UNIT 13 CUSTOMER VALUE MANAGEMENT (CVM) IN THE INDIAN CONTEXT

Structure

13.0 OBJECTIVES

After studying this unit, you will be able to:

- Analyse the Indian diversity for retailing;
- Describe challenges for retail in different regions of India;
- Understand the challenges in different product categories;
- Describe the concept of integrated marketing communication; and
- Analyse cross-cultural impact on CVM.

13.1 INTRODUCTION

The Indian retail industry is the second largest employer in the country and is expected to grow significantly in the coming years. The industry is primarily composed of small, independently owned stores, but a recent influx of international retailers has entered the market. The e-commerce sector is also proliferating in India. However, the retail industry in India faces challenges such as high real estate costs, supply chain inefficiencies, and complex regulations. Despite these challenges, the Indian retail market is projected to grow at a compound annual growth rate of 9-10% between 2019-2024.

The Indian retail industry is one of the fastest-growing industries in India. It covers organised as well as unorganised sectors in the Indian market. Initially, the retail industry mainly was unorganised, but with the changes in tastes and importance of the customers, the industry is getting more popular and organised as well to create customers and to retain them with the business. The Indian retail sector has been proliferating for the previous five years except for covid period. Growing Indian retail industry with vast scope has attracted the world's largest superstores like Wal-Mart into India, leaving behind traditional Kirana shops that served us for years. Such groups are professionals and follow a customer-oriented marketing approach to create value to customers. To compete with these groups, retailers must have full knowledge of Indian diversity, customers, challenges in the Indian retail market and scope, etc., to deliver value to potential customers. In this unit, we will discuss the Indian retail market, challenges for retail industries and opportunities beyond these challenges.

13.2 UNDERSTANDING THE INDIAN DIVERSITY

Customer value management becomes a challenge in Indian context due to the sheer diversity in terms of the regional preferences, climatic variations, income disparities, cultural differences, ever evolving lifestyles, to name the important ones. Within these diversities exists small target groups which offer scope for providing value. More and more marketing will require segmenting the market in a way where each of these target groups perceived value in the offering.

For instance, there will be a target group which is a regular user of a product, the early adopters who have become regular users, while there will be another target group which sees the same product as aspirational and wants to try it. This makes a difference in the packaging sizes, the first group requiring packages of a standard size while the latter group would essentially require sachets / sample size packaging. The segments may also differ on the basis of income disparity and the packaging example would stand valid in that case too. There is value created in either case.

To leverage customer value, and manage it effectively, the retailer / marketer will require a good insight into the small target groups having some homogeneity to address the customer needs. We are already in the times when "Mass customisation" - a term once common to the manufacturing industry - is the order of the day. Each group may need the same product yet customized to its own requirements / needs. Ask a Westside or a Pantaloon, and they will tell you what it takes to create customer value. Every customer that walks in is the same, yet unique. The result; the same kurta available in multitudes of cuts, sizes, colours, styles, fabrics.

Customer Value Management can be a merchandiser's nightmare in India. A retailer cannot afford to lose a customer due to stock outs, and yet cannot overstock to meet every need – and yet ensure a lifetime value of a customer. At the world level, all customers behave similarly. If a retailer is following what is expected of them, then CVM can be managed effectively.

13.2.1 Effect of 'Diverse Culture within the Indian Culture'

Cultural and social factors influence customer buying behaviours in India. Customer buying behaviour is influenced by many factors, such as customer behaviour, brand loyalty, family, reference groups, income group, standard of living etc. We have studied these in the previous units.

Let us examine the influence of culture on buying behaviour of customers in India.

India is a multilingual country, with over 21 officially recognized languages and more than 1,600 dialects spoken. The most widely spoken languages are Hindi and English, with Hindi being the official language of the government. Other major languages spoken in India include Bengali, Telugu, Marathi, Tamil, Urdu, and Gujarati. Additionally, there are many tribal languages spoken by indigenous communities. It is important to note that despite the linguistic diversity.

'Culture' is the complex whole that encompasses knowledge, belief, art, law, morals, customs, capabilities, and values acquired and shared by members of a society. From the retail perspective, culture influences buying decisions, behaviour, and pattern of living in a society. Culture forms a boundary within which an individual thinks and behaves. When he behaves outside these cultural boundaries he is said to be under cross cultural influence and exhibits cross cultural behavior.

The entire 'Indian society' is characterised by diversity, of cultures and social beliefs. The great Indian diversity comprises many states – diverse in religion, customs and traditions, languages, food, and clothing, culture, and social beliefs. Influence of religion, language, food habits and clothing preferences distinguishes customer behaviour of one state from that of another. Indians are proud of our 'unity in diversity'.

Despite many differences, people share a feeling of oneness. They are bound by a common cultural heritage, and they share basic human values.

Cultural differences that lead to peculiar behaviour by customers, is interesting to study. However, for retailers, diversity in a single country is a great challenge to understand and manage. Innumerable examples can highlight diversity in culture that influences customer behaviour. Some of them are:

1) In some cultures, the traditional women's wear is a saree while in some it is the salwar-kameez.
2) In some cultures, such as the northern states of India, women are required to cover their head with a dupatta, whereas in many urban areas, the salwar-kameez has attained a modern and practical avatar, and it is more of a practical work wear, which is worn without a dupatta.
3) Some cultures are traditionally vegetarian while some are non-vegetarian. Regional preferences for certain foods is also a case in point

for the customer value management. How many retail outlets selling frozen meats / cold cuts could be found in Gujarat?

4) Some retailers like Reliance have taken a very conscious approach to retailing in their provision retailing chains wherein they have come up with a separate brand of stores called Delight which sell meat. They are different outlets with a separate entrance, but conjoint to the mother Reliance store. This ensures that the vegetarian and non-vegetarians' needs are met conveniently. This is due to the cultural issue of a vegetarian preferring to buy from a store that does not stock non-vegetarian products.

5) Some societies in India have been heavily influenced by the western ways of dressing and food habits. While those in South India still follow their traditional food and dressing staunchly traditionally.

6) The cow is the holiest animal for the Hindus, and hence, while most Hindus are vegetarians, those who eat meat do not eat beef. While formulating its product strategies, McDonald's had to modify its standard international beef burgers to introduce chicken and vegetarian burgers and meal options in India. Besides vegetarian burgers, McDonald's has also introduced other vegetarian dishes in India.

7) KFC is universally synonymous with fried chicken. However, understanding the fact that most of the Indian population is vegetarian, KFC in India did not want to alienate the vegetarian community. That gave 'birth' to its vegetarian menu. This means that a vegetarian can also eat at a KFC joint in India. KFC offers a wide range of vegetarian products such as 'paneer tikka wrap 'n' roll, the veggie-lite burger, and the veg crispy burger'. There are munchies such as the crisp 'golden veg fingers and crunchy golden fries served with tangy sauces. If you are a vegetarian and looking for a meal in KFC, you can combine 'veg fingers with steaming, peppery rice and a spice curry'. Nowhere in the world does KFC offer the vegetarian option to its customers.

13.3 CHALLENGES IN DIFFERENT REGIONS

India's cultural and social diversity poses a challenge for retailers, as the concept of value sought from products and services differs in different cultures. Understanding and implementing marketing strategies acceptable to diverse social, cultural, and geographical needs, is a retailer's nightmare.

Embracing diversity as a way of thinking is the most effective response for retailers and an important driver of a retail organisation's innovation. This means diversity needs to be brought to the forefront of the value proposition so that it becomes a branded component of how a retailer does business.

Besides cultural diversity, India is also a land of many geographical differences and and diverse physical features. Snow-capped mountains, hilly terrains, plains, plateaus, and coastal areas exist. There are deserts and places with extreme and scanty rainfall. There are regions with severe and moderate climate. It is also a fact that geographical factors such as climate, terrain, temperature, distance from the sea, etc. also affect customer needs and buying behavior.

From the marketing perspective, India is divided into five parts: north, south, east, west, and central India. If we spare a thought to this break-up and look at each region individually, we think of different people with different cultures, different climatic and geographic conditions.

The northern region conjures images of the lofty Himalayas, the 'Heaven on earth' Jammu and Kashmir, the robust Punjab and Haryana. This region is characterised by very hot summers and very cold winters. Each state has its unique culture and customers have distinctive wants. Since seasons are extreme in this region, the demand for clothes, food, white goods differ from that of the rest of the country. The food habits of people are generally meat eating (arising out of the fact that they need to eat meat to keep the cold away). Besides because of many rivers originating out of the Himalayas, this region is very fertile, and a variety of crops are grown here.

Since this region is hilly and with an extreme climate, establishing a suitable distribution system is the greatest challenge. Also, the people living in these regions are larger than the average Indian, and hence garment and footwear retailers must sell more oversized sized clothes and footwear. Besides the above differences, food habits, attitudes, business culture, religions (Hindus, Sikhs, Muslims), etc, are the disparities that one experiences in this region.

The southern region is characterised by a moderate climate all year round and sweltering summers, highly religious people who have moved economically but have staunchly retained their culture. A typical image of a South Indian woman is that of one dressed in a Kanjeevaram saree with flowers in her hair and one who speaks fluent English. A South Indian man is probably dressed in a dhoti or lungi.

This region distinguishes itself not just by their culture but also with a high level of literacy and economic success. It bears a general intellectual supremacy over the rest of the country.

Marketing in this region is a little easier than the northern region, as the geographical and cultural differences between the states comprising this region (Karnataka, Andhra Pradesh, Kerala, and Tamil Nadu) are not dramatic. Most South Indians are Hindus.

Business culture is also more or less the same, and people share a common thread.

The western region comprises the economic superpowers of India, Maharashtra ,Gujarat, and of course Paradise on Earth, Goa. This region offers a moderate climate to people living here. The commercial capital of the country, Mumbai, is also located here. From the marketing perspective, people living in this region differ dramatically in their food habits. Yet, there is a cultural homogeneity in this region, which makes marketing and retailing less complicated. The hot and severe temperature the here in this region all year round has affected people's food and dressing habits.

The eastern northeastern region is a relatively less known region of India. It is characterised mountainous terrain, deep forests, and an extremely cold climate all year round. The states comprising this region of India are Sikkim, Arunachal Pradesh, Meghalaya, Assam, Tripura, Manipur, Mizoram, and Nagaland.

This region is not at the forefront of economic development in the country, and it poses a challenge to the Government of India for economic development growth. Many of these states also face extremist conflict, which makes them unapproachable. Each state comprising this region is unique and differentiates itself from the rest of the country via its culture, language, food habits, language, dance, etc.

characterized characterised by a hot climate and plateausAcharacterized characterised by a hot environment, and plateaus hot climate and grasslands characterise the central main part of India. The people and their culture merge with the rest of the country and do not distinguish themselves dramatically.

Check Your Progress A

1. What are the challenges to retailing in India?

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2. Explain the scope of retailing in India in the southern region.

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13.4 CHALLENGES IN DIFFERENT PRODUCT CATEGORIES

13.4.1 The Indian Retail Scenario

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10% of the country’s gross domestic product (GDP) and around 8% of employment. India is the world’s fifth-largest global destination in the retail space. India ranked 73rd in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019. India is the world's fifth-largest global destination in retail and ranked 63 in the World Bank's Doing Business 2020.

The sizable middle class and nearly unexplored retail market in India are the main enticing factors for international retail behemoths moving into newer markets, which will help the Indian retail business grow more quickly. The urban Indian consumer's purchasing power is increasing, and branded goods in categories like apparel, cosmetics, footwear, watches, beverages, food, and even jewellery are gradually evolving into business and leisure that are well-liked by the urban Indian consumer. The retail sector in India is expected to reach a whopping US$ 2 trillion in value by 2032, according to a recent analysis by the Boston Consulting Group (BCG).

India is the world's fifth-largest global destination in the retail space. In the FDI Confidence Index, India ranked 16 (after the US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy).

Courtesy ibef.org

The significant factors that have given rise to the boom of the retail industry in India are:

1. Robust economic growth experienced by sound economic policies of the government, which have not only spearheaded industrial development but have also given rise to the development of tier II and tier III cities and towns, along with the metros.
2. Economic development gives rise to higher employment opportunities and, therefore rising disposable incomes
3. Changing lifestyles and cross-cultural influence on lifestyles
4. Rapid development of organised retail infrastructure and evolving new retail formats
5. Due to better channels of communication and media, customers are more aware of foreign products/services, fashions, trends, etc, and their growing aspiration to acquire them
6. There is an opening up of the economy for foreign retail participation, and therefore, a plethora of international brands is now available for the Indian customer.
7. Fair improvement in infrastructure facilities
8. Greater availability of personal credit and easy finance

The above are some of the factors giving rise to the growth of the retail industry in India.

Product-wise, the Indian retail scenario is divided amongst the following significant products.

1. Food

2. Health care and beauty products (cosmetics, toiletries, baby care, health care, etc)
3. Household goods (furniture, etc)
4. Computers
5. Apparel and footwear
6. White Goods
7. Leisure and entertainment goods
8. Automobiles
9 Jewellery

Let us briefly examine each category;

Food

India is the 3rd largest producer of fruits and vegetables globally, next only to China and Brazil. In today's times, the changing economic environment in India has had a severe impact on Indians' food consumption patterns. The retail industry faces challenges such as poor supply chains, lack of adequate infrastructure, high cost of transportation (due to costly fuel), severe government regulations, food imports, changing lifestyles, etc. Every region and culture in India has its peculiar food needs, and this diversity poses a massive challenge for retailers. Small retailers can adapt to regional requirements quite quickly, since they are based in the market. The large retail chains have to cope with regional and cultural localisation of value propositions and find it challenging to offer customised products/services differentiated for each region/state.

Regarding value creation, one also needs to explore the whole segment of packaged, ready-to-eat food. MTR, a traditional "tiffin house" in South India realised the importance of the ready to eat packaged food and embarked upon a strategy to make it readily available to the large segment of peripheral consumer group who, due to hectic lifestyle or distance to reach, was missed out. With the local fare as the first step, MTR gradually expanded its wings to cover other regions with respective local staples as well. It was a fantastic customer value-creation exercise by MTR. It found a segment which wanted the traditional fare but in the convenience of their own homes and with the least effort. This value creation can also be attributed to cultural, demographic, and economic changes in the society, and it was incumbent on MTR to stay relevant to the evolving customer. Similar is the case with many such traditional business houses that were required to develop and create value for the customer.

Health Care and Beauty Products

This category comprises healthcare products, cosmetics, toiletries, and baby care products. In recent years, this category has seen a boom due to increasing awareness of health and beauty in India, awareness and impact of trends in the West, retail boom in India, sizeable expendable income, etc.

While this product category is basking in the newfound success, it faces challenges such as lack of awareness in the rural market, increasing competition, imports, and lack of quality accreditation for many products, such as ayurvedic cosmetics.

An excellent example of value creation would be the fairness cream market. Considering the local preference of some regions that equate fairness with beauty, the need for fairness creams suddenly burgeoned. The products were explicitly targeted at the women, only for the marketers to realise that the men in the house used a large amount of the same. This gave rise to a product sub-category which targeted the Indian male. The communication too was designed specifically for this sub-category with brand ambassadors who were most appealing to this segment. This is an excellent example of value creation where product and promotion were merged to create value for a large part of the peripheral user group.

Household Goods

This category comprises furniture, furnishings, paints, bathroom fittings, flooring, home accessories, etc.

Due to sizeable expendable income now available to young Indians and the influence of the Western lifestyle, this category has experienced success and continues to do so. Having a house in a posh locality, done up in modern furnishing, is regarded as a sure sign of success. This trend in consumer behaviour has been the catalysing force in the development of this category. Also, the retail boom and availability of these products in readymade / ready-to-assemble format have also contributed to the boom. Some challenges workers this industry faces are standard workmen such as tailors, carpenters, etc, imports of affordable furniture from China and Malaysia, and lack of awareness of these products in the rural market.

For example, paint companies traditionally sold their products from their outlets. With changing times and cross-cultural influences, and with the added "inconvenience of supervising the work", the paint companies have now gone out on their limbs to educate the discerning customer on the painting process and even have come out with guides on how one should go about selecting paints, what type of colours to choose, what would suit best in what combination and more. You can have the guide for free just by sending an SMS. Some paint companies also undertake to paint your house and, therefore, offer a systematic approach to the process. Their professionally done paint job not only has finesse, but they also help clean the mess and move the furniture back into its place. Now, that is value creation.

Computers and Hardware

This product sector is also experiencing a boom in the retail scenario. Apart from the usual factors resulting in a retail boom in India, other factors that have contributed to the growth in this category are the fast coming up – now commercialised - education sector and increase in literacy rate, which gives rise to awareness and demand for computers, rise in usage of social networking sites, the advent of internet as a single most pool of information, etc. Computers are no longer a luxury; they are a necessity and are increasingly seen to upward mobility.

The challenges faced by retailers in this product category are fierce competition, low margins, and continuous development in technologyThe. The challenges retailers face in this product category are intense competition, low margins, constant technological evolution, price wars, etc. The customer value creation can again be witnessed in this category when you decide to buy a computer or peripheral hardware. There are computers now for home, office, and professional use, as well as for the heavy user, a casual user, or a specific application user. The computer's configuration now depends on many factors, and it has almost reached a point wherein a customer can build their machines.

Check out the new value creation being brought in by many computer manufacturers; change the look of your computer with replaceable covers. No more is technology the only deciding factor, but the "bells and whistles" which also create value.

Apparel and Footwear

This category has experienced a boom due to the availability of expendable income with an average Indian and the retail boom in India. Other factors contributing to the growth are awareness of foreign fashions and trends, opening-up of FDI (51%) in single brand retail stores, which have given rise to demand for foreign brands in India, increasing up-market lifestyle, etc.

The challenges for this product category are competition from the unorganised retail sector, competition from other brands and organised retailers, ever-changing trends and fashion, high influence of the Western world on fashion, etc. In this product category especially, there is a constant change in customers' needs, wants and aspirations, which poses the most significant challenge for retailers.

Erstwhile, footwear value was based on its life. The changing demographics have compelled the manufacturers to focus on styling, newer materials, and international trends (thanks to the invasion of foreign channels), and the Indian customer does not want to be left behind in any area. Today, it is a trend to have multiple pairs of footwear to match the dress and, more importantly, the occasion.

Besides, you no more wear your jogging shoes to a game of tennis. This is a value creation that has seeped into this segment.

White Goods

Changing lifestyles and increase in expendable income, shortage of workforce (house help) at home to help in the daily chores, customers are spoilt for choice due to the availability of a massive range of products, social status associated with the use of these products, availability of accessible finance facilities, and many other factors which has resulted in a spurt in this product category.

The challenges faced by retailers in this product category are substantial real estate prices (the size of the retail store is large), high rental costs in urban areas, a lethargic rural market due to the availability of workforce and people living the traditional lifestyle, competition from large retailers and multi-brand stores, heavy local taxation, cheap imports from China, high electricity costs, etc. Yet there is no refuting that the market for white goods is growing, and value creation comes in the form of distribution apart from the extensive range of product variations, most being superficial.

A case in point is the refrigerators now coming with FM radio inbuilt. This is the value creation for the housewife who spends most of her time in the kitchen and who otherwise must depend on some other means to reduce the drudgery of her time spent in the kitchen.

Leisure & Entertainment Goods

Luxury brands in leisure and entertainment goods not only convey a standard of excellence but also act as codes of social status, indicating access to expensive, exclusive, and desirable goods. This makes this market segment particularly interesting as it represents consumer behaviour at its hedonistic and irrational best. It is irrational as it is done at a steep financial cost for the pleasure it provides.

This segment's growth has been spurred by opening of imports of luxury goods by the Government of India and the increasing awareness and disposable incomes available with the upper middle class and affluent segment of the Indian population.

This segment faces competition from similar brands. Local products and small retailers do not offer any competition to retailers in this segment. High import duties are one of the challenges faced by-products in this segment.

Bands like Gucci, Louis Vuitton, Aldo, Mango, Zara, and many more have entered the Indian retail scene. Indian leisure brands have also made a mark internationally.

The single most valuable proposition offered by these goods is the status associated with them. It differentiates the user from their peers and accords an ‘enviable’ position.

Automobiles

The Indian automobile industry, the seventh largest in the world, has demonstrated phenomenal growth. The industry has grown significantly over the last ten years, during which industry volumes have increased by 3.2 times, from 4.7 million numbers to 14.9 million, according to Vishnu Mathur, Director General, Society of Indian Automobile Manufacturers (SIAM).

The automobile sector has experienced growth due to many factors. They are:

a) Favourable demographic distribution and rising working middle-class population.

b) Rapid urbanisation

c) Rising affluence of the average consumer as per capita income rises - According to McKinsey, the middle class in India will grow from 50 million to 550 million by 2025. With a tremendous growth in wealth, as the economy grows, there will be a significant increase in spending.

d) Increasing disposable incomes in rural agricultural-sector

e) Overall GDP growth, with a rise in industrial and agricultural output

f) Introduction of ultra-low-cost cars

g) Availability of a variety of vehicle models meeting diverse needs and preferences– robust production

h) Easy finance schemes

i) Favourable government policies

Some of the challenges faced by this industry are intense competition within the four-wheeler segment and that from the two-wheeler segment, high incidence of tax, expensive fuel cost, etc.

The industry uses innovative promotion strategies to boost sales in India. New models are introduced to attract new customers.

Jewellery

The jewellery industry in India is one of the country's oldest and most traditional industries, with a rich history and cultural significance. India has a long-standing reputation for producing high-quality gold, diamond, and precious stone jewellery. The industry primarily comprises small and medium-sized enterprises, with a few prominent players in the market.

India is one of the leading manufacturers of diamond jewellery in the world. India's diamond cutting and polishing industry is cantered in the city of Surat in Gujarat state, which is responsible for cutting and polishing around 90% of the world's diamonds.

The jewellery industry in India is mainly unorganized and relies on traditional manufacturing techniques. However, the industry is transforming, with more companies adopting modern technologies and new business models to improve efficiency and increase competitiveness.

In recent years, the Indian jewellery industry has faced challenges such as changes in consumer preferences, increased competition from international players, and a slowdown in economic growth. Despite these challenges, the industry is expected to continue growing, driven by increasing disposable incomes, population growth, and the rising demand for precious metals and gems.

13.5 CROSS-CULTURAL IMPACT ON CVM

We have observed in this unit in the beginning that 'Culture' is the complex whole that encompasses knowledge, belief, art, law, morals, customs, capabilities, and values acquired and shared by members of a society. From the retail perspective, culture influences buying decisions, behaviour, and patterns of living in a community. Culture forms a boundary within which an individual thinks and behaves. When he behaves outside these cultural boundaries, he is said to be under the cross-cultural influence, and exhibits cross-cultural behaviour.

The cross-cultural influence on Indians started during the British Raj. Today, it has been seventy-five years since the British quit India, yet we continue to grow in our 'Anglicised' culture. It is not just the British who influenced us; Indians are imbibing many cultural influences from the rest of the world.

A few examples of cross-cultural references in India can be seen as follows;

1) English has become the most popular medium of education and communication in India.
2) We are dressing in Western clothes and are influenced by styles and trends from the West.
3) Along with our dal-chawal and sabzi-roti, pizza, pasta, tacos, nachos, burgers, and sushi have firmly established their presence on our plate.
4) Western music has captured the imagination of Indians in a big way.
5) Business culture has also changed in India and is influenced by western management practices. Indian humanitarian traditions and contemporary western management practices make a recipe for sure-shot success.
6) Freshly cooked meals were served daily in every Indian household. Today, Kellogs breakfast cereal, along with packaged meals from MTR, Ashirwad, etc, have made their way into our kitchens. Changing lifestyles and available expendable incomes have greatly influenced our food habits.
7) KFC, McDonalds, and Subway are some food habits that have influenced us. They are currently under severe criticism due to growing fears of obesity in India in the young generation.

Globalisation, the opening of communication channels, more and more Indians visiting abroad, advancement in media and communications, rising disposable income and a burning desire to be upwardly mobile is driving an average Indian to be more aware of and eager to imbibe the Western culture. Most Indians have not forgotten their culture, yet they aspire to be like their Western counterparts.

We hear elders in our family complaining that today we are unquestioningly imitating the . In contrast, theyWest, whereas they are slowly turning to our lifestyle, such as yoga, pranayama, etc. To some extent, it is true. There is a senseless imitation of western culture and food habits. People forget that we cannot overeat of their food as our climate differs dramatically from theirs. Also, genetically, we are designed to consume certain foods.

Whether the influence of the Western culture is good or bad, this debate can continue forever. In today's modern and highly competitive world, we are in a race to outdo each other, even at the cost of our culture and core beliefs.

13.6 LET US SUM UP

The Indian retail industry is driven by the cultural differences in people and geographical differences in the regions. India is a land of 'unity in diversity', posing a great challenge to retailers. Indian customers are also greatly influenced by western culture, and the retail industry is in the race to understand western trends and make similar value offerings to their Indian customers. sectorthe The growing Indian retail industry with vast scope has attracted the world's largest superstores like Wal-Mart into India, leaving behind traditional Kirana shops that served us for decades. Such groups are professionals and follow a customer-oriented marketing approachtotal professionals and follow a customer-oriented approach to marketing to create value for customers. To compete with these groups, retailers must have full knowledge of Indian diversity, customers, challenges in the Indian retail market and scope, etc., to deliver value to potential customers. To leverage customer valueretailer/marketer and manage it effectively, the retailer/marketer will require good insight into the small target groups' having some homogeneity to address the customers' needs. Embracing diversity as a way of thinking is the most effective response for retailers and an essential driver of a retail organisation's innovation. Besides cultural diversity, India is also a land of many GEOGRAPHICAL DIFFERENCES of diverse physical features. Snow-capped mountains, hilly terrains, plains, plateaus, and coastal areas exist. There are deserts and places with extreme and scanty rainfall. There are regions with severe and moderate climate. It is also a fact that geographical factors such as climate, terrain, temperature, distance from the sea, etc., also affect customer needs and buying behaviour. Globalisation, the opening of communication channels, more and more Indians visiting abroad, advancement in media and communications, rising disposable income and a burning desire to be upwardly mobile is driving an average Indian to be more aware of and eager to imbibe the Western culture

Key Learnings:

Technology Integration in Retail:

- Technology has become integral to all aspects of retail operations, transforming traditional methods.

Extranets for Connectivity:

- Extranets connect vendors and retailers, acting as extensions of intranets.

- Optimizes inventory management and reduces stockouts through improved communication.

Point-of-Sale Systems:

- Hardware and software at the point of sale enable fast checkouts.
- All types of customer issues are addressed at the point of sale, enhancing customer convenience.

Barcode and RFID Technology:

- Barcodes and RFID technology facilitate paperless stock tracking, reducing labour costs significantly.
- Superior tracking minimises stock-out situations, and technology speeds up the checkout process.

Customer Communication Tools:

- Digital signage and kiosks simplify communication with customers.
- Provides instant and attractive messaging, product and price information, and special promotions.

Internet Retailing:

- Internet retailing is now an essential part of the retail mix.
- Provides customers with more information, enabling informed decision-making with a broader choice.

CRM Tools for Customer Understanding:

- CRM tools help retailers understand customer segments and preferences.
- Allows for better servicing of specific customer needs and rewards customer loyalty.

13.7 KEYWORDS

White Goods: Large domestic electrical goods such as refrigerators, washing machines, etc.

Leisure & Entertainment Goods: Luxury goods convey a standard of excellence and act as codes of social status.

13.8 TERMINAL QUESTIONS

1) What is culture? How does it affect customer behaviour?
2) What are the factors responsible for the retail boom in India?
3) Profile the Indian retail industry – product-wise, citing how culture and geographical differences influence retailers' value offerings to customers.
4) What do retailers in different regions of India face the challenges? Explain.

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