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PRODUCT PRICING AND PROMOTIONAL SCHEMES AT MODERN RETAIL STORES

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ABSTRACT

Retail Industry India is expected to grow at 10 per cent a Compound Annual Growth Rate (CAGR) of to $ 1.6 trillion by 2026 from $ 641 billion in 2016. Overall retail market of the consumer is likely to grow at the rate of 12 per cent per annum, retail through the organised retail industry may grow at the rate of 20 per cent per annum as compared to the traditional retail or unorganised retail market which is likely to grow at the rate of 10 per cent.

Lifestyle in India is changing and the concept of 'value for money' is picking up local companies, and local-foreign joint ventures are expected to position than the purely foreign ones more advantageously. Up and coming modern retail channels such as hypermarkets, supermarkets, convenience stores and discounters were unable to make a significant mark in grocery retailers' value due to a limited geographical spread in consumer reach. Department stores within mixed retailers were the forerunner in growth, being boosted by the introduction of lifestyle concept stores. The average Indian deserves consumption of good quality of products at prices he can afford. In a developing country like India, a major chunk of a consumer's expenditure is on retail products.

KEYWORDS: *Retailing, modern retails, service, FDI, Unorganised retail, Customer., facility*

1. INTRODUCTION

The term 'retailing' refers to any activity that involves a sale to an individual customer. Currently, Retailing is the buzzword in Indian Industry. 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 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. Retail Industry in India is expected to grow at 10 per cent a Compound Annual Growth Rate (CAGR) of to $ 1.6 trillion by 2026 from $ 641 billion in 2016. Overall retail market of the consumer is likely to grow at the rate of 12 per cent per annum, even though the organised retail industry may grow at the rate of 20 per cent per annum as compared to the traditional retail or unorganised retail market which is likely to grow at the rate of 10 per cent. (India Brand Equity Foundation, 2018)

India's Business to Business (B2B) e-commerce market is expected to reach US$ 700 billion by 2020. India has replaced China as the most promising markets for retail expansion, supported by expanding economy, coupled with booming consumption rates, urbanising population and growing middle class. India is expected to become the world's fastest growing e-commerce market, driven by robust investment in the sector and a rapid increase in the number of internet users. Various agencies have high expectations about the growth of Indian e-commerce markets. Indian e-commerce sales are expected to reach US$ 120 billion by 2020 from US$ 30 billion in FY2016. Further, India's e-commerce market is expected to reach US$ 220 billion concerning gross merchandise value (GMV) and 530 million shoppers by 2025, led by faster speeds on reliable telecom networks, faster adoption of online services and better variety as well as convenience. The size of modern retail in India is expected to double to Rs 171,800 crore (US$ 25.7 billion) from Rs 87,100 crore (US$ 13 billion) in three years driven by Omni-channel retail. (India Brand Equity Foundation, 2018)

Lifestyle in India is changing and the concept of 'value for money' is picking up local companies, and local-foreign joint ventures are expected to position than the purely foreign ones more advantageously. Up and coming modern retail channels such as hypermarkets, supermarkets, convenience stores and discounters were unable to make a significant mark in grocery retailers' value due to a limited geographical spread in consumer reach. Department stores within mixed retailers were the forerunner in growth, being boosted by the introduction of lifestyle concept stores.

2. OBJECTIVES OF STUDY

1. To study opinion about organised retail stores in selected cities in western Maharashtra.
2. To study the Promotional schemes of the retail stores.
3. To know customer satisfaction level about the promotional schemes s provided by the retail stores.
4. To put forth suggestions to improve the Schemes at retail stores, if any.

3. RESEARCH METHODOLOGY

3.1 Methods of Data Collection

In order to study the objectives, primary and secondary data needs to collect from various sources. Primary data collected from the customers who visited the organised retail stores. They are asked the information about the promotional product schemes provided by the stores. The information as collected with the help structured questionnaires.

3.2 Sampling

The sampling method used for collecting information from respondents was Convenient Quota Random Sampling. A quota of 1000 number of respondents decided for the study. Two hundred fifty customers contacted at the different retail stores in the selected cities such as Kolhapur, Solapur, Sangli and Satara in western Maharashtra.

4.0 DATA ANALYSIS AND INTERPRETATION

Primary data was collected from the shoppers and analysed in the following tables

Table No. 4.1: Price Clarity on The Products

City	Kolhapur		Solapur		Satara		Sangli		Total	
Opinion	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Strongly agree	134	53.6	110	44	91	36.4	91	36.4	426	42.6
Agree	100	40	119	47.6	119	47.6	123	49.2	461	46.1
Undecided	7	2.8	5	2	11	4.4	9	3.6	32	3.2
Disagree	5	2	9	3.6	23	9.2	18	7.2	55	5.5
Strongly disagree	4	1.6	7	2.8	6	2.4	9	3.6	26	2.6
Total	250	100	250	100	250	100	250	100	1000	100

People purchase the products observing the prices on the goods. If prices explicitly mentioned on the goods then it is easy for the people to decide on purchase. Price determines the value of the product. Improper or unclear visibility of price may lead to postponement of decision and loss of sale. Table 4.1 shows the distribution of the respondents as per the opinion regarding the clarity of price mentioned on the goods or packs. It shows that 42.6% of respondents are strongly agree that the prices explicitly mentioned on the packs. 46.1% agree that prices explicitly mentioned on the packs. Only 3.2 % are not clear about their views about price clarity. 8.11% are Disagree and strongly disagree that the prices explicitly mentioned on the goods. Maximum 53.6% of Kolhapur strongly agree with price clarity with 40% are having to agree with the statement. In both Satara and Sangli 36.4% strongly agree with price clarity. 47.6 of Satara and 49.2 from Sangli agree. It indicates that in these places Prices are somewhat not explicitly mentioned on the packs. 44% of Solapur respondents are strongly agreed, and 47.6% agree with price clarity.The retail stores have taken efforts to exhibit price clarity on the goods or packs. Efforts must be made on a regular basis to avoid such kind of problems.

Table No. 4.2: Pricing Opinion

City	Kolhapur		Solapur		Satara		Sangli		Total	
Opinion	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Strongly agree	67	26.8	75	30	65	26	66	26.4	273	27.3
Agree	112	44.8	101	40.4	123	49.2	90	36	426	42.6
Undecided	23	9.2	33	13.2	11	4.4	28	11.2	95	9.5
Disagree	28	11.2	32	12.8	30	12	43	17.2	133	13.3
Strongly disagree	20	8	9	3.6	21	8.4	23	9.2	73	7.3
Total	250	100	250	100	250	100	250	100	1000	100

There are two reasons by which the people visit the stores –Savings or and status. Some people feel proud of visiting the stores and don't observe the price. The prices do not matter. However retail stores projected themselves as discount stores and lower prices through their advertisements. However, whether they kept their promises or not, need to be checked.

Table 4,30 shows the distribution of the respondents regarding the satisfaction opinion about the prices charged by the stores. 69.9.3% respondents agreed that they are satisfied with the prices charged by the stores. Lower % on strong agree satisfaction reflects that respondents are satisfied but not full extent. It may be because of the discount on certain items but on across the store product category. Only 9.5 % are not sure about their satisfaction. They have mixed opinion because some products are priced lower while some are priced higher.13.3% and 7.3% are disagreed and strongly disagree with pricing charged as they are dissatisfied with prices charged by the stores. As 20.6% of respondents across the region are unhappy with the prices charged by the stores which are significant and hence the stores needs to consider this point carefully.

Table No.4.3: Opinion about Price Level

Opinion	Higher		Satisfactory		Less		Total	
City	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Kolhapur	34	13.6	172	68.8	44	17.6	250	25
Solapur	27	10.8	164	65.6	59	23.6	250	25
Satara	18	7.2	172	68.8	60	24	250	25
Sangli	21	8.4	155	62	74	29.6	250	25
Total	100	10	663	66.3	237	23.7	1000	100

The intention was to know the feelings about price level at organised retail as compared to others. An earlier table shows the satisfaction level about the prices charged by the stores. In order to understand the opinion regarding the level of prices of the products, it is necessary to get an opinion about the same. People may perceive the prices are higher, reasonable or satisfactory or lower. Table 4.3 shows the distribution of the respondents according to their opinion about the prices of the goods in the stores. Only 10% of respondents have mentioned that the prices are higher in the region.13.6 % of Kolhapur respondents stated that the prices are higher which is maximum. Otherwise, the range is 7.2 to 13.6 % which is not very divertive. 66.3% of the respondents felt that the price levels are reasonable or satisfactory. Here also the variation among the respondents in the region are not very divertive in the region. 23.7% of the respondents stated prices are lower in the stores. It indicates that respondents felt that the price level is reasonable and they are happy with the prices charged by the stores. There are specific product category where the prices charged may be higher. It has observed that in spices, and unbranded product category the prices are somewhat higher.

Table No.4.4: Opinion about Extra Amount Paid in the Stores

City	Kolhapur		Solapur		Satara		Sangli		Total	
Opinion	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Very frequently	13	5.2	7	2.8	3	1.2	8	3.2	31	3.1
Frequently	21	8.4	20	8	15	6	13	5.2	69	6.9
Sometimes	68	27.2	45	18	35	14	54	21.6	202	20.2
No	55	22	84	33.6	96	38.4	76	30.4	311	31.1
Never	48	19.2	61	24.4	84	33.6	80	32	273	27.3
Can't say	45	18	33	13.2	17	6.8	19	7.6	114	11.4
Total	250	100	250	100	250	100	250	100	1000	100

The table is a continuation with the earlier table, Effect of price on the people. If the prices charged are higher then the customers have to pay more money. It is understood only after the payment and when they come back home and go through the bills of the stores. As the customers are wise people, they feel sad when they understand that they had made an extra payment at the stores. They decide not to buy such products at the stores. Table 4.4 shows the distribution of the respondents according to their opinion but the extra payments paid at the stores during their visits. 3.1% of the respondents felt that they always paid extra payments at the stores. They are conscious about the extra payment, but regularly they make such mistakes as they either forget the prices of the similar products outside or they forget at the time of decision making. 6.9% stated that they frequently make extra payments at the stores indicates that sometimes they do not compare or they forget due to shopping mood.27.3% respondents felt that they didn’t make higher payments which means that they are more careful but have less confidence about the higher payments made. The last category respondents are the people who strongly aware about the purchases they make at the stores as 11.4% stated that they never made extra payments at the stores.11.4% respondents are not aware of the extra payments at the stores, and hence they were not in a position to give the correct answer.

Table No. 4.5: Sales Promotional Offers

City	Kolhapur		Solapur		Satara		Sangli		Total	
Opinion	**Freque ncy**	**%**	**Freque ncy**	**%**	**Freque ncy**	**%**	**Freque ncy**	**%**	**Freque ncy**	**%**
Strongly agree	54	21.6	63	25.2	74	29.6	36	14.4	227	19.2
Agree	85	34	111	44.4	98	39.2	137	54.8	431	49
Undecided	64	25.6	43	17.2	45	18	44	17.6	196	20.8
Disagree	35	14	26	10.4	23	9.2	27	10.8	111	8.8
Strongly disagree	12	4.8	7	2.8	10	4	6	2.4	35	2.2
Total	250	100	250	100	250	100	250	100	1000	100

The local media promote sales promotional offers of the stores, or they display at the stores or the regular announcements are made at the stores. It results in increasing the awareness about the various schemes or offers of the stores. Customers may take advantage of the same if they are planning to go to to the particular store or they may plan the visit consciously to get the advantage of the sales promotional offers. Table 4.5 shows the distribution of the respondents regarding the awareness about the sales promotional offers at the stores.19% respondents in the region strongly agree that they are aware of the sales promotional offers of the stores. Respondents are conscious of getting the discount and extra benefits through the stores. 49% of respondents agree that they are aware of the offers. These customers are little conscious of the offers as compared to the first category. Both together is 68%. It shows that customers are always looking for the extra benefit and wish to take advantage of the scheme during the shopping at the stores. 20.8% respondents stated that they are not in a position to answer as they do not remember the offers or they think offers at the time of shopping at the stores. 8.8% and 2.2% of respondents strongly agree and disagree respectively stating that they were not aware of the sales promotional offers. These customers may not be giving attention to the offers Tor they buy goods as per the requirements and leave the store. They may not be spending sufficient time in the store and hence have little attraction about the schemes.

Table No.4.6: Satisfaction with Schemes and Offers

City	Kolhapur		Solapur		Satara		Sangli		Total	
Opinion	**Freque ncy**	**%**	**Freque ncy**	**%**	**Freque ncy**	**%**	**Freque ncy**	**%**	**Freque ncy**	**%**
Strongly agree	95	38	78	31.2	81	32.4	43	17.2	297	29.7
Agree	113	45.2	117	46.8	135	54	147	58.8	512	51.2
Undecided	26	10.4	31	12.4	12	4.8	43	17.2	112	11.2
Disagree	7	2.8	15	6	17	6.8	9	3.6	48	4.8
Strongly disagree	9	3.6	9	3.6	5	2	8	3.2	31	3.1
Total	250	100	250	100	250	100	250	100	1000	100

The table is a continuation with the earlier table. Customers are aware of the sales promotional offers but whether they were satisfied with the offers or not. If the customers are not satisfied with the offers, then they may not buy the product, and if they understand the offer is deceptive then it will have an adverse effect on the sales of the stores.29.7% respondents stated that they strongly agree that the sales promotional offers were good and they are highly satisfied with the schemes.51.2% respondents agree that they are satisfied with schemes. 11.2 % of respondents were not in a position to give an opinion. They might have forgotten the sales offers of the stores.4.8%and 3.1% respondents disagree and strongly disagree that they are satisfied with the sale promotional offers of the stores. 38% of Kolhapur respondents are highly satisfied with schemes which are maximum in the region while 17.2% respondents of the Sangli are highly satisfied which is minimum in the region.58.8% respondents of Sangli agree that they were satisfied with the schemes which are maximum in the region under this factor. The table shows that overall the respondents are happy with the sales promotional offers of the stores in the region.

5. FINDINGS

1) Respondents visiting the stores every week are not significant but provide the opportunity to the store to attract the more people on a regular basis the store is not a place where people can enjoy and relax and hence the once in a month is the primary option observed. They purchase their monthly food grains, daily requirements such as cosmetics and toiletries. Small % of the respondents visit the stores rarely electronic items, kitchen appliances and toys are also kept by the stores. However, the speciality stores for each of the category do exist in the outside open market, and hence people do not buy these products regularly from the stores. Lack of Variety of the product category in these categories may be one of the reason for not shopping the goods. They may have space limitation for keeping the complete and broad variety of products in the given categories.The physical environment of the Store is one of the P in service marketing which is a bundle of cleanliness lighting, display, furniture, housekeeping ventilation and other such parameters.
2) **Prices Charged**:- 69.9 % customers agree that they are satisfied with the prices charged by the

stores. 20.6% of respondents across the region are unhappy with the prices charged by the stores which are significant and hence the stores needs to consider this point carefully. 66.3% of the respondents felt that the price levels are reasonable or satisfactory. 23.7% of the respondents stated that the prices are lower in the stores. It indicates that respondents felt that the price level is reasonable and they are happy with the prices charged by the stores. There is a specific product category where the prices charged may be higher. It has observed that in spices, and unbranded product category the prices are somewhat higher.

b) Price Clarity:- 88.7 % agree that prices explicitly mentioned on the packs. Only 3.2 % are not clear about their views about price clarity. 8.11% are Disagree and strongly disagree that the prices explicitly mentioned on the goods. The retail stores had taken efforts to exhibit price clarity on the goods or packs. Efforts must be made on a regular basis to avoid such kind of problems.

c**) Extra Payments** :-3.1% of the respondents felt that they always paid extra payments at the stores. They are conscious about the extra payment, but regularly they make such mistakes as they either forget the prices of the similar products outside or they forget at the time of decision making. 6.9% stated that they frequently make extra payments at the stores indicates that sometimes they do not compare or they forget due to the shopping mood. 27.3% of respondents felt that they did not made higher payments which means that they are more careful but have less confidence about the higher payments made. The last category respondents are the people who strongly aware about the purchases they make at the stores as 11.4% stated that they never made extra payments at the stores.

3) Sales Promotion and Offers

1) Schemes:- 80.9 % respondents agree that they are satisfied with schemes. 7.9% of respondents are dissatisfied with the sale promotional offers of the stores. Overall, customers in the region are happy with the sales promotional offers of the stores in the region.

2) Discounts:- 68% Customers are conscious of getting the discount and extra benefits through the stores. These customers are little conscious of the offers as compared to the first category. Customers are always looking for the extra benefit and wish to take advantage of the scheme during the shopping at the stores. 11% of customers are not aware of the sales promotional offers. These customers may not be giving attention to the offers, or they buy goods as per the requirements and leave the store. They may not be spending sufficient time in the store and hence have little attraction about the schemes.

6) SUGGESTIONS

a) Sales Promotional Strategies using Social media

Sales Promotion strategies used by the retails store are discounts; buy one get one free, extra material. Continuous efforts are made by the retail store to attract the customer by sales promotional offers. They promoted through the newspaper, pamphlets at a local level, display at the stores, display at the shelves, announcements at the stores. Big Bazar uses television as media for sales promotional offers such as new year, Independence day, Republic day offer across the nation. Wednesday is always their weekly promotional day while DMart has Saturday as weekly promotional day. Most of the time, Customers come to know the promotional offers only when they visit the stores. Some customer feels dissatisfied when they do not grab the opportunity of promotional offers. Stores can use social media to communicate their offers to customers using social media especially Whatsapp. They can provide the number to the customers at the stores so that the stores can communicate to customers.

b) Sales Promotional Communication at Store

i. Sales promotional offers should be displayed at the entry of the store in an attractive manner. Customers need not search for the offers, but they should be aware of it. If the awareness level is high at the entry point, then there is more probability of success of the schemes.

ii. Retail stores should also prepare some schemes in advance and display seven days in advance so that the current customers will visit the shops again and again. A frequency of visit will increase which will result in more sales.

iii. Segmentation of customers needs to done regarding age, family life cycle. People who are married and working are visiting on weekend days or evening. Housewives, old age people and young generation can be attracted to the store. They should decide whom they wish to attract and accordingly schemes can be displayed.

iv. The schemes should attract the customers towards the store. However, at the same time end of the shopping customer should not feel it is a trap and hence feels dissatisfied. Big Bazar makes such types of announcements of the schemes, but the customers felt that the schemes are deceptive. The schemes launched by the DMart are genuine, and customers are delighted to buy the good under the scheme as the customers understand the direct profit. Hence, this care has to taken while implementing the AIDA model in the stores.

7)CONCLUSION

Retail Industry is growing in India at a significant rate. At the same time, tastes and preferences of the customers are also changing. People are slowly shifting from traditional stores to modern retail formats. Retail stores are making their efforts to attract the customers by offering them a good discount. Customers found that they can save on their monthly expenditure and they prefer to visit the nearby retail formats. However, a low-income group of lower social culture environment people have their reasons for not going to these stores. One can say that the organised retail industry will perform better in the coming years.

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