

What is Retail Marketing? – Definition, Strategies & Examples

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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

Retail marketing includes a set of activities where a retailer buys products from a wholesaler or manufacturer to sell 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 stores, shopping malls, shopping websites, 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 of stores and shops. 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 customers, increase awareness and sales growth. In the first place, it should select the target market and then select a combination of the right marketing mix that can lead a retail business to higher

ROI. Keep in mind the following elements that need close consideration when drafting a retail marketing strategy.

Targeting and Retail Positioning

In retail business defining the target markets should be the first priority before positioning itself these markets. The main objective of Retail positioning is to achieve a competitive advantage by differentiating itself from its competitors. Differentiation allows customers to prefer a retail store than other stores

In the retail positioning strategy, retail branding for example brand name, brand logo, technological advancement and retail customer experience play a vital role to outpace the competition.

Retail Store Location (Place)

Retail store location has a huge impact on the overall sales performance of the product. Today's customer is more empowered and has many alternatives for example online shopping. The best retail strategy is to focus on your target market, level of competition, disposable income, traffic conditions and parking facilities when deciding to open a store in a city, specific area of the city or even an online store.

Price Strategies

Pricing is the key to retail marketing strategy. The price should include not only the cost of the product but also overhead costs as well. Following are the pricing strategies used by the majority of retailers. Keep in mind the overall business objectives.

Psychological pricing: Many retailers set prices with odd numbers that are perceived by customers to be lower than they actually are. Suppose \$4.99 is related to spending 4 dollars instead of 5 dollars.

Competitive pricing: Retailers set the price based upon what is charged by competitors in the market.

High/low pricing: Prices are initially set higher; however, later on, the prices are lowered when the product life cycle reaches decline stage.

Every Day Low Prices (EDPL): Every Day Low Prices strategy is used by many retail stores to attract consumer by offering lower prices on regular basis without waiting for sales event for example black Friday.

Product

Merchandise is of two types, durable or hard goods like electronic appliances and sporting products and soft goods such as household items, clothing, and cosmetics. Some retailers have a combination of both hard and soft products like departmental stores or a retail chain whereas, other small retailers may sell only one type of goods like a boutique of clothes.

Promotional Strategies

Retailers can adopt both in-side and out-store advertisement strategies. But in-store advertisement strategies can influence more retail customers than out-store advertisements. Strategic placement of marketing messages can increase the sale of targeted brands and products. Retailers can use promotional strategies for different objectives for example introducing new products, increasing sales, increase brand equity and corporate image.

Trained Employees

In any retail marketing, trained staff can easily influence customers' decision-making process. If the staff know how to deal with customers at a personal level and it can positively affect the retail store in the long run.

Retail Marketing Examples

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

How Does the Retail Supply Chain Works?

The retail supply chain comprises of manufacturers, wholesalers, retailers and the end-user (consumer). Both manufacturers and wholesalers are directly connected and retailer is connected with the wholesaler.

Manufacturers: These business produce goods, using raw materials, labor, and machinery.

Wholesalers: Purchasing of finished goods from manufacturers and selling them to retailers in bulk quantities.

Retailers: Retailers sell products in individual units or small quantities to consumers at a price including profits theoretically at manufacturer Suggested Retail price (MSRP).

Consumer: These are the end-users who buy goods from retailers' outlets for their use.

But I must say exceptions are always there, for example, Walmart and Amazon are the world-leading retailers who have a direct connection with manufacturers instead of the wholesalers. This is why they make a profit even after providing products at lower prices than their competitors.

Future of Retail Marketing

Now consumers are getting more connected than ever before. They are more informed as well as empowered and they are well aware that there are options in the form of alternatives which are only a click away. The future of retail marketing expects hyper-customized concierge and on-demand services along with an integration of ultra-convenience, entertainment, and consumption.



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