The normal retailer has no salesmen who go out to get orders. Advertising goes out on his behalf right into the market and draws the customers towards his shop. Although attractive window display also helps, it can only attract those who pass by the shop.

METHODS OF RETAIL ADVERTISING:

Some of the most common methods used in retail advertising strategies include:

- ✓ Print Media Advertisements
- ✓ Electronic Media Advertisements
- ✓ Social Media
- ✓ Look walkers
- ✓ Tv advt
- ✓ Mobile van advertisements
- ✓ Radio advertisements
- ✓ Metro wall advertisements
- ✓ Hoardings
- ✓ Street promotions
- ✓ Mobile updates

NEED FOR THE STUDY:

Retail comes from the French word retailer, which refers to "cutting off, clip and divide" in terms of tailoring (1365). It first was recorded as a noun with the meaning of a "sale in small quantities" in 1433 (French). Its literal meaning for retail was to "cut off, shred, paring”. Retail is the final stage of any economic activity. By virtue of this fact, retail occupies an important place in the world economy. According to Philip Kotler, Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing. These are the final business entities in a distribution channel that links manufacturers to customers. Manufacturers typically make products and sell them to retailers or wholesalers. Wholesalers resell these products to the retailers and finally, retailers resell these products to the ultimate consumers. Any organization selling to final consumers whether it is a manufacturer, wholesaler or retailer-is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine, or internet or where they are sold-in a store, on the street, or in the consumer’s home). A Retailer thus, provides value creating functions like assortment of products and services to the consumers, breaking bulk, holding inventory and provides services to consumers, manufacturers and wholesalers.

Retailing broadly involves:

- Understanding the consumers' needs
- Developing good merchandise assortment and
- Display the merchandise in an effective manner so that shoppers find it easy and attractive to buy.

OBJECTIVES OF THE PROJECT

- ✓ To find out the impact of Advertising practices in retailing with respect to big bazaar.
- ✓ To find out the tools and techniques of external promotions those are used in big bazaar.
- ✓ To know the level of satisfaction towards the external promotional activities carried out by big bazaar.
- ✓ To identify the factors influencing the customers to visit big bazaar.
- ✓ To give the suggestion for improve the external promotional activities of big bazaar in the present competitive market.

METHODOLOGY OF THE STUDY:

Research type	**:**	Descriptive research
Population size	**:**	Customers of Big Bazaar, abids, Hyderabad
Sampling techniques	**:**	Convenience sampling
Sampling area	**:**	Visakhapatnam
Sampling size	**:**	100
Data collection instrument: Questionnaire		
Data collection	**:**	from Customers
Primary	**:**	Questionnaire
Secondary	**:**	Journals, websites, books

Descriptive Research

Descriptive research is the process of finding solutions for a problem after a tough study and analysis of situational factors. It tries to solve a complex and complicated problems through uses of various tools and techniques. These tools and techniques try to bring out a logical accurate and scientific for a given problem.

Research Design

Research Design is the arrangement of conditions and analysis of data in a manner that aims to combine relevance to the research purpose economy in procedure in fact the research design is the conceptual structure within research is conducted. It constitutes the blue print for the collection and analysis of data. The research design adapted in the study was descriptive study.

Sampling Technique

The sampling technique which was used is convenience sampling.

LIMITATIONS OF THE STUDY:

- Since the survey has been conducted to the customers of Visakhapatnam retail market.
- The period of the study is only 60days.
- It's very difficult to cover the entire market.
- Most of the customers show hesitations to respond.
- Only 200 customers are taken as sample for the study.

CONCLUSIONS OF THE STUDY:

According to the survey age of the respondents has been classified into four groups, where (15-24) age group respondents are 35%, (25-24) age group respondents are 49%, (45-64) age group respondents are 10%, (65 plus) age group respondents are 6%. It can be concluded that most of the customers are from (25-44) age group. And (15-24) age group customers stands second. (45-64) age group customers as third and (65 plus) age group customers are forth.

According to the survey most of the respondents' opinions are collected from male respondents rather than female. It can be concluded that 81% of the respondents are male and 19% of the respondents are female.

According to the survey occupation of the respondents has been divided into three types they are student, employee, business. It can be known that 52% of the respondents are employees, 33% of the respondents are students, 15% of the respondents are business people. It can be concluded that most of the customers are employees. Students' stands second and business people stands third.

According to the survey respondents most visited retail outlet has been found. There are having four different retail outlets as their options. It can be known that 58% of the respondents visit mostly Big Bazaar, 30% of the respondents visit mostly D-mart , 10% of them visit mostly to Reliance, 2% of them visit mostly spencer's.

According to the survey, there are three main reasons why the customers are approaching a particular retail outlet i.e. offers, quality and both. It can be concluded that 41% of the respondents visit the outlet because of offers , 25% of the respondents visit based on quality , 34% of the respondents visits are based on both offers and quality.

It was found that the respondents opinion on advertisements effectiveness on selecting a retail outlet, where 29% of the respondents strongly agreed that advertisement helps to select a retail outlet and 53% of them agreed, where 18% of them disagreed and 0% response on strongly disagree.

The customer communications in retail outlet are, communicating the offers through messages, where 37% of the respondents are getting the up to date offers through messages and 63% of the respondents are not getting the messages where this 63% of the respondents involves both loyal customers and temporary customers.

According to the survey, the most effective form of promotional methods are, 12% of the respondents prefer hoardings , 10% of the respondents prefer street promotions , 42% of the respondents prefer TV ads and 36% of the respondents prefer mobile updates. So most of the respondents attract to TV ads and second most attracted form of promotional method is mobile updates.

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