Retail Sales Promotion in Indian Apparel Industry

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Abstract

The Indian retail industry is the fastest growing in the world. India is among the most preferred retail destination globally and is the highest in the world in terms of per capita retail stores. The retail industry contributes to 10% of GDP and 8% of employment. The apparel retail industry is the highly competitive market contributing 8% to Indian retail sector. The emergence of apparel retail stores have brought an evolution in the apparel market with the range of brands and readymade garments they offer.

Retail promotion is the way retailers communicate with their target customers. The prime objective of retail promotion is to generate more sales. Retailers design the store promotion by employing a combination of advertising, sales promotion, personal selling and publicity. Different strategies are used to target the customers.

In this paper, we have tried to discuss the different promotional strategies adopted by the Indian apparel retailers. We have also tried to find their effectiveness. This study also investigates the motivation behind retail promotional activities by examining customer behaviour. We have also tried to study online platform used by the retail stores to boost their sales.

The annual reports of the companies, journals, research papers, websites have been used to gather the information related to the sales promotional strategies of apparel retail firms and their effectiveness on the company's performance.

This paper will provide useful information on the impact of various promotional strategies on the sales of the firm and also as a competitive strategy.

Keywords

Advertising, Environment, Promotion, Retail, Strategy.

I. Introduction

The Indian retail industry has presently emerged as one of the most dynamic and fast paced industry as several players have started to enter the market. It accounts for over 10% of GDP and around 8% of employment in India. The country today is the fifth largest destination in the world for retail. It is expected to demonstrate a year on year growth of 6% and cross 85 billion dollars by end of 2020.

India has occupied a remarkable position in global retail ranking. It ranks eighth in the FDI confidence Index and first in the global retail development index 2017 backed by rising middle class and rapidly growing consumer spending. The country has high market potential, low economic risk and moderate political risk.

Pre 2000, readymade offerings were limited to occasion wear and daily apparel needs were fulfilled by local boutiques and tailors. Apparel market gained momentum with the emergence of regional brands, launch of private labels by retail chains along with emergence of ecommerce sales.

The apparel retailers like Shoppers stop, Westside, Pantaloons, Lifestyle have popularized their private labels which have attracted shoppers. Westside mainly carries private labels while other stores have private and international brands. Various sales promotion strategies are adopted by these retailers for meeting cut throat competition, purchase acceleration, stock piling and brand switching.

The share of fashion in Indian retail market is split between apparels, accessories and footwear.

![Market size of Indian retail industry (US $ billion)](image)

Table 1: Share of Fashion in Indian Retail market

<table>
<thead>
<tr>
<th>Year</th>
<th>Apparel</th>
<th>Accessories</th>
<th>Footwear</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>84%</td>
<td>3%</td>
<td>13%</td>
</tr>
<tr>
<td>2017</td>
<td>79%</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>2022(Estimated)</td>
<td>74%</td>
<td>13%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: www.ibef.org

This paper is intended to study the different promotional strategies adopted by the Indian apparel retailers and the effectiveness of these strategies. It has also tried to see how online platforms have been used by retail stores to boost their sales. Apparel retailers like Shoppers stop, Pantaloons, Lifestyle, Reliance Trends and Westside have been taken for study. It also highlights the growth of apparel retail sector in India.

Source: www.ibef.org

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II. Review of literature

Gubert (2003) notes that Retailing can be pure service or amalgamation between services and goods based upon their relationship to different types of shops and merchandise offer. Newmann & Gullen (2002) points out that retailing is a service industry because retailers’ essential economic function is to provide their customers with several basic and important services including accessibility of location, convenience of timing, choice of products, information about products and convenience of size.

In the words of A.H.R.Delens, sales promotion means any step taken for the purpose of obtaining an increasing sale. Often this term refers specially to selling efforts that are designed to supplement personal selling and advertising and by coordination helps them to become more effective. Bucklinand Lattin (1992) explained that retail promotions in any category donot directly influence a consumer’s store choice decision but they indirectly influence where the product is purchased. The impact of promotions will be higher in a pleasant atmosphere because the longer consumers stay in a store, the more likely they are to notice promotions and buy more than planned.

Dr. Mahalaxmi Krishnan and Usha Bhandare (2010) in their research paper on “Retail advertising and promotional strategies in growing consumer market 2010” explains the advertisement and promotional strategies adopted by retailers and their effectiveness.

Field surveys using structured questionnaire were used to collect primary data from retailers and consumers in the city of Mumbai. Retailers adopt a mix of marketing and promotional strategies to withstand competition. Consumers make informed purchase decision by shifting through various advertisement promotional offers. Indian consumers are maturing and the retailers find it increasingly difficult to influence the purchase decisions of customers merely with promotional offers.

Innovations in sales promotion techniques are required to acquire new customers and to retain existing customers, especially the youth, who have no qualms switching brands or shops. Stanley George (2010) in his study on “Occasion based promotional strategies of consumer durable segment in Kerala” explains occasion based marketing is an approach to connect when and why consumers use the product with how they shop for the product. Kerala is highly developed market for consumer products. National as well as international brands have been trying to have a fair share of this market. The study is focused mainly on the promotional strategies of consumer durable companies and retailers are adapting various promotional strategies to attract deal prone, promotion liking customers.

Neeam kapor, Assistant professor, Delhi University in his research paper “A study on buying behavior of customers in Big Bazaar, Inderlok(Delhi)” explains the buying behavior of customers towards Big Bazaar.

The data was collected through structured questionnaire from customers who were visiting retail outlets. Data was also collected from various websites to understand philosophy of consumer behavior. The customers behavior is affected by various factors like promotional strategies of the company.

Mr. S.V.V.S.N Murthy, Ms. M.Sita Mahalakshmi, Dr. P. Srinivassa Reddy in his research paper “Conceptual study on marketing strategies of retailers” explains the various marketing elements which play important role to get competitive advantage in retail sector and identify the importance of four marketing strategies namely product, price, place, promotion.

It studies the influence of how business brings in consumers. Promotion is the life blood of any retail organisation competing effectively with the competitors. Marketing needs to be replaced with more customized approach by using sophisticated technology. An essential aspect of customer retention strategy is the individualization of the firm’s offering to the customer needs.

Liu Yupiterg (2007) found out long term impact of loyalty programs on consumer purchase behavior and loyalty. Using longitudinal store franchise, the study found out that the consumers who were heavy buyers at the beginning of the loyalty program were most likely to claim their qualified rewards, but the program did not prompt them to change their purchase behavior. In contrast, consumers whose initial patronage levels were low and moderate gradually purchased more and became more loyal to the firm. For light buyers, the loyalty program broadened their relationship with the firm into other business areas. Thus, there is a need to consider patronage to decide rewards for loyalty programmes.

III. Objectives of The Study

1. To know the various promotional strategies adopted by the Indian apparel retailers.
2. To study the effectiveness of promotional techniques.
3. To know the role of ecommerce and study online platform used by the retail stores to boost their sales.
4. To investigate motivation behind retail promotion activities by examining consumer behavior.

IV. Methodology

This study is related to sales promotion techniques adopted by various retailers in apparel retail industry. Five apparel retail stores i.e. Shoppers stop, Pantaloons, Westside, Lifestyle, Reliance Trends have been selected for the study. Store profile, retailering strategies and information on sales promotion activities of these organized retailers has been studied.

The study is descriptive in nature. Descriptive research is a research method that describes the characteristics of the population or phenomenon that is being studied.

Secondary data has been used for the present study through various published journals, websites, annual reports, newspapers and company websites has been used.

Meta-Analysis has also been used. Meta-analysis is the statistical procedure for combining data from multiple studies. It is a set of techniques used “to combine the results of a number of different reports into one report to create a single, more precise estimate of an effect” (Ferrer, 1998). The aims of meta-analysis are “to increase statistical power; to deal with controversy when individual studies disagree; to improve estimates of size of effect, and to answer new questions not previously posed in component studies” (Hunter and Schmidt, 1990).

V. Analysis

The retail sector in India has undergone significant transformation in the last decade. Retail has become the boom industry. Customers are looking for convenience and value of money. The main aim is to initiate a relationship with the customer and grow it further.

The standard of living of people is increasing and they look for convenience and value of money. The main aim is to initiate a relationship with the customer and grow it further.
The market size of Indian retail industry has been constantly increasing. The retail sector in India has emerged as one of the largest sectors in the economy. Five apparel retail stores have been selected for the study. Store profile, retailing strategies and information on sales promotion activities of these organized retailers has been depicted in a table.

Table 2: Comparison of Apparel Retailers

<table>
<thead>
<tr>
<th>Store Name</th>
<th>Store Location</th>
<th>Retailing strategy</th>
<th>Sales Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance Trend</td>
<td>New Delhi</td>
<td>Lifestyle</td>
<td>Discount, Gift Vouchers</td>
</tr>
<tr>
<td>Pantaloons</td>
<td>Mumbai</td>
<td>Mid-market</td>
<td>Discount, Lucky Draw</td>
</tr>
<tr>
<td>Shoppers Stop</td>
<td>Bangalore</td>
<td>Lifestyle</td>
<td>Discount, Exchange Offer</td>
</tr>
<tr>
<td>Reliance</td>
<td>Kolkata</td>
<td>Casual</td>
<td>Discount, End of Season Sale</td>
</tr>
<tr>
<td>Trend</td>
<td>Chennai</td>
<td>Casual</td>
<td>Discount, Gift Vouchers</td>
</tr>
</tbody>
</table>

The growth in sales of these retail apparel stores has been depicted through the graphs.

Fig. 2: Sales Revenue of Reliance Retail

Source: www.ril.com

The sales revenue of Reliance stores has been constantly growing from 2012-2018. It increased from 174 million in 2012 to 71,607 million in 2018 due to increasing promotional tools used by the company and favorable government policies.

Fig. 3: Sales revenue of Pantaloons

Source: www.abfrl.com

The sales revenue of Pantaloons has been constantly increasing from 2012-2018. It increased from 174 million in 2012 to 71,607 million in 2018 due to increasing promotional tools used by the company and favorable government policies.

Fig. 4: Sales Revenue of Shoppers Stop

Source: www.shoppersstop.com

The sales revenue of Shoppers Stop has not been constant. It was high in 2014 and 2015 but fell in 2016 and again increased in 2017 and 2018. There has been very slow growth in company’s revenue. The company’s sales increased at 11% in 2015 but fell by 8% in 2016 and then increased by 9% in 2017 and 2018.

VI. Inference

From the above table and graphs which give comparative picture of various sales promotion activities, evaluation techniques of five apparel retail stores, it is clear that all the retail outlets are using different sales promotion mix to promote their products and increase sales revenue.

All the stores are using end of season sale to clear their stocks and avoid carrying cost. This sale is there twice a year wherein customers are offered goods at more than 50% discount on MRP.

Almost all the retail apparel stores are using heavy discount, lucky draw, gifts, contests, buy one get one free, cash vouchers to promote sales. Pantaloons has used a unique scheme of an exchange offer which is relating to a cause of donating old pairs collected for charity. Reliance Trend offers cash vouchers which encourage the buyer to make next purchase to redeem the cash.
benefits. Reliance trend could sell 2 lakh garments a day last year.
Huge discounts and offers are brought during festivals like Ganesh Utsav, Dussehra, Pongal, Diwali, karwa Chauth. The customer footfall increases during special occasions. Shoppers stop saw 20% year on year increase in sales especially during festive season. All the stores are using Loyalty cards to retain the customers and to encourage them to visit the store again to redeem their card points. These retail stores have tie ups with banks and telephone companies wherein customers can redeem these points on next store purchase, online purchase or be offered mobile data as reward. Some loyalty programmes are complex with lot many terms and conditions like Lifestyle’s card inner circle wherein the conditions to be fulfilled are not very clear to the customers. Shoppers Stop, Lifestyle and Westside have huge number of card members. These loyal customers make most of the repeated purchase. All the stores are using store media, POP, hoarding, print media, electronic media to promote their stores. Face book, Twitter, YouTube have been used to attract the customers and encourage them to purchase by conducting online contest on face book, offering styling tips to customers. Shopper stop has a fan base on face book page of more than 10.8 million. Shoppers Stop also has a You tube channel ‘Style Hub’. Retail stores have been using different themes to attract their customers like Shoppers stop has exclusive woman stores, Westside introduces seasonal theme like color based or floral theme to attract customers. All the retail outlets measure the impact of sales promotion activities by looking at the parameters like sales made during the period, footfall, conversion of footfall into buyer, average bill size etc. All the retail outlets have heavy footfall during weekends and festive seasons. The internet users are increasing year on year in India. The revenue from online retail increased from $15 billion to $18 billion in 2017. All the apparel retailers are using online platform to boost the sales. Ajio website was visited by 60 million during 4QFY18.

VII. Conclusion
From the above finding it is clear that sales promotion strategies are being widely used by different apparel stores to meet various objectives. The sales promotion activities have direct impact on the behavior of customers as it motivates them to purchase the goods and encourages to switch from one brand to another. These activities help to increase the footfall, clear excess stock, increase sale, enhance store image, create price image. They even lure non buyers to buy the product. Footfall increases mainly during festive seasons like Diwali, Rakshabandhan, New Year. Retailers attract the customers by offering huge discounts and excessive advertising through electronic media and print media. They even come up with different themes like colour based theme to attract customers. Loyalty programmes have been used by almost all the retailers to encourage the customers to make repeated purchase. Many retailers are offering loyalty cards in tie up with banks like shoppers stop has first loyalty card in tie up with Citibank. These members make repeated purchase and contribute to the increasing sales of the company. Different exciting promotions generate positive word of mouth and make the customer feel as a smart shopper. The apparel retailers need to understand the consumer’s behavior and design the promotional activities to achieve the objective of the company.

In a highly competitive environment, it is very difficult to retain the customers. Too frequent promotions or predictable sales like end of season sale might result in loss to the retailers. Thus, a retailer has to consider these problems while designing the strategy. He needs to understand the role of integrated Marketing communication in increasing the sales as well as store image. The internet penetration and usage has grown exponentially in the recent years because of the availability of broadband, better network and increasing usage of smart phones. With increasing internet traffic all the retailers need to equally emphasize on their online channels to provide quality products at best price to strive in this competition.

References
Authors Profile

Anu Sharma has completed MPhil (Commerce) from Madurai Kamaraj University, Executive MBA from Amity University, M.Com in Finance from Bangalore University and has qualified NET. She has extensive academic and industrial experience. She has worked in Air Wave E Pvt. Ltd as a financial executive. She has also worked as a Personality Development Trainer in Jetking and IIHT. She has worked as a paper setter in Mahatma Jyoti Rao Phoole University. She has more than five years of teaching experience. She has worked as Assistant Professor in Centre of Management studies, Bangalore and is presently working in World College of Technology and Management. She has handled administrative tasks like admissions coordinator, organizing industrial visits. Her areas of expertise are Financial Management, Financial Accounting, Company accounts, financial services.

Himani Avasthi is a doctorate professional with a proven track record as academician, researcher, consultant, trainer and administrator, who can channelize the potential of people to achieve organizational objectives. She has 18 years of experience in imparting business management education to post graduates, undergraduates and executives in India & Dubai. Currently She is heading Department at World College of Technology & management, Gurgaon (affiliated to MDU, Rohtak). Before joining WCTM, she worked at JK Business School, Gurgaon; Annapurna International School of Films & Media (AISFM), Hyderabad; Centre for Executive Education (CEE), Dubai; Institute of Business Management & Research, Gurgaon, IILM Gurgaon & Jaipur and IIMS,Jaipur. She has a positive attitude towards continuous learning and has published and presented papers at various national and international conferences including Dublin Institute of Technology, Ireland, Manipal Institute of Technology, Mody College and others. She has also conducted MDPs and panel discussions. Besides teaching she has also handled academic and administrative tasks like officiating Dean, Training & Placements coordinator, admissions coordinator and student advisor. Her area of expertise is Quantitative Techniques, Operations Research, Business Research, Business Statistics and HRM- Contemporary & Specializations like Performance Management, Cross-culture management and Corporate Social Responsibility. Dr. Avasthi has done her Ph.D on ‘Work-Life Balance” from Rajasthan. She is MBA- HR from Lucknow University and a mathematics graduate from Allahabad University.