SYLLABUS

Class – B.Com I Years

Subject – Retail Management

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Retail Management Concept

The term "retail" comes from the French word "re-tailler," which meaning "to cut, trim, or split." This was mostly used in relation to tailoring. Thus, retailing refers to the sale of modest quantities of products. A retailer buys huge amounts of items from a wholesaler, divides them into the lowest possible quantities, and sells them to final customers.

The term "retailing" has a considerably broader definition than it appears. Retailing encompasses not just the sale of tangible things, but also the provision of services to individual customers. Dry cleaners, beauty salons, health centres, spas, tailor shops, and other service stores are examples.

"Any firm that targets its marketing efforts toward satisfying the final consumer based on the organisation of selling goods and services as a means of distribution," according to the definition of retail.

The word retail has been derived from the French word 're-tailler' which means 'to cut, trim or divide'. Thus retailing means, to sell goods in small quantities. Retailing not only covers the sale of goods which are tangible but also includes the sale of services to individual customers.

The term retailing has a much wider scope than it seems. Retailing not only covers the sale of goods which are tangible but also includes the sale of services to individual customers.

The examples of service retailers can be dry cleaners, beauty salons, health centres, spas, tailor's shop, etc. In the absence of retailers, there would be absolute confusion and it would be very difficult for the manufacturer to make the products available to a large number of customers. Thus retailers facilitate smooth running of goods and services to the ultimate customers.

Some of the major retail stores are briefly described here:

i. Departmental Stores:

A departmental store offers a wide range of products in an organized fashion and is easily accessible by the consumer. The product line of departmental stores is substantially long. Departmental stores provide better amenities to consumers for shopping by virtue of having adequate infrastructure for parking, leisure activities and hobbies.

Departmental stores face stiff competition from discount shops and downtown retailers of poor quality goods. Departmental stores provide the consumer services of honoring the product guarantee, warranty, post-sale services and the latest technical information. Departmental stores also organize educational programs for the benefit of the consumer on the various aspects of products use and other related matters.

ii. Exclusive Retail Stores:

Exclusive or specialty retail stores are unlike departmental stores and do not have a long product line. These stores are narrow in their product lines and are largely confined to the product line of a specific company. They present a varied assortment within that product line. Examples can be drawn from many consumer goods companies promoting exclusive retail stores like Phillips for a range of electrical, audio and video household gadgets; Raymond's for textiles; Bata for shoes and leather goods, and so on.

c. Super specialty stores.

Single line stores may be identified as the retail stores selling only one product like textiles. Limited line stores may be defined as the shops having micro specialization based on goods and services, gender and age, like exclusive men's wear retail stores, kids shoppe for garments etc.

The retail stores engaged in selling products scientifically designed for a particular purpose may be categorized as super specialty stores, e.g., surgical equipments stores, sports accessories; fashion garments stores and the like.

Nature of Retailing:

Low Margin High Turnover:

Retailing may be low margin and high turnovers like in big bazaar, Vishal Megamart, Wal-Mart, Pantaloon etc. they have wide variety of FMCG in several merchandise lines. These stores are located near to the consumers.

High Margin and Low Turnover:

These stores are having distinctive merchandise and sales approach. The stores in this category price their products above the market price. These store provide many specific services and sell special category of products, these stores are located in prime place. Examples are Lifestyle Chain, Armani DLF, Omega, Ethos etc.

High Margin-High Turnover:

Stores are those which have narrow line of items that turn over these are located in a non-commercial location, overhead cost may be high, but high prices can ensure profitability, example are convenience food outlet.

Retailing in India

The Indian retail market is largely unorganized. However, the organised Indian retail market has increased by ~50% between 2012-2020 to its current value of nearly 12% of total retail. The modern Indian retail industry is expected to grow at a 15% CAGR to reach 18% by 2025. Major retail categories (by % organised retail penetration) such as apparel & accessories (18%), consumer electronics (6%) and home & living (6%) will drive the increase in organised retail this decade.

The Indian retail market can be categorised as (1) traditional outlets (vegetable, fruit, and grain markets and fairs); (2) established outlets (corner shops, kiosks, independent stores, department stores, supermarkets, hypermarkets, speciality stores, franchise stores, discount stores, and wholesale cash-and-carry outlets); (3) cooperative/government stores (Mother Dairy stores, khadi and village industry outlets, cottage industries emporiums, defence canteens, and fair-price shops); and (4) e-commerce (online travel ticket and hotel accommodation, leisure goods, electronic goods, entertainment electronics, etc.).

The main segments of the overall retail industry are food and grocery (60 percent share); apparel (8 percent); telecom (6 percent); food service (5 percent); jewellery (4 percent), pharmacy (3 percent); consumer electronics (3 percent); and "others" (11 percent). However, the apparel segment tops the list of organised sector segments at 33 percent, followed by food-grocery and telecom (11 percent each) and consumer electronics (8 percent) for the second and third ranks.

Among the top retail groups/companies in India are Future Group (Big Bazaar, Pantaloons, Brand Factory), Tata Group (Titan and Tanishq outlets, Croma, Westside, Landmark), Reliance Retail (Reliance Supermarkets, Reliance Digital), K. Raheja Corp Group (Shoppers Stop, Crossword), Aditya Birla Group (More outlets), RP-Sanjeev Goenka Group (Spencer's Hyper, Spencer's Daily), ITC-LRBD, and Fabindia.

The retail industry uses four types of "channels" to route products from the manufacturer to the customer. They are the direct channel (producer to customer), retailer channel (producer to retailer to customer), wholesale channel (producer to wholesaler to retailer to customer), and agent/broker channel (producer to agent/broker to wholesaler to retailer to customer). Modern retail stores abroad use “omnichannel” strategies to seamlessly integrate channels and let the customer decide when, where, and how to buy.

Pricing Strategy

As with any business decision, determining your pricing strategy starts with assessing your own business’s needs and goals. This involves some commercial soul searching — what do you want your business to contribute to the economy and world? This could mean embracing a traditional retail strategy, establishing a service business mindset or emphasizing personal customer relationships in your offering.

Once you define your goals and needs, do some research on the market you’re entering. Determine three to five main competitors in the industry by conducting online research or scouting out local businesses. No matter what pricing strategy you adopt, what your competitors are doing will impact your business’s success and future decisions. Understanding your competitors’ strategies can also help you differentiate your business from other businesses in the market. In an economy where there are thousands of small businesses providing the same products and services, an effective pricing strategy can help you stand out.

A good final stage in your research is speaking with potential customers to get a feel for how they value your brand, product or service. This can give you valuable insight into how to set your pricing. This kind of research can range from casual conversations with friends and family to formal surveys of potential buyers.

While you may have already done some of this legwork when developing your business plan, it’s good to have as much insight and information as possible before you decide what pricing strategy to adopt.

Pricing strategies to attract customers to your business

There are dozens of ways you can price your products, and you may find that some work better than others — depending on the market you occupy. Consider these seven common strategies that many new businesses use to attract customers.

1. Price skimming

Skimming involves setting high prices when a product is introduced and then gradually lowering the price as more competitors enter the market. This type of pricing is ideal for businesses that are entering emerging markets. It gives companies the opportunity to capitalize on early adopters and then undercut future competitors as they join an already-developed market. A successful skimming strategy hinges largely on the market you're looking to enter.

2. Market penetration pricing

Pricing for market penetration is essentially the opposite of price skimming. Instead of starting high and slowly lowering prices, you take over a market by undercutting your competitors. Once you develop a reliable customer base, you raise prices. Many factors go into deciding on this strategy, like your business's ability to potentially take losses upfront to establish a strong footing in a market. It's also crucial to develop a loyal customer base, which can require other marketing and branding strategies.

3. Premium pricing

Premium pricing is for businesses that create high-quality products and market them to high-income individuals. The key with this pricing strategy is developing a product that is high quality and that customers will consider to be high value. You'll likely need to develop a "luxury" or "lifestyle" branding strategy to appeal to the right type of consumer.

If you've already launched your business, you can experiment with these strategies until you determine what works best for your business. You can also vary strategies between products depending on the market for each good or service.

4. Economy pricing

An economy pricing strategy involves targeting customers who want to save as much money as possible on whatever good or service they're purchasing. Big box stores, like Walmart and Costco, are prime examples of economy pricing models. Like premium pricing, adopting an economy pricing model depends on your overhead costs and the overall value of your product.

5. Bundle pricing

When companies pair several products together and sell them for less money than each would be individually, it's known as bundle pricing. Bundle pricing is a good way to move a lot of inventory quickly. A successful bundle pricing strategy involves profits on low-value items outweighing losses on high-value items included in a bundle.

6. Value-based pricing

Value-based pricing is similar to premium pricing. In this model, a company bases its pricing on how much the customer believes the product is worth. This pricing model is best for merchants who offer unique products, rather than commodities.

How do you know what a customer perceives a product to be worth? It's hard to get an exact price, but you can use certain marketing techniques to understand the customer's perspective. Ask for customer feedback during the product development phase, or host a focus group. Investing in your brand can also help you add "perceived value" to your product.

Retail Marketing Strategies

What is Retail Marketing?

Retail marketing involves every element from the interior to exterior promotions and offers, product placements in-store advertisement, strategic placement as well as the behavior of store representatives.

Definition of Retail Marketing

A retail marketing include set of activities where a retailer buys products from a wholesaler or manufacturer to sells them to ends users (consumers). In simple words, a retailer is an intermediary which makes products available to consumers using different channels, for example, brick-and-mortar retail store, shopping malls, shopping website, automatic vending machines, kiosks etc.

Store Retailing Vs Non Store Retailing

A retail store means a place where the business is operated, usually by the owner; however, sometimes operated and owned by the manufacturer or by anyone other than a retailer within which the merchandise is primarily sold to end users.

On the other side, non-store retailing involves selling merchandise outside the boundaries of a retail facility. This generic term tends to describe retailing that takes place outside from stores and shops. The retailing takes place through television, internet, video, automatic vending machines direct marketing and direct selling.

Retail Marketing Strategies

Retailers are always in search of different marketing strategies to attract more customer, increase awareness and sales growth. In the first place it should select target market and then select combination of right marketing mix can lead a retail business to higher ROI. Keep in mind the following elements that need close consideration when drafting a retail marketing strategy.

Retail Marketing Examples

Walmart: Walmart is the giant of retail consumer market; however, despite the constantly rising of cost of goods and thinner profit margins. Walmart has still managed to cater all type of income groups.

Amazon: Amazon is a big player in both the e-commerce world and physical retail and holds a strategy to deliver products to customers even faster and compete more effectively with other online and brick-and-mortar outlets.

Target marketing:

To predict how large or small a market may be, retail professionals count the potential buyers. For this purpose, retailers usually count loyal customers who do regular purchasing.

Certain essentials exist for a useful target market:

1. The buyers' ability to purchase products and services.
2. The willingness to buy the products and services
3. An eligible number of people in the market to generate profits.

CONSUMER BEHAVIOUR

Consumer behavior is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioral responses.

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

Nature of Consumer Behaviour:

1. Influenced by various factors:

The various factors that influence the consumer behaviour are as follows:

a. Marketing factors such as product design, price, promotion, packaging, positioning and distribution.

b. Personal factors such as age, gender, education and income level.

c. Psychological factors such as buying motives, perception of the product and attitudes towards the product.

d. Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.

e. Social factors such as social status, reference groups and family.

DETERMINANTS OF CONSUMER BEHAVIOUR

Personal Factors

Personal factors refer to demographic features of population which differentiates people needs from one another. These factors influence the buying pattern of consumers. Personal factors comprises of age, occupation, personality, lifestyle, Life cycle stage and self-concept. Peoples with varied ages have distinct demands like child will have more desire for toffee or chocolate whereas youth will prefer coffee.

In the same way, occupation influences the consumer behavior. People engaged in businesses need ordinary clothes whereas persons engaged in corporate sector required formal suits to wear.

Economic Factors

Economic factors studies the effect of economic conditions and income distribution pattern in an economy on consumers buying behavior. The main economic determinants include personal income, family income, consumer credit, standards of living and expectations regarding future income.

Consumers earning large incomes and having sufficient funds will demand more than those having low funds or earning small income. Similarly if peoples have higher standards of living they will demand for luxury items while one with lower living standards will have only basic needs.

Cultural And Social Factors

This refers to social and cultural trends which enables people's in taking their buying decisions. It means traditions, beliefs and perceptions of society, family, religion and nation. Social and cultural factors comprises of culture, social class, social groups, subculture, opinion leaders, role and status.

Buying pattern of an individual is affected by attitude, desires and values of its family members. Peoples are influenced by their social caste and class where they share similar lifestyle, values, behavior and interests.

Psychological Factors

Consumers buying decisions varied according to his psychology and thinking pattern. Person's likes and dislikes mainly depend upon his psychology. The main psychological factors are motivation, involvement, learning, attitude and perception.

Motivation is the internal desire that force people to purchase products and depends on their position in hierarchy of needs. Also, attitude and involvement of individual with particular goods makes him to buy it.

CONSUMER MARKETING STRATEGY

Consumer marketing has been around for as long as there have been consumers. The difference between early marketing efforts and what's available today has to do with the ease of learning which marketing techniques work and which don't. Brands have to understand when their marketing efforts lose effectiveness and how to get back into the game when marketing campaigns go stale.

1. Make Emotional Connections.

People **remember information better** when it connects with their emotions. While on some level people want to know how your product works, most want to know how their lives will be better for having it. In other words, the ad showing the happy family enjoying a birthday dinner at home will resonate more than the ad for the stove and oven that lists all its features.

2. Use Fear of Missing Out (FOMO).

Fear is an emotion, and it gets reactions. However, you do not have to make people fear for their lives. Just the fear of missing out (FOMO) on something good can be powerful. Missing out on your big sale or your new limited-edition product can be an effective focus of your consumer marketing campaign.

3. Promote Exclusivity.

Everyone wants to feel important like they are part of **an exclusive group**. Advertising that mines this need can be remarkably effectiv. Promoting your product as the choice of a discerning parent, car owner, or woodworker invites people into a world that is somewhat set apart from the everyday. It makes them feel as if they have "arrived."

4. Partner with Other Brands.

Creative **marketing partnerships** can be terrific for jump-starting a consumer marketing campaign. A great partnership will generally bring out both parties' best efforts (out of a sense of competitiveness, if nothing else), while exposing your brand to a new audience. A clothing brand might partner with a musician, while a bakery could partner with a florist during a wedding season.

5. Develop a Strong Social Media Strategy.

Posting on Facebook and Twitter should not just be an afterthought for your brand. A strong social media strategy can be tremendous for brand building. Choose two or three platforms through which to focus your efforts. Create an editorial schedule for posting and commit to it. Most platforms offer extensive analytics so you can learn what works and who your audience is right away. Knowing your audience will be very important if you do any paid social media advertising due to the powerful targeting tools social media platforms have.

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What Is the Consumer Decision Making Process?

The consumer decision making process is the process by which consumers become aware of and identify their needs; collect information on how to best solve these needs; evaluate alternative available options; make a purchasing decision; and evaluate their purchase.

Understanding the consumer decision making process is important to any business, but eCommerce businesses have a unique opportunity to optimize it. Because online shoppers generate so much more data than those in brick-and-mortar stores, online retailers can use that data to implement conversion strategies for every stage of the process.

CONSUMER DECISION MAKING PROCESS

The 5 Stages of the Consumer Decision Making Process — And How to Optimize

It's important to note that the consumer decision making process has many different names, including but not limited to the buyer journey, buying cycle, buyer funnel, and consumer purchase decision process. But all the names essentially refer to the same thing: The journey a customer goes through when making a purchase.

So, here's a breakdown of what happens in each step:

1. **Need recognition (awareness):** The first and most important stage of the buying process, because every sale begins when a customer becomes aware that they have a need for a product or service.
2. **Search for information (research):** During this stage, customers want to find out their options.
3. **Evaluation of alternatives (consideration):** This is the stage when a customer is comparing options to make the best choice.
4. **Purchasing decision (conversion)**: During this stage, buying behavior turns into action – it's time for the consumer to buy!
5. **Post-purchase evaluation (re-purchase):** After making a purchase, consumers consider whether it was worth it, whether they will recommend the product/service/brand to others, whether they would buy again, and what feedback they would give.

Now, to show you how these stages of the buying decision process play out in real life, here are consumer buying process examples that outline each of the steps and ways for your eCommerce brand to maximize results during each stage.

1. Need recognition (awareness)

The need recognition stage of the consumer decision making process starts when a consumer realizes a need. Needs come about because of two reasons:

1. **Internal stimuli**, normally physiological or emotional needs, such as hunger, thirst, sickness, sleepiness, sadness, jealousy, etc.
2. **External stimuli**, like an advertisement, the smell of yummy food, etc.

Even if the core cause is vanity or convenience, at the most basic level, almost all purchases are driven by real or perceived physiological or emotional needs. The causes for these stimuli can be social (wanting to look cool and well dressed) or functional (needing a better computer to do work more effectively), but they speak to the same basic drivers.

We buy groceries because without food in the house, we'll be hungry. We buy new clothes because we'll be cold, or we feel like everyone else has the latest handbag of the season, and we don't want to be left out.

Example: Looking for a new camera

Think about it: Why does someone start looking for a new camera? Likely, their old camera isn't working well anymore, or they simply want a nicer camera. Maybe they have a vacation coming up. Or maybe they want to give the camera as a present to their sister, who just had her first child.

How in the world is this related to a physiological need? Simple. Without a camera, they won't be able to document special moments; therefore, they have an emotional desire to save these moments so that they are happy and not sad.

This emotional desire is the internal stimuli in this situation. Sure, a camera isn't a life necessity keeping them from surviving, but it does solve a core emotional need.

What happens after someone identifies a need? They begin looking for a solution! Which brings us to the next step in the customer journey: searching for information.

2. Search for information (research)

As soon as a consumer recognizes a need and begins to search for an answer, you must be there to help! And where do consumers generally go to look for answers today? Google!

Example: Researching cameras

Now that the customer has realized a need to get a new camera, it's time to find solutions to his problem. In this stage, it's imperative that you are visible to the consumer searching for an answer.

Here are some things a consumer may be searching for:

- *Best cameras 2020*
- *What is the best affordable camera?*
- *Which cameras are top-rated?*

The amount of information a customer needs to search for depends on how much he already knows about the solutions available, as well as the complexity of choices. For example, let's say there's someone looking for a camera as a gift, and he has no idea which type of camera he wants, or what features he needs.

He will need more information than someone who already knows exactly the type of camera he wants to buy, but just needs to find the right product and the right way to purchase it.

The amount of searching necessary is entirely dependent on the situation, and it can vary widely.

So how do customers search for information? By using internal information (their previous knowledge of a product or brand) as well as external information (information about a product or brand from friends or family, reviews, endorsements, press reviews, etc.).

The biggest way you can optimize your online business during the need recognition and awareness stage is by making sure you show up in search results — and that what the consumer sees makes an impression.

Strategies to optimize during the research stage

First, make sure you're optimizing your eCommerce storefront to rank for the keywords that matter to your brand. For a complete guide on eCommerce SEO, Once you know how to strategize your SEO, you'll want to make sure your results are well optimized to convert. User-generated reviews can help you to build brand awareness during the research stage. In fact, it's one of the most effective ways to do it.

Reviews can help your store get seen in search results by increasing the likelihood of your store showing up for long-tail keywords. Reviews improve SEO because they give your online business a steady source of keyword rich, relevant content.

So when someone opens up their laptop and starts searching for a new camera, reviews will help you be there:

Online businesses that use reviews see an increase in search traffic. You can leverage reviews in Google Rich Snippets and Product Listing Ads so that if a customer searches in Google, you've added credibility to your listing. Businesses that show reviews in their search results stand out from the competition.

3. Evaluation of alternatives (consideration)

Now that the consumer has done research, it's time to evaluate their choices and see if there are any promising alternatives. During this phase, shoppers are aware of your brand and have been brought to your site to consider whether to purchase from you or a competitor.

Consumers make purchase decisions based on which available options best match their needs, and to minimize the risk of investing poorly, they will make sure there are no better options for them.

Their evaluation is influenced by two major characteristics:

1. **Objective:** Features, functionality, price, ease of use
2. **Subjective:** Feelings about a brand (based on previous experience or input from past customers)

Example: Comparison shopping for a camera

If you're a camera seller or brand, your goal in the consideration stage is to convince customers your camera is the best choice. And the most effective way to do that is to keep them on your site longer and find ways to earn their trust.

Consumers will first weigh the objective characteristics of your camera. Does it have all the features I want? Is it easy to use? Is it in my budget? Then, the subjective consideration will kick in: Do *other people* think it has all the features it should? Has anyone else who bought it expressed any difficulty with learning how to use it? Is it generally considered a good value for the money?

You only have one shot – so you need to make the most of it. Of course, it's important that your site is informative, your prices are competitive, your value is clear, etc. But if you're identical to a competitor in every single way, the word of previous customers is what will set you apart.

Strategies for optimizing in the consideration stage

In this stage, use reviews and user-generated content examples on your site to increase engagement and boost customer trust.

The first place you need to have reviews is on your home page, so as soon as customers land on your site, they see content from past buyers. You also need to display reviews on your product pages, so customers looking for information can see trustworthy input from past buyers.

Additionally, using reviews in a home page carousel reduces bounce rate while increasing time spent on site and page views. That boost in engagement increases the likelihood that customers will learn more about your store and leave your site with a positive memory of your brand.

Reviews also help kick start the navigation to other product pages. Make sure to get reviews on a wide variety of products in order to increase click throughs from category pages into product pages.

Also, community questions and answers are another powerful type of user-generated content that can help answer shoppers' questions so that they have no reason not to buy from you.

4. Purchasing decision (conversion)

Alright, now it's money time. This is the stage when customers are ready to buy, have decided where and what they want to buy, and are ready to pull out their credit cards.

But wait! Not so fast. You can still lose a customer at this stage. This is the stage when the purchasing experience is key – it's imperative to make it as easy as possible.

Example: Abandoning checkout for a camera

Let's say your potential customer has gotten to the checkout stage of his purchase, and has second thoughts: What if the recipient wants a different camera? What if this camera is missing a key feature that the recipient would want? How difficult will it be for the recipient to return the camera if it doesn't meet their needs?

This shopper will likely abandon his cart, and go back to the research stage. Maybe he'll end up back on your site, but maybe he won't. Your goal at this stage is to get him to complete the purchase *now*, so you don't lose him forever.

Strategies for optimizing in the conversion stage

Many businesses choose to display reviews on checkout pages. This can be effective if done correctly. You need to focus on building trust, but don't distract the customer from completing the purchase.

If you want to display user-generated content during checkout, use site reviews rather than customer photos or product reviews, and make sure they aren't clickable. You want to focus on building trust and not distracting.

5. Post-purchase evaluation (re-purchase)

In this stage of the consumer purchase decision process, consumers reflect on their recent purchase. They think about how they feel about it, if it was a good investment, and most importantly, if they will return to the brand for future purchases and recommend the brand to friends and family.

In this stage, you need to have a post-purchase strategy to increase the likelihood that customers will engage with your brand again in the future. Return customers account for 1/3 of a store's total income on average, so make sure you're not missing out on this super valuable opportunity to increase your eCommerce conversion rate by turning shoppers into repeat buyers.

Example: Getting feedback and encouraging repeat purchases

In the camera example, the customer has already bought from your brand and they're evaluating their purchase. This is usually when they will leave a review about their experience. This is also when they are at their most engaged with your brand, and they can be susceptible to strategies that encourage long term engagement.

At this stage, you want to ensure that customers buy again, and you want to encourage them to leave UGC that helps other buyers in the future.

Strategies for optimizing in the conversion stage

While your customer might take it upon themselves to leave a review, they're far more likely to do so if you request one. Asking customers for reviews about their experience in a post-purchase email not only gives you insight into your performance, but it also gives you valuable user-generated content to leverage to attract future customers.

It's important to remember that customers have already given you something very valuable: their money! So you don't want to ask for too much when requesting feedback. In order to encourage customers to write reviews, make it as easy as possible for customers to leave feedback:

You can also use this email to cross-sell other items. Data from over 2,000 stores shows that 27.5% of customers who see promoted products in post-purchase review request emails end up converting – and these customers are valuable.

After purchase, it's also a good opportunity to promote your loyalty program. Customers in loyalty programs consistently provide a higher lifetime value than those who aren't because the programs are designed to incentivize purchases.

What Is the Importance of Pricing in the Consumer Buying Process?

One common question that eCommerce brands will ask is how consumers factor price into their buying decisions. When consumers are evaluating a product, price is of course a huge factor. But it's not just about the product price — it's about the entire cost of the purchase.

Let's say your cameras are a good value for the money, competitively priced, and have decent reviews. What happens when your customers get to checkout, and see that you have a high shipping cost? Instead of completing the purchase, they are going to see what the shipping cost is on the other cameras they were considering. And what if one of them offers free shipping? You may lose that customer.

You don't want shoppers to be surprised by any additional costs when they get to checkout. Make sure to calculate taxes and shipping costs before they get to the final step. The more transparent you can be about your pricing up front, the more likely you'll be to complete the sale.

If you want to turn a potential customer into a loyal brand advocate, it's important to build trust and keep them engaged at every step of the process. User-generated content is a powerful tool for building brand awareness, highlighting the best things about your products, and ultimately, growing your bottom line.

What is Organizational Consumer Behavior?

Organizational consumer behavior also called business buying behavior or organizational buying decision is the behavior of organizations while buying products or services that may buy such things for resale, reproduction, or to conduct an organization's operations.

The behavior of an organization shown in buying goods or services is called organizational buying behavior. The organizations buy goods or services for business use, resale, produce other goods or provide services. Business and industrial organizations buy goods to use in business or produce other goods. Resellers buy goods for reselling them at profitable price. Similarly, government bodies buy goods for office and conducting development program. Non-governmental organizations, hospitals, educational institutes, social organizations, religious organizations etc. buy goods to provide services to their followers or customers.

Users, influencers, buyers, deciders and gate keepers take part in organizational buying process. Users who are the members of organization use bought goods or services. They prepare buying proposal and help in preparing product specification. They also help in preparing special report and analyzing alternatives. Influencers influence buying decision. They help in preparing products specification and analyzing alternatives. Those who buy goods or services are called buyers. Buyers select suppliers and make buying terms and conditions. The person who makes the last decision to buy goods or services from the selected supplier is called decider. Goods are purchased from the supplier selected by the decider. Gatekeeper controls follow of information and other things. Technical staff and personal assistant work as gate keeper.

Organizational buying behavior is influenced by marketing stimuli and other stimuli. Marketing stimuli includes product, price, place and promotion and other stimuli includes economic, technological, political, cultural and competition. These motivators bring changes in the buyers' behavior after they enter in an organization. Or these stimuli influence selection of goods or service, selection of suppliers, order, quantities, delivery time, terms and conditions of goods or services etc.

SERVICE RETAILING

Service retailer refers to a retailer, whose product line is actually a service, including hotels and motels, banks, airlines, colleges, hospitals, movie theaters, tennis clubs browsing alleys, restaurants, repair services, hair salons, and dry cleaners. These retailers in the United States are growing faster than product retailers.

The fundamental to all service retailers' businesses is customer service. A **service retailer** protects customer loyalty and offers the customers their best service so that they have outstanding retail experience.

These retailers can be mainly of three types based on the form of service they are providing.

1. Full-Service: These retailers provide support to customers at each touch-point of the total shopping process. It is not just limited to the area of personal interaction and also offers service type making the overall shopping experience easier in the following ways:

- To accept multiple payment forms such as debit card, credit card, check, and cash.
- To offer delivery services
- To provide demonstrations or make recommendations, such as to offer product samples, cooking classes, or recipes.
- To allow returns or exchanges
- To allow special orders
- To provide consumer loyalty programs

2. Assorted-Service: Most service retailers provide some level of service to customers. Services include managing the purchase-point transaction, assistance in product selection, offering delivery, arranging payment plans, and the like.

3. Self-Service: These retailers allow customers to perform all or most of the services related to retail purchasing. Some customers view self-service as a benefit, but others may take it as inconvenient.

ZONE OF TOLERANCE

The zone-of-tolerance (ZOT) is an innovative concept that has attracted recent attention in the services marketing domain. The ZOT represents a range of service performance that a customer considers satisfactory, which recognizes multiple expectation standards, specifically adequate and desired expectations. This study aims to extend Zeithaml, Berry and Parasuraman's examination in 1996 of the relationship between service quality and behavioral intentions across the ZOT by heeding Teas and DeCarlo's call in 2004 to examine the relationship for specific dimensions. The study also seeks to extend outcomes to include satisfaction and value.

CONSUMER PERCEPTION OF SERVICE

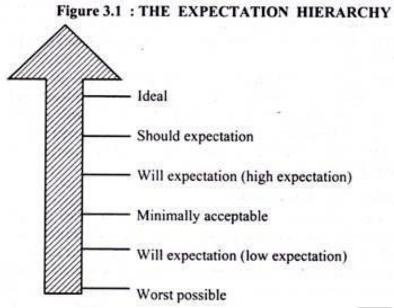
What exactly does your customer think about your brand, products, services, quality is consumer perception. In other words, the customer’s viewpoint about your business, his feelings about your brand, one’s direct/indirect experiences etc. By observing & examine the result of your customer opinions, you can detect current customer pain points and enhance the consumer experience.

Perception is often linked to one's expectation. Consumer Expectations are actively evolving, the result of the evaluations tends to shift over time. The evaluation will vary from person to person and from time to time. What one may consider as quality can often be denied by the other.

Expectations

Satisfaction and delight are both strongly influenced by customer expectations. By "expectations," behavioral researchers mean an array of possible outcomes that reflect what might, could, should, or had better not happen. There are several different kinds of expectations. Figure 3.1 show a hierarchy of expectations that might exist for a typical customer.
The will expectations come closest to the mathematics definition. It is the average level of quality that is predicted based on all known information. This is the expectation level most often meant by customers (and used by researchers). When someone says that "service exceeded my expectations,"

Figure 3.1 : THE EXPECTATION HIERARCHY



Expectations are affected strongly by experience. For example, if the customer has a bad experience, then the will expectation will decline. A good experience will tend to raise the will expectation. Generally speaking, this should expectation will go up, but never decline. Very good experiences tend to bring this should expectations up to that level. Thus expectations change over time, often for the better.

What is the service marketing triangle?

The service marketing triangle is a framework that defines relationships with companies, their customers, their vendors and their systems. It's a way to show companies how these several components can affect each other. This method of understanding these relationships is common in the service industry and can determine where companies might direct their marketing efforts. Here are three main ways service companies use marketing to reach their business goals after analyzing their service marketing triangle:

Interactive marketing

Interactive marketing is a way to target individuals both within a company and outside a company. This means the company can respond directly to actions that customers take to create a more personalized experience and sell its services. When customers act a certain way, like if they click on an advertisement, a company may send email marketing or promote specific products to leverage the customer's engagement and turn it into a sale.

Internal marketing

Internal marketing is when companies use certain strategies to appeal to their employees. Companies often use internal marketing to promote their business goals or to help employees learn more about its mission and values. Internal marketing can promote employee engagement through this type of marketing with the goal that employees feel like they can contribute to their overall goals or align their values with those of the company.

External marketing

External marketing is the traditional type of marketing where companies create promotions and materials to help sell their services. This includes creating and maintaining a brand that customers recognize and promoting advertisements to appeal to customers. External marketing requires several tools like social sites, partnerships and company elements, like a logo and website.

Marketing Mix Definition

"The marketing mix is "the set of marketing tools that a company utilizes to achieve its marketing goals in the target market environment." According to marketers, it's what makes your product unique and different from the competition."

What Are The 4 Ps Of The Marketing Mix?

The following involves the process of defining the marketing mix:

Product

The company manufactures or designs the item or service to fulfill consumer needs.

The product ought to be promising, productive, and effective. Customers won't buy an inefficient product even when you promote it heavily.

Your audience will acknowledge the marketing investments and strategies if the product has potential.

Price

The consumer pays the value to access or receive the product. Most marketing promotions stress the cost-effective pricing of the product.

Pricing depends on the various costs incurred during the development phase and the profit margins desired by the stakeholders.

For setting the price, you should consider a few factors:

- The worth of your product: From the user's perspective, is the product worth the money spent on buying it. Is it equipped to serve most of the user's needs? And is it better than the other brands?
- Compare the market prices: If another brand's product provides the same service as yours, it comes down to the price difference. The customer will buy the more cost-effective product, and marketing promotions attract the customer by price comparison.
- Over or underpricing: You should price the product based on its features, the number of needs it fulfills, and the prices offered by competitors. Also, sometimes, the brand image aids the pricing.

Therefore, a product shouldn't be so overpriced that the customer won't buy it. It also should be too underpriced that you don't meet the profit margins even if the sales are high.

Place

Place refers to the areas of distribution.

As the site's culture, needs, and market environment change, marketing strategies vary depending on the location.

Promotion

Promotion helps communicate with the potential customers and promote product benefits to convince or attract them to buy.

It involves advertising, incentive, discounts, word of mouth, or anything that promotes a good image.

All these are interrelated such that you can focus on no factor individually. That's why it is a mixture or a 'mix.'

What is market segmentation?

Market segmentation is a business practice that brands use to divide their target market into smaller, more manageable groups of people based on common ground they share to optimize their marketing, advertising, and sales efforts. Simply put, customers of each market segment have similar characteristics that businesses can leverage to advance their efforts.

The purpose of market segmentation is to introduce a tailored message that will be received successfully. This is advantageous for companies that may have a product or service in the marketplace that boasts multiple benefits or uses for different types of customers.

Accept the fact that you can't be everything for everybody, and as a marketer, you can't solve everyone's problem or appeal to every single person. This is exactly why market segmentation is such an effective growth strategy to implement.

1. Demographic segmentation

Dividing your market according to pre-defined audience characteristics is called demographic market segmentation. This type of segmentation is typically useful in B2C businesses.

Demographic segmentation is done by collecting audience insights and splitting your target market by personal attributes like age group, gender, marital status, family size, levels of educational attainment, and income. In B2B, firmographic segmentation, which considers company variables instead of individual traits, is more common.

2. Geographical segmentation

Technically, geographical segmentation is a subset of demographic segmentation in which you divide the audience based on geographical location. Geographic segmentation is valuable in almost any business: B2B or B2C, a global enterprise, or SMB, service providers, and retailers.

Geographical location impacts language and time-zone and has implications on purchasing habits, pricing level, and cultural considerations.

3. Behavioral segmentation

In behavioral segmentation, you create groups based on online behavior represented by engagement metrics. This includes factors such as frequency, duration of visits, bounce rate, and click-through rate (CTR).

You might investigate the channels through which visitors reach your site, the devices they use to access your content, popular content, preferred payment method, and more. With an in-depth conversion analysis, you can gather the necessary data to create effective behavioral segments.

4. Psychographic segmentation

Psychographic segmentation looks at the interests, values, and attitudes of your visitors. It is highly useful for NGOs or companies with a specific social or environmental agenda. Also, in the field of leisure and sports, this type of segmentation can make a difference.

Psychographic segmentation includes investigating what your audience already knows about you and your products. Sometimes a person's viewpoint can even be a prerequisite for being part of your audience, and the way your audience perceives you relative to others in the industry can impact their decision.

As an example, a basketball player has no use for a tennis racket, and a tennis player has no interest in dancing shoes. An active wear retailer would benefit from providing segmented marketing content.

Unit- 2

Merchandising Philosophy

A company's merchandising philosophy is the scheme it uses to attract consumers to buying its product or products. Linda Welters, author of the book, "The Fashion Reader," defines merchandising as a series of decisions that include setting prices, defining quantities and choosing locations. Welters explain the philosophy pertains to everything except the good's production. The attitude differs depending on the industry. While the fashion industry's decisions are based on specific seasons that dictate design, fabrics and layouts, the electronics industry's philosophy relates to time-sensitive releases of innovative products and remaining cutting edge.

Uses

Merchandising philosophies provide businesses with a type of marketing blueprint. This viewpoint often dictates the style, expression and theme of the promotion. For instance, a high-end designer handbag company may adopt the approach of opening stores in upper-class, downtown districts as opposed to middle-class suburbs. Similarly, the its philosophy pertaining to pricing may compel the business to offer its products at a high price tag with the knowledge that few consumers paying this price will yield greater profits than a higher quantity of customers paying a lower price. Conversely, Joseph Hair explains in his book "Essentials of Marketing" that a mass merchandising philosophy is one that sets prices low to achieve a higher turnover rate at greater quantities.

Benefits

The benefits of a solid merchandising philosophy include carving a niche for the company and differentiating its offerings from the competition. Many companies exert considerable resources in developing a distinct look and feel of their stores. Even music influences customer decision-making: Carl McDaniel elucidates in his book "Marketing" how rapid music compels restaurant customers to chew faster and take larger bites, thereby freeing table space. Other types of music influence consumers to linger longer and spend more time perusing store shelves.

Considerations

The digital era requires an additional consideration in a company's merchandising philosophy. The layout of the business's website and font selection are examples of aesthetic details. Businesses also develop a different pricing structure for online consumers, mostly because the Internet gives customers the ability to compare a business' prices with a competitor's with greater ease. Thus, retailers in highly competitive industries have had to amend their merchandising philosophy to accommodate this change.

• Merchandising consists of the activities involved in acquiring particular goods and services and making them available at the places, times, prices and quantities that enable a retailer to reach its goals.

• A merchandising philosophy sets the guiding principles for all the merchandising decisions the retailer makes.

• Must reflect the target market desires, retailers institution type, the marketplace positioning, the defined value chain, supplier capabilities, cost, competitors and product trends.

• Drives every product decision, from what product lines to carry to shelf space allotted to different products to inventory turnover to pricing.

Merchandising Philosophy Retailer needs to decide:

• Breadth of assortment (narrow or wide)
• Depth of assortment (deep or shallow)
• Quality of assortment (high/med/low)
• Store brands or national brands
• Pricing policies

Includes the planning, acquisition, analysis, handling and control of merchandise and investment of the retail operation - analysis: needs & wants of the target audience - Planning: for future sale of merchandise - acquisition: procurement from distributors and mfgs - Handling: merchandise available at required store at right time and right condition - Control: Amount of money spent on buying

Merchandising Planning

Merchandise planning is a method of selecting, managing, purchasing, displaying, and pricing the products in a manner that brings in maximum returns on investment, value addition to the brand name by satisfying the consumer needs while avoiding the creation of excess inventory. Moreover, merchandise planning is about striving to make the right product available, at the right time, in the right place, in the right quantities, and at the right price. You can also make use of appropriate merchandise inventory software for streamlining your inventory operations.

Every industry will have a different way of approach to merchandise planning that will suit their specific needs. Retail industries like clothing will have to focus on the size, color, and design that will be in demand and how many of them they will be selling. In contrast, an online grocery store will have to focus on selling different types of edible items and what people will need more in a particular season.

MERCHANDISE BUDGET

A merchandise budget plan, as the very name implies, is a forecast of particular merchandise related activities designed for a particular period of time, say, one year or six months. Under this plan, rather than physical control of items, stress is given towards their financial planning.

Merchandise Budget Plans usually are made for one season and then broken down into shorter periods like monthly & weekly plans.

In an effective merchandise Budget Plan, a retailer forecasts and plans about five fundamental variables, namely, sales level, stock levels, purchases, reductions (markdowns) and gross margin.

The primary objective of having a merchandise budget plan is that a retailer would like to have a proper balance between:

- What will be paid to suppliers for purchase of merchandise and making it available to customers; and
- (b) The cash inflow that will come in the business from sales to customers.

Though in practice, there are several accounting practices that allow some flexibility (for example extended credit terms or easy payment options), this balance is vital to maintain the firm's liquidity. For the effective accomplishment, the firm's internal records, past years experience must be carefully considered instead of relying on historical data alone that will lead to repeating previous mistakes, including previous missed opportunities.

A comprehensive retail merchandise budget can be divided into two distinct categories. The first is a budget for purchasing merchandise and the second is for merchandising activities. The purchasing budget allocates amounts not only for the purchase of retail goods but also for costs associated with bringing merchandise from the supplier to the inventory warehouse and sales floor. This includes shipping, wages for inventory or warehouse personnel, and costs associated with getting retail merchandise ready for the sales floor.

Budgeting for Merchandising Activities

A merchandising budget relates to marketing activities designed to move retail merchandise from the warehouse into customers' hands. Merchandising activities typically include merchandise display techniques, product sampling and in-store demonstrations. Pricing strategies, special offers such as discounts and coupons, and shelf talkers printed cards attached to a store shelves that serve to call attention to a specific item can all be part of a retail merchandising budget. While budget allocations within a merchandising budget may be flexible, the merchandising budget itself is, in many small businesses, most often firmly set.

Merchandising Budget Plans

Merchandising budget plans specify how much money the business can spend -- or in some cases afford to lose -- to achieve sales, profit margin, inventory turnover and gross margin return-on-investment objectives. Budget allocations are often based on quantitative metrics such as profit margin and inventory turnover goals. While the overall budget and budget allocations might be set annually, sales fluctuations, changes in the economic environment and other unexpected events often require more flexibility. For this reason, merchandising plan budget allocations are often reviewed monthly and, when necessary, modified to help the business achieves sales objectives.

Financial inventory Control

Inventory control is the management of a company's inventory to maximize its use. The goal of inventory control is to generate the maximum profit from the least amount of inventory investment without intruding upon customer satisfaction levels. Given the impact on customers and profits, inventory control is one of the chief concerns of businesses that have large inventory investments, such as retailers and distributors.

Financial inventory means sorting out the money and other assets that are all yours from those that someone else has a claim on -- in other words, finding out what you own and what you owe. You add up the value of everything you own, and then you subtract from it the total of all your debts. The result is your net worth.

First, though, it will be helpful to perform another little piece of self-analysis. Taking some time to record what you do with the money that passes through your hands on a day-to-day basis will pay off in valuable information about the state of your financial affairs. It's the first step in getting them under control.

If you haven't been paying much attention to where your money goes, use our household budget worksheet. You'll have exact figures for some expenses mortgage or rent, for example, and insurance premiums and you can estimate others on a monthly basis. Go over your paychecks, bills and credit card statements. Hang on to cash-register receipts from stores, gas stations, and restaurants. The more actual expenditures you can pinpoint, the more you'll know about your spending habits when you're through.

Are income and expenditures roughly in balance? Making it from one year to the next without getting into a hole may be something of a feat these days, but before you start patting yourself on the back, check your totals again. How much did you put into savings compared with what you spent on recreation, gifts or clothing? Out-of-whack entries in those or other categories of discretionary spending could mean trouble's brewing. There's more to good money management than balancing the books. You have to balance your priorities, too.

Did you make more than you spent? This isn't necessarily a good sign, either. Because your cash-flow statement includes savings and investments, you shouldn't have any money left over. What may at first look like a surplus is probably just a failure to remember some spending. Go over the numbers again.

Did you spend more than you made? This is the clearest sign of trouble ahead. You've either been dipping into savings, borrowing money or buying on credit. You can get away with it for a while, and there are times when it's smart to borrow or when you have no choice. But as a regular practice, it's bad money management that will cost you in the long run.

Introduction to Pricing Strategies

The pricing of any product is extremely complex and intense as it is a result of a number of calculations, research work, risk taking ability and understanding of the market and the consumers. The management of the company considers everything before they price a product, this everything includes the segment of the product, the ability of a consumer to pay for the products, the conditions of the market, action of the competitor, the production and the raw material cost or you can say the cost of manufacturing, and of course the margin or the profit margins.

Pricing Strategies Definition

The main aim of the management of every organization is to maximize profits by effectively getting the products of the shelf; let's define and explain this better.

Pricing strategy is a way of finding a competitive price of a product or a service. This strategy is combined with the other marketing pricing strategies that are the 4P strategy (products, price, place and promotion) economic patterns, competition, market demand and finally product characteristic. This strategy comprises of one of the most significant ingredients of the mix of marketing as it is focused on generating and increasing the revenue for an organization, which ultimately becomes profit making for the company. Understanding the market conditions and the unmet desires of the consumers along with the price that the consumer is willing to pay to fulfil his unmet desires is the ultimate way of gaining success in the pricing strategy of a product or a service.

Do not forget the ultimate goal of the company is to maximize profit being in competition and sustaining the competitive market. However to maximize profits along with retaining your consumer you have to make sure you choose the right pricing strategy. The correct strategy will help you attain your objectives as an organization.

Pricing Strategies in Marketing

Following are the different pricing strategies in marketing:

1. Penetration Pricing or Pricing to Gain Market Share

A few companies adopt these strategies in order to enter the market and to gain market share. Some companies either provide a few services for free or they keep a low price for their products for a limited period that is for a few months. This strategy is used by the companies only in order to set up their customer base in a particular market. For example

France telecom gave away free telephone connections to consumers in order to grab or acquire maximum consumers in a given market. Similarly the Sky TV gave away their satellite dishes for free in order to set up a market for them. This gives the companies a start and a consumer base.

In the similar manner there are few companies that keep their product cost low as their introductory offer that is a way of introducing themselves in the market and creating a consumer base. Similarly when the companies want to promote a premier product or service they do raise the prices of the products and services for that particular time.

2. Economy pricing or No Frill Low Price

The pricing Strategies of these products are considered as no frill low prices where the promotion and the marketing cost of a product are kept to a minimum. Economy pricing is set for a certain time where the company does not spend more on promoting the product and service. For example the first few seats of the airlines are sold very cheap in budget airlines in order to fill in the airlines the seats sold in the middle are the economy seats where as the seats sold at the end are priced very high as that comes under the premium price strategy. This strategy sees more economy sales during the time of recession. Economy pricing can also be termed as or explained as budget pricing of a product or a service.

3. Use of Psychological Pricing Strategies

Psychological pricing Strategies is an approach of gathering the consumer's emotional respond instead of his rational respond. For example a company will price its product at Rs 99 instead of Rs 100. The price of the product is within Rs 100 this makes the customer feel that the product is not very expensive. For most consumers price is an indicating factor for buying or not buying a product. They do not analyze everything else that motivates the product. Even if the market is unknown to the consumer he will still use price as a purchase factor. For example if an ice cream weighted 100 gms for Rs 100 and a lesser quality ice cream weighted 200 gms is available at Rs 150, the consumer will buy the 200 gms ice cream for Rs 150 because he sees profit in buying the ice cream at lower cost ignoring the quality of the ice cream. Consumers are not aware price is also an indicator of quality.

4. Pricing Strategies of Product Line

Products line pricing is defined as pricing a single product or service and pricing a range of products. Let us take and understand this with the help of an example. When you go for a car wash you have an option of choosing a car wash for Rs 200 or a car wash and a car wax for Rs 400 or the entire package including a service at Rs 600. This strategy reflects a strategic cost of making a product popular and consumed by the consumer with a fair increment over the range of the product or the service. In another example if you buy a pack of chips and chocolate separately you end up paying a separate price for each product; however of you buy a combo pack of the two you end up paying comparatively less price for both and if you buy a combo of both in a higher quantity you end up paying even lesser.

For the manufactures of the product manufacturing and marketing of larger pack is much more expensive as it does not fetch them good amount of profit, however they do the same to attract more consumers and keep them interest in their products. On the other hand manufacturing smaller packs and lesser quantity is more beneficial and fetches more profit for the manufacturer of the product.

5. Pricing Optional Products

It is a general approach, if the companies decrease the price of a product or a service they do increase their price for their other available optional services. Let's take a very simple and a common example of a budget airline. The prices of their airfare are low however they will charge you extra if you want to book a window seat, if you want to travel with your family and want to book an entire row together you might have to end up paying extra charges as per the their guidelines, in case you have too much of luggage to carry you will end up paying extra on the same, in fact you will end up paying extra charges even if you need extra leg space in a budget airlines. You can say that even if the price of the air fare is low you will end up paying more for the extra yet mandatory services that you will require as you travel.

6. Pricing of Captive Products

Captive products have products that compliment the products without which the main product is of no use or is useless. For example an inkjet printer is of no use without its cartridge it will not work and have no value and a plastic razor will have no value without its blades. If the company is manufacturing the inkjet printer it will have to manufacture its cartridges and if the company is manufacturing a plastic razor it will have to manufacture blades for the same. For a simple reason that any other company cartridge will not fit into the inkjet printer and neither will any other companies blade fit into the plastic razor. The consumer has no other option but to buy the complementary products from of the same company. This increases the sales and the profit margin of the company anyways.

7. Pricing for promotions

Promotional pricing is very common these days. You will find it almost everywhere. Pricing for promoting a product is another very useful and helpful strategy. These promotion offers can include, discount offers, gift or money coupons or vouchers, buy one and get one free, etc. to promote new and even existing products companies do adopt such strategies where they roll out these offers to promote their products. An old strategy yet it is one of the most successful pricing strategies till date. Reason of its success is that the consumer considers buying the product and service for the offer that the consumer receives.

8. Pricing as Per Geographic Locations

For simple reasons such as the geographic location the companies do vary or change the price of the product. Why does location of the market affect the price of the product? The reasons can be many well some are scarcity of the product or the raw material of the product, the shipping cost of the product, taxes differ in a few countries, difference in the currency rate for products, etc.

Let's take a few pricing strategies examples, when a few fruits are not available in a country they are imported from another country, these fruits are exotic fruits, they are also scarce this increases their value in the country they are imported to, scarcity, the shipping cost of the imported product along with its quality increase its price, where as it is much cheaper where it is originally grown. Similarly the government implies heavy taxes on a few products such as petrol or petroleum products and alcohol to increase their revenue; hence such products are expensive in a few countries or part of the country compared to the other parts. Geographic location does create a huge impact on the pricing strategy of a product as the company has to consider every aspect before they price a product. Hence the price needs to be perfect and appropriate.

9. Value Pricing a Product

Let me first be clear about what value pricing means, value pricing is reducing the price of a product due to external factors that can affect the sales of the product for example competition and recession; value pricing does not mean that the company has added something or increased the value of a product. When the company is afraid of factors such as competition or recession affecting their sales and profits the company considers value pricing.

For example McDonalds the famous food chain has started value meals for their consumer since they have started facing competition with other fast food chains. They offer a meal or a combination of a few products as a lower price where the consumer feels emotionally content and continues to buy their products.

10. Pricing of Premium Products

Well this strategy works just the other way round. Premium products are priced higher due to their unique branding approach. A high price for premium products is an extensive competitive advantage to the manufacturer as the high price for these products assures them that they are safe in the market due to their relatively high price. Premium pricing can be charged for products and services such as precious jewellery, precious stones, luxurious services, cruses, luxurious hotel rooms, business air travel, etc. The higher the cost the more will be the value of the product amongst that class of audience.

What is Visual Merchandising?

Anyone who has ever walked into a retail store has seen visual merchandising at work. Visual merchandising is a marketing practice that uses floor plans, color, lighting, displays, technology, and other elements to attract customer attention. Its ultimate purpose is to use the retail space to generate more sales.

A **visual merchandiser** is the person behind the magic. They combine marketing principles, retail merchandising knowledge, and creativity to use the space and layout of the store to present the store's inventory in a positive way. They are professionally trained and may be tasked to manage the following:

- Window installations
- In-store displays
- Interactive displays
- Shelving
- Point-of-sale displays
- Posters
- Price tickets
- Promotional / seasonal displays

- Mannequin styling

Benefits of Visual Merchandising

All types of retail stores can benefit from visual merchandising. Some of the key benefits include:

Reflects your brand – A good visual merchandising display stays in-line with the company's overall brand. For example, a franchise business might want all its franchisees to have the same promotional displays. It gives a business a sense of identity and brand consistency.

Engages the shoppers – An attractive and welcoming store creates a positive first impression. It encourages people to come into the store, and can help guide them in finding the right product for their needs. Visual merchandising helps create a positive shopping experience for customers so that they will be more likely to return for future visits.

Grow sales – When done effectively, visual merchandising can increase sales by directing people to the products they want or need. It can also help them discover new products and solutions. A nicely dressed mannequin can encourage a person to seek out an outfit and accessories that they may not have originally been looking for.

Whether you are selling clothes, hardware, electronics, food, or anything else, a professional visual merchandiser can be an important asset to your team. They can help your retail business get the results you want.

<u>What Is Visual Merchandising?</u>

Visual merchandising is a practice of optimising retail store presentation and displaying goods to highlight their features and benefits better and encourage customer interest.

To make this visual merchandising definition simpler, divide it into three parts –

- **It's a practice of optimising retail store presentation:** Visual merchandising is an intentional practice to optimise the space and layout of the store to present the inventory in the best possible way.
- **It focuses on highlighting product's features and benefits:** Marketers plan, design, and display products with an aim to highlight their features and benefits.
- **It aims to encourage customer interest:** Visual merchandising aims to influence customers and encourage them to purchase goods and return to the store in the future.

Visual merchandising is an important aspect of retail marketing. It does not only include displays for merchandise on display but also includes store layout, greeter design, floor plan, signage, fixtures, and lighting.

It includes shaping customer experience inside a retail space through presentation and advertising. Therefore, it is an important tool that retail marketers use to influence consumer behaviour and thus fulfil their marketing goals – sales and repeat visits.

Importance Of Visual Merchandising

A good looking and well strategised retail space is essential to meeting a business's sales and marketing goals. Visual merchandising helps retailers –

- **Improve customer experience**: Customer experience is vital to running a successful business and visual merchandising is a very important part of it. It helps to organise the retail space and help customers find what they're looking for easily – thus improving their experience while shopping in your store. Moreover, it helps to attract, engage, and inform customers better with carefully designed displays.
- **Sell targeted items:** Some items bring in more profits than others, and sellers want to sell more of these. Visual merchandising helps highlight these targeted items and thus help sell them more.
- **Influence Buyer decisions:** Visual merchandising also involves using neuromarketing techniques to influence buyers' decisions by appealing to their unconscious minds. This involves strategic product placement (profitable items are kept at the eye level), store paint (to set the mood), fragrance (to make you want more), and music (to influence you subconsciously).
- **Meet sales goals:** Visual merchandising is the salesperson that persuades the customer to purchase intended products subconsciously. Marketers do this by strategically placing profitable items, making them noticeable and tempting people to buy them.
- **Market retail stores:** A memorable store is what stands out in the crowd of boring retail stores. Visual merchandising aims to make the store stand out and find a place in the customers' minds. This is done by using visual cues, positioning, and aesthetics, making them stop and look and, sometimes, even take photos or spread the word organically.

What Is Retail Store Design?

Beyond just creating a good-looking store with aesthetically pleasing displays, retail store design is a well-thought-out strategy to set up a store in a certain way to optimize space and sales. The way a store is set up can help establish brand identity as well as serve a practical purpose, such as protecting against shoplifting.

Aspects of Retail Store Design

Retail store design is a branch of marketing and considered part of the overall brand of the store. Retail store design and display factors into window displays, furnishings, lighting, flooring, music and store layout to create a brand or specific appeal. Part of the design intends to direct traffic to get customers to "flow" to see more items and make impulse purchases.

Store Layout Basics

Stores are usually laid out with new merchandise up front to entice shoppers into the store. The front of the store also creates a sense of the store's identity with displays of trademark products. For example, having a centrally located checkout counter stocked with accessories to encourage impulse item purchases. Even an exterior retail storefront design can entice shoppers inside.

Aesthetic Branding Aspects

Many stores take great pains to create a specific aesthetic with their catalogs, graphic design and their store mood. A strong example of this kind of aesthetic branding is the clothing retailer Anthropology. Anthropologies' stores generally echo the style of its products.

Just as its products feature quirky, rustic and artsy features, the Anthropology stores use installations of old "found" pieces and rustic hardwood flooring to create a French flea-market kind of feel. Meanwhile, other retailers, such as the Apple store, use clean lines and simple gray and white furniture to emulate the look of its clean laptops. In this way these stores connect the look of their products with their stores.

Retail Design Work

Store designers are either hired by a company or consult for several different stores. Top designers have studied consumer psychology to understand what motivates shoppers to buy more and what causes them to spend less.

Some stores or retail chains also hire store design interns to create the displays from season to season. For many stores, these interns help lay out and build the designs implemented by the corporation. They may be given a look book from season to season and build similar-looking displays in their own store.

Other Design Purposes

Beyond helping to establish a brand identity or help sales, store design can help curb shoplifting. The setup of specific stores can make sight lines more clearly for store employees. If shoplifting is a concern, setting up a store with few blocked-off corners and easy-to-view spaces is one step toward reducing the incidence of shoplifting.

Retail layouts also put children's items on lower shelves where they can see them, put similar items (like shirts and pants) near each other to stimulate more buying. Signs near one type of good can direct shoppers to the location of related goods, such as a coupon offering a discount on leaf bags near the rakes in a hardware store.

What is customer flow and why is it important in store layout and design?

Before we dive into the different types of store layouts, it's important to understand what customer flow is and how it can impact your sales.

Customer flow is the number of people and patterns of shoppers coming into or passing through a retail store.

You can monitor a store's customer flow in a few ways, including:

- Observing the number of people who come into the store
- Analyzing purchase data
- Reviewing a time-lapse video, if you have an in-store camera

It's crucial to understand customer flow to inform flow patterns, store areas that are visited frequently or not visited at all, the number of visitors, and overall customer behaviour.

Understanding customer flow will help you create a visual merchandising plan that works. By analyzing which areas of the store are performing well and which need improvement, you can pinpoint whether the store design is helping you turn a profit or resulting in lost sales. Once you succeed at setting up the right store layout, customers will flow the way you intended and your sales will increase.

If, through observing customer flow, you find that many areas of your store aren't getting any shopping traffic and inventory isn't moving, you can re-evaluate your entire store design or just the layout of that particular area to improve customer flow.

RETAIL IMAGE MIX

Image refers to how a retailer is perceived by customers and others, and positioning refers to how a firm devises its strategy so as to project an image relative to its retail category and its competitors— and to elicit a positive consumer response. To succeed, a retailer must communicate a distinctive, clear, and consistent image. Once its image is established in consumers' minds, a retailer is placed in a niche relative to competitors. Retail store image is combination of factors which sets that store apart from its competitors

ELEMENTS OF RETAIL IMAGE

STORE ATMOSPHERE A retailer's image depends heavily on its "atmosphere," the psychological feeling a customer gets when visiting that retailer. It is the personality of a store, catalog, vending machine, or Store atmosphere (atmospherics) can be divided into these key elements: exterior, general interior, store layout, and displays Web site. Atmosphere created by Retailers Exterior General Interior Store Layout Interior display

COMMUNITY RELATIONS • The way retailers interact with the communities around them can have a significant impact on both their image and performance. ▫ Their stature can be enhanced by engaging in such community oriented actions as these:

Making sure that stores are barrier-free for disabled shoppers and strictly enforcing handicapped parking rules • Showing a concern for the environment by recycling trash and cleaning streets • Supporting charities and noting that support at the company Web site • Participating in antidrug programs • Employing area residents • Running special sales for senior citizens and other groups • Sponsoring Little League and other youth activities • Cooperating with neighbourhood planning groups • Donating money and/or equipment to schools. • Carefully checking IDs for purchases with age minimum

ADVERTISING IN RETAIL Advertising is paid, non- personal communication transmitted through out-of- store mass media by an identified sponsor. There are different types of advertising. Advertising content Pioneer Message Competitive message Reminder Message Institutional Message Nature of Payment Cooperative Advertising Vertical Horizontal Full payment by retailer

PUBLIC RELATIONS • Public relations entail any communication that fosters a favourable image for the retailer among its publics (consumers, investors, government, channel members, employees, and the general public). It may be non-personal or personal, paid or nonpaid, and sponsor controlled or not controlled.

SALES PROMOTION • Sales promotion encompasses the paid communication activities other than advertising, public relations, and personal selling that stimulate consumer purchases and dealer effectiveness. Sales promotion goals are: ▫ To increase short-term sales volume ▫ To maintain customer loyalty ▫ To emphasize novelty ▫ To complement other promotion tools

PERSONAL SELLING Personal selling involves oral communication with one or more prospective customers for the purpose of making a sale. Retail salespeople include anyone who interacts face-to-face (or via the phone) with the shopper in a way that encourages that shopper to make a purchase. The level of personal selling used by a retailer depends on the image it wants to convey, the products sold, the amount of self-service, and the interest in long-term customer relationships—as well as customer expectations. Retail salespeople may work in a store, visit consumer homes or places of work; engage in telemarketing; or engage in real-time online chat.

RETAIL POSITIONING Retail positioning is a plan of the store's action for how the retailer will enter the target market and will compete with its main competitors. Retail positioning from a retail store's point of view, is a step-by-step plan to create and maintain a unique and everlasting image of the store in the consumers mind. This process reveals the fact that understanding 'what the customer wants' is the success key to retail positioning in the market.

Retail positioning is made possible under these circumstances:

By differentiation of the stores merchandise from that its competitors.

By offering a high level of service after sales at nominal cost

By adopting low pricing policies.

Types of Positioning Mass merchandising is a positioning approach whereby retailers offer a discount or value-oriented image, a wide and/or deep merchandise selection, and large store facilities. In niche retailing, retailers identify specific customer segments and deploy unique strategies to address the desires of those segments rather than the mass market. Niching creates a high level of loyalty and shields retailers from more conventional competitors Types of positioning Mass Merchandising Niche Retailing

CUSTOMER SERVICE Many stores differentiate their retail offerings, build customer loyalty, and develop sustainable competitive advantages by providing excellent customer service. Customer service provides a strategic advantage because good service can be important to customers, difficult for competitors to duplicate, keeps customers returning to a retailer, and generates positive word-of- mouth communication, which attracts new customers Customer service is all about service quality offered by the retailer and their staff.

Customer Service Approaches Personalized service Standardized service • Personalized service requires that service providers tailor their services to meet each customer's personal needs.5 Successful implementation of the personalized service relies on sales associates or the "personalization" offered by the retailer's electronic channel • Standardized service is based on establishing a set of rules and procedures for providing high quality service and ensuring that they get implemented consistently. The effectiveness of standardized services relies mainly on the quality of the retailer's policy, procedures, and store, as well as its website design and layout.

MERCHANDISE MANAGEMENT • Merchandise management is the process by which a retailer attempts to offer the appropriate quantity of the right merchandise, in the right place and at the right time, so that it can meet the company's financial goals. Buyers need to be in touch with and anticipate what customers will want to buy, but this ability to sense market trends is just one skill needed to manage merchandise inventory effectively.

MERCHANDISE PLANNING PROCESSES Forecast category Sales Develop an assortment plan Determine appropriate inventory level and product availability Develop a plan for managing inventory Allocate merchandise for stores Buy merchandise Monitor and evaluate performance and make adjustments.

PRICING STRATEGIES High/Low Pricing Everyday Low Pricing Retailers using a high/low pricing strategy frequently—often weekly— discount the initial prices for merchandise through sales promotions. However, some customers learn to expect frequent sales and simply wait until the merchandise they want goes on sale and then stock up at the low prices. Many retailers, particularly supermarkets, home improvement centres, and discount stores, have adopted an everyday low- pricing (EDLP) strategy. This strategy emphasizes the continuity of retail prices at a level somewhere between the regular non-sale price and the deep-discount sale price of high/low retailers. Although EDLP retailers embrace their consistent pricing strategy, they occasionally have sales, just not as frequently as their high/low competition.

What is colour block merchandising?

Colour blocking is a visual merchandising strategy that uses colour to encourage sales. The aim is to drive shoppers' attention to a particular brand on the shelf. Retailers everywhere use this strategy for all kinds of products, from clothing to food.

Supermarkets have an especially challenging environment for capturing shoppers' attention. According to a report by Ehrenberg-Bass Institute for Marketing Science, **the average consumer spends only '13 seconds before choosing a brand in-store'**

How to create a successful colour blocking strategy for your brand

Create a visual identity that resonates with your brand's character

Understand what your brand assets are and use them consistently across your packaging. The colour of your brand should create a unique visual experience for the shopper and signal your brand's dominance.

Take Cadbury, for example. Cadbury's brand identity is so closely tied to the colour purple that for over two decades they were able to claim a trademark.

They recently dropped the trademark, however, after applying for a new one that would expand their colour monopoly across all of their categories. The UK Court of Appeal rejected the application based on its decidedly broad language.

Cadbury is still very protective of its distinctive colour. Looking at the traditional chocolate block photo, you can see why. Visually, Cadbury dominates the other chocolate brands.

Even with its strong visual identity, however, Cadbury struggles to grab attention in other categories.

In the baking chocolate display, they're completely overshadowed by Nestle's colour block. In the drinking chocolate display, they're lost in an array of colours, with Milo's green being more prominent.

But by keeping that colour consistent, even in categories where it isn't the most dominant brand, Cadbury manages to stay conspicuous on the shelf.

Use colour to communicate brand variety

When brand identity is less authoritative, **strong colors can be used to signal distinctiveness.** In the photo below, it's clear that all of these tuna brands are fighting for consumer attention.

The winner in this contest appears to be Sirena, with its bright yellow packaging. Using the slider on the image, you can see a visual heat map based on eye-tracking data. The warmer colors (red, orange, yellow) indicate the spots that get the most attention.

By using eye-catching colours to immediately attract the shopper's attention, these brands have successfully implemented impactful colour blocking at the point of sale. These colours are assets to their brands and create fast recognition for shoppers.

Consider the point of sale context

When thinking about the colour that will represent your brand, consider the **point of sale context.** For instance, there are categories that rely on certain palates to communicate their product. In this case, it can be counterproductive to use colour blocking techniques.

Orange juice is a good example. Most orange juice brands use the orange and yellow palette on their packaging, and they end up looking almost identical. In this context, however, it might be more important to signal what the product is as clearly as possible rather than try to stand out.

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Eliminate personal bias

Nothing is more frustrating than making the wrong decision based on personal bias. I have seen outstanding colour blocking ideas thrown in the trash based only on personal opinion.

If you have a good visual merchandising strategy based on your brand's identity and point of sales context, **don't let personal opinions get in the way.** Find evidence and make your case. You might do group or social media research, but don't rely on this solution by itself.

WHAT IS A PLANOGRAM?

A planogram is a schematic tool retailers use to plan their store layout to maximize sales and customer experience. Planograms place special attention on product placement and displays as well as point-of-sale (POS) locations.

Also called POGs, shelf space plans, space plans, and retail schematics, planograms are one piece of a larger, more comprehensive visual merchandising plan. They typically provide a blueprint for visual merchandising and product displays and ultimately help with inventory management.

How do you use a planogram?

Planograms are especially useful for big-box retailers and grocery stores that carry many products from a multitude of suppliers *and* have a lot of space to fill. Even if you're not using a "proper" planogram, you can use its philosophies and strategies to help plan your store layout and product displays.

Think about it this way: Before ordering perishables, grocery stores must know whether the products will fit on the shelves. This is where details like product packaging dimensions, shelving layouts and dimensions, and product turnover comes into play.

Planograms vary depending on the retailer. In the example we just described, you're likely looking at a detailed planogram. For smaller retail locations with fewer products and displays, such as a showroom, the planogram may not be as comprehensive.

WINDOW DISPLAY

Window display is the fine art of displaying store merchandise in the store window. Window display is emerging as the new mantra in retail and is fast changing from a dull, uninteresting exhibition of wares in the store window to a dynamic form of advertising. Retailers are recognizing the importance of window display as the first point of contact between the store and the customer and a chance to create the most critical first impression on the customer. Developed countries look at window display as a critical tool of marketing; however, in India, it is still an emerging concept.

Importance of window display

Window display is more than just a display of wares. It is a unique form of advertising. As stated earlier, it is the first contact point between the store and the customer. It defines the store and gives an idea of what the store is all about to the customer. It determines whether the customer will walk into the store or walk away from it. It is an effective tool to use when the image of the store needs to be changed. Window display can be used as a means to portray seasonal merchandise. Window display can convey what age group or income group of customers the store caters to.

With the rising level of economic growth in the country, the level of disposable income of the customers is rising. This has, in turn, led to tough competition among the retailers. In this cut-throat competition, those retailers win who are able to attract and sustain the attention of the customers. Unique and effective window displays play an important role in this regard. It is essential for all kinds of stores in the modern times, ranging from the smallest to the largest.

Done properly, window display can attract more customers than a hoarding or a television advertisement. Moreover, it can attract the right kind of customers. In other words, window display acts as a filter. Only those customers enter the store who have a fair idea of what products it stocks and are interested in buying them. A lot of time and energy of the salesmen is saved as they need not concentrate on customers who might not be potential buyers.

Window display makes the decision making process of the customer rather simple. Based on the window display, the customer can easily decide whether he wants to enter the store or not. Hence, window display also helps the customer by preventing unnecessary consumption of energy and time. There is no substantive evidence to indicate that window display leads to an increase in sales. However, a number of cases have been noted wherein customers have undertaken impulse buying under the influence of attractive window display.

Creativity plays a very important role in window dressing, but at the same time, business acumen is also required in order to make it effective. The window display should be designed in a way that attracts customers, rather than looking like a piece of art. The window display designer should design the window in the best way possible within the budget fixed for the same by the retailer. Retailers in developed countries spend large amounts on window displays, but Indian retailers lag behind in this respect.

Emerging trends

Window designers are now experimenting with concepts to try to attract and hold the attention of the customers. One of these concepts is the use of smell. In biscuit and cake shops, the windows are linked to nearby bakeries through pipelines. Whenever a customer looks at the window display, the fragrance of fresh bakery products is released. Similarly, apparel retailers are also making use of the fragrance of freshly laundered clothes in designing window displays. Some retailers are making use of motion to attract customers.

As more and more retailers are realizing the importance of window display, a new class of professionals called window display designers have come into existence. These professionals work full-time with large business houses, while they work on a contractual basis with small firms. The work of a window display designer requires a lot of creativity and a good aesthetic sense as well as patience, hard work and a fair idea of market trends and customer behaviour. Moreover, they should also possess a good flair for communication as they are required to communicate extensively with store managers and owners regarding the image they wish to portray through the store. Knowledge of fields such as graphic design, fine arts, construction, carpentry, architecture and lighting is an added advantage for a window display designer.

UNIT- 3

What is e-commerce?

E-commerce (electronic commerce) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business.

The terms e-commerce and e-business are often used interchangeably. The term e-tail is also sometimes used in reference to the transactional processes that make up online retail shopping.

In the last two decades, widespread use of e-commerce platforms such as Amazon and eBay has contributed to substantial growth in online retail. In 2011, e-commerce accounted for 5% of total retail sales, according to the U.S. Census Bureau. By 2020, with the start of the COVID-19 pandemic, it had risen to over 16% of retail sales

What Is E-Marketing?

E-Marketing refers to the marketing conducted over the Internet. Two synonyms of E-Marketing are Internet Marketing and Online Marketing which are frequently interchanged. E-Marketing is the process of marketing a brand (company, product, or service) using the Internet through computers and mobile devices mediums. By such a definition, eMarketing encompasses all the activities a business conducts via the worldwide web with the aim of attracting new business, retaining current business and developing its brand identity.

Advantages of e-Marketing

- Ability to target your customers faster and cheaper
- Reduction of marketing costs through automation of electronic media
- Near real-time interaction between the marketer and the end user
- Ability to quantify and collect user data
- One-to-one marketing experience
- Increased interactivity
- Ability to implement marketing strategies in a short time-frame
- Ability to scale with the market
- Appeal to specific interests
- Geo-targeting

Importance of E-Marketing

The return on investment (ROI) from E-Marketing can far exceed that of traditional marketing strategies. Also, the transparency of the internet allows the marketer to have access to analytics and data in a near real-time fashion which will allow the marketer to make changes to align with the market's reaction thus making E-Marketing a preferred solution for Marketing Professionals.

Evolution of E- marketing

Digital marketing, like every other industry, continues to evolve with the invention of new technologies. It's necessary to keep up with developments to stay in touch with your audience, but also to understand the history of the field to fully appreciate modern-day techniques and strategies.

The Current State of Digital Marketing

Digital marketing simply refers to the practice of promoting products and services via the internet. Just as with traditional marketing, the goal is to create awareness of your brand and products among the general public.

Before the advent of digital marketing practices, businesses relied solely on offline strategies. These included avenues such as billboards, TV and radio ads, newspapers, direct mail, phone calls, postcards, catalogs, brochures or other print materials, and so on.

Even today, with so many companies scrambling to reach as many customers as possible, some of these traditional marketing tools are still effective. Older segments of a brand's audience, for example, might feel more comfortable reading physical copies of newspapers than their soft-copy equivalent. Radio marketing isn't dead either.

However, one of the main differences between both forms is the amount of reach they offer. Radio or newspaper ads might be effective for targeting local consumers. However, if you're looking to market globally, digital methods are your best bet. They can also be more cost-effective than their traditional counterparts.

Digital marketing can be achieved through tweets, videos, podcasts, email, blog content, Pay-Per-Click (PPC) advertising, and more. To illustrate the reach of digital marketing, there are about 3.5 billion social media users; nearly 45% of the global population!

Additionally, it's increasingly difficult to market to younger generations. It can take a lot of convincing to get them to commit and buy. Your digital marketing campaigns can help you reach and sell to them over the long-term. Overall, digital mediums provide much better ways to stay in touch with your audience and build connections with them.

The Evolution of Digital Marketing (5 Key Turning Points)

Having discussed the current state of digital marketing, let's now take a look at how it has evolved over the years using examples of some major milestones in its history.

1. Search Engines Come Into Play

The World Wide Web was launched in 1991, but it didn't make much of an impact until the first really popular browser, Netscape, made its way into the market in 1994. More people began to use the web, and as this happened, search engines such as Google also made appearances between the 1990s and early 2000s.

Search engines work by crawling web pages and storing them for later retrieval based on keywords used in search terms. This has brought rise to what is known as Search Engine Marketing (SEM), the practice of promoting websites and blogs by increasing their visibility through strategies such as Search Engine Optimization (SEO) and paid advertising.

2. The Social Media Revolution

The World Wide Web was initially meant to be a collaborative space for sharing information. You can probably agree that it has become much more than that. Social media platforms such as Facebook, Twitter and many more have made it possible not just to exchange information, but also to connect with other people.

This also enables businesses to reach global audiences. To do this, brands can utilize paid ads targeted towards general or specific audiences, work with influencers who market products to followers, and more.

Facebook, for example, was launched in 2004 and attained a user base of one million by the end of that year. In 2007, it launched its first self-service advertising platform as well as business pages, further increasing overall ad revenue to $700 million. More platforms have followed suit, providing a base for brands to reach their audiences.

3. Mobile-First Marketing

Google's Accelerated Mobile Pages (AMP) project has made it necessary to ensure SEO-optimization for mobile sites. This initiative is aimed towards improving loading times of pages on devices such as smartphone and tablets. It also focuses on other factors such as User Experience (UX).

This is particularly significant due to recent stats regarding mobile usage. In 2019, 52.2 percent of all web traffic came from mobile phones, compared to 16.2 percent in 2013. However, it's worth noting that this only includes data for mobile phones, and not tablets.

Increasing mobile usage, as well as the AMP initiative, has made it essential to ensure that marketing campaigns are not only accessible on larger devices, but can be viewed without noticeable visual or performance differences on smaller screens, too.

4. Consumer Data and Targeted Campaigns

Another major milestone in the history of digital marketing is the reliance on data for creating targeted marketing campaigns. Customer Relationship Management (CRM), for example, is a business process that enables brands to develop long-term relationships with their customers through data-driven marketing activities.

CRM tools let you work iteratively based on data from performance analytics. This can make it easier to predict customers' purchasing habits, further define target audiences, and increase overall customer satisfaction.

The ability to make predictions about customer behaviour is particularly significant because marketing strategies keep evolving as a result of technology and other factors. Using CRM techniques such as regression and statistical analysis can make it possible to identify any changes in consumer habits.

This also makes it possible to create better business impact models for accurately measuring marketing performance.

5. Voice Search and Interactive Content

One important goal for brands is increasing engagement with customers and fostering a sense of community and loyalty. This has given rise to high-quality and interactive content such as games, fun social media contests, immersive app experiences, and more. These not only attract audiences but provide a way to sustain their attention over the long-term.

On the other hand, voice search is now one of the most important marketing trends, providing a new way to conduct searches as well as promote businesses. It can also attract more traffic as its results generally have a high chance of being extremely relevant at first attempt.

E- COMMERCE VS TRADITIONAL COMMERCE

BASIS FOR COMPARISON	TRADITIONAL COMMERCE	E-COMMERCE
Meaning	Traditional commerce is a branch of business which focuses on the exchange of products and services, and includes all those activities which encourages exchange, in some way or the other.	e-Commerce means carryng out commercial transactions or exchange of information, electronically on the internet.
Processing of Transactions	Manual	Automatic
Accessibility	Limited Time	24×7×365
Physical inspection	Goods can be inspected physically before purchase.	Goods cannot be inspected physically before purchase.
Customer interaction	Face-to-face	Screen-to-face
Scope of business	Limited to particular area.	Worldwide reach
Information exchange	No uniform platform for exchange of information.	Provides a uniform platform for information exchange.

BASIS FOR COMPARISON	TRADITIONAL COMMERCE	E-COMMERCE
Resource focus	Supply side	Demand side
Business Relationship	Linear	End-to-end
Marketing	One way marketing	One-to-one marketing
Payment	Cash, cheque, credit card, etc.	Credit card, fund transfer etc.
Delivery of goods	Instantly	Takes time

The differences between B2C, B2B, C2C and C2B business models

B2B: Business to Business

This type of websites for business is suitable for the companies that sell products or services to another company, which is an intermediate buyer who then sells the product to the final customer. They help other companies establish a solid foundation for the long-term commercial interrelations between the companies. B2B websites may come in various types. One of them helps to receive information from partners, the other creates accounts for payment for the products or services and establish contracts. An example of B2B web-platform would be a website selling vehicle's components that some auto manufacturer will purchase in order to produce his own product.

B2C: Business to Consumer

B2C websites for business are the most popular. Web platforms that follow the B2C model are suitable for companies which sell products or services directly to a customer online. One of the largest B2C websites is Amazon. A customer can view products on the page, choose a product and order it. The Business to Consumer model doesn't require a middleman and reduces the cost of the goods for the ultimate consumers. B2C sites aim to make easy for shoppers to buy products end enjoy this process.

C2C: Consumer to Consumer

Consumer to Consumer website serves as a mediator between the clients and gives an opportunity to sell or purchase goods directly. Through C2C web-service consumers can sell their assets like cars, or rent a room by publishing their information on the website. One customer may buy a product of another consumer by viewing the description on the website.

C2B: Consumer to Business

Websites following C2B business models are the least widespread among the other types of business models. In the C2B individuals offer goods and services to companies in exchange for pay. It is a complete reversal of B2B or B2C, where companies offer their services to customers. C2B web-services provide an opportunity for the consumers to set prices for the products they would like to buy. The C2B website finds the seller who is eager to sell the goods for the price that the consumer wants. C2B businesses, as well as consumers, profit from the flexibility of such services. We hope this blog was helpful, and that now you know what type of the website you want to have.

Government-to-Government (G2G)

The aim of **G2G** is to enable governments and organizations related to them to more easily work together and to better serve citizens within key lines of business. Facilitate increased efficiency and communication between parts of a government. **G2G** initiatives can improve transaction speed and consistency, and at the same time reduce the time employees have to spend on tasks. The **G2G** initiatives will enable sharing and integration of federal, state and local data to facilitate better leverage of investments in IT systems and to improve grant management capabilities, and also will support “vertical” (that is intergovernmental) integration requirements. The category of e-government that focuses on interactions between a government and its various agencies to support transactions such as horizontal and vertical integration

E MARKETING MIX

As a result of the increased utility and bandwidth of Internet communications, the usage of web browsers has increased dramatically over the last ten years. Many users make use of browsers to get different types of information in different media such as text, graphic, animation, audio and video. Thousands of businesses have exploited this great opportunity to create their own web sites that allow customers to purchase products directly from their browsers. Most commercial companies believe that they can generate a large amount of profit from the web.

Marketing Mix–4CS Model

With market competition shifting from product-oriented into customer-oriented, some defects of 4Ps emerge. Under this condition, 4Cs marketing mix model was put forward by Lauterbom (1990) who suggested the marketing strategies involving the 4Ps are outdated. The 4Cs include:

1. Consumers' wants and needs (Replacing product): what the customers want should be sold rather than what you can manufacture.
2. Cost to satisfy (Replacing price): enterprise should take every effort to decrease the cost of fulfilling the customer's demand.
3. Convenience to buy (Replacing place): enterprise should make every effort to give convenience to customer for purchasing.
4. Communication (Replacing promotion): communication with customers is more important than promotion.

Marketing Mix–4Ss Model

The 4Ss model (web-marketing model, WMM) was put forward by Constantinides (2002). It describes web marketing strategy with four elements begin with "S" including scope, site, synergy and system. The goal of this model is to design and develop the marketing mix for Business to Consumer online projects through controlling four "S" elements. The 4Ss include:

1. Scope consists of the decisions to be made in four areas: i) the strategic and operational objectives of the online project; ii) the market definition including measuring the market potential and the identification/classification of potential competitors, visitors and customers; iii) the degree of readiness of the organization for E-commerce; and iv) the strategic role of the E-Commerce for the organization.
2. Site (Web Site) is the interface between company and customer and is therefore the most important communication element of E-Commerce. Through this element, some tools are designed on the web site to attract the customers and provide communication with them.

3. Synergy refers to the integration of the Web site with organizational processes, legacy systems and databases or the integration with third party business partners.

4. System refers to the technology, technical requirements and web site administration.

E-RETAILING

E-retail, also known as e-tail, internet retail or online retail, stands for electronic retail. In e-retail, a business or individual sells retail products and services through online stores. An e-retail company can be a purely digital presence, meaning there is no physical store for a customer to enter.

However, an e-retail business can also be a brick-and-mortar shop with an online presence. Brick-and-mortar retail stores are no longer the primary means for purchasing goods. Instead, they can act as one aspect of the customer's journey with a retailer's brand.

- An e-retail business model is where a business or individual sells retail products and services electronically, typically through the internet.
- Two subcategories of e-retail are business-to-business and business-to-consumer.
- To get started in e-retail, you'll need an attractive product, an engaging website, a digital marketing strategy and data analytics.

Electronic Payment System

Simply put, electronic payments allow customers to pay for goods and services electronically. This is without the use of checks or cash.

Normally e-payment is done via debit cards, credit cards or direct bank deposits. But there are also other alternative payment methods such as e-wallets and cryptocurrencies. So if you're looking to move your business online and create an online store, you'll need to have an e-Commerce payment system in place to accept payments.

Common Methods of E-Payment

As mentioned above, there are a number of ways to carry out an electronic payment. Here are some of the more common methods.

Credit or Debit Card Payments - When paying by card, an electronic payment device initiates the online payment transfer. The consumer will have to fill out their card details and have their transfer cleared by their bank.

Internet Banking - This is done by digitally transferring funds over the internet from one bank account to another. This method tends to be used by smaller businesses or freelance workers.

Direct Debit - Direct debit transactions transfer funds from a customer's account with the help of a third party.

E-Wallet - An E-Wallet is a form of prepaid account where the customer's account information is stored electronically. This means you can quickly and seamlessly pay for goods online without having to constantly fill out your information.

Store Credit Card - A store credit card is a card that has a prepaid monetary value. A more common name for this type of payment is a gift card.

How Do Electronic Payment Systems Work?

Electronic payment transactions are divided into two types:

1. One-time Vendor Payments - These are commonly used on eCommerce websites such as Shopify, Amazon and Etsy. A cardholder will type in the card or banking information when they reach the store's checkout page. This information will then be approved by their bank if the information is correct and they have sufficient funds.

2. Recurring Customer Vendor Payments - These payments are used when the cardholder is paying for goods or services on a regular basis. Instead of entering your details each time, you enter them once and opt-in for a recurring billing option. This tends to be used for subscription services, paying for bills or for businesses such as insurance agencies.

E- CASH

E-Cash was an electronic platform created to transfer funds anonymously. It was a pioneer in cryptocurrency. eCash was created by Dr. David Chaum and implemented via his company, DigiCash, in 1990. eCash worked on the premise of blind signatures where message content is invisible before signing, resulting in no user being able to link withdrawal and spend transactions. Despite the initial interest and bringing large banks on board to use the system, eCash never fully took off and DigiCash filed for bankruptcy in 1998. Chaum launched a new startup in 2018 focused on cryptography.

E CHEQUE

E-Cheque is an electronic counterpart of paper cheque. It turns the cheque writing and deposit processes totally online. Paying with e-Cheques will be an entirely paperless experience. It is in PDF format. It has similar layout of a paper cheque with the display of a standardized e-Cheque logo on the face of e-Cheque. It has the same legal status as paper cheque It is neither negotiable nor transferable. It must be addressed to a payee and deposited to the payee's bank account only.

Difference Between Smart Card and Debit Card

We all live in an era of a fast and technological world. One such thing is cards that ease our necessities. Almost everyone owns a debit card and smart card. Still many are confused between these two. With different functions and different advantages making transactions and storing data has become easier.

Smart Card-

The smart card is a physical card having an integrated chip. It can also act as a security permit. It comes in the size of other cards like driving licence, credit card, etc. It contains more information. Smart cards are used for several applications. Although it is basically used as payment cards.

Debit Card-

The Debit card is a payment card used for transactions. In this, the amount is deducted directly from the bank account. Also used as an ATM for withdrawing cash. The purchases can be made with or without the PIN. They also come with a limited expenditure feature for a day.

Credit Card

A credit card is a thin rectangular piece of plastic or metal issued by a bank or financial services company that allows cardholders to borrow funds with which to pay for goods and services with merchants that accept cards for payment. Credit cards impose the condition that cardholders pay back the borrowed money, plus any applicable interest, as well as any additional agreed-upon charges, either in full by the billing date or over time.