

PHYSICAL RETAIL STORE PREFERENCES AND STRATEGIES IN RETAIL MARKETING

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Abstract

Retailing is the process of selling products and services to end-users or consumers for personal or family use. It involves all activities related to marketing and distributing goods and services, from procuring supplies from manufacturers to delivering products to customers. Retailing is not just limited to selling products in stores, but also includes sales through other channels such as online, mail, door-to-door visits, and more. It requires a direct interaction with the customer and involves all business activities, from product design to delivery and post-sales services.

Key Words: Retail Marketing, Physical Retail Stores, Consumer Behavior, Retail Strategy

1. INTRODUCTION

The retail landscape is undergoing a significant transformation, driven by changes in consumer behavior, technological advancements, and shifting market trends. As consumers increasingly demand personalized, immersive, and convenient shopping experiences, retailers are being forced to adapt and evolve their marketing strategies. One key area of focus is the physical retail space, where retailers are seeking to create engaging, interactive, and memorable experiences that drive customer loyalty and sales. However, with the rise of e-commerce and digital marketing, the traditional retail model is facing significant challenges. Many retailers are struggling to maintain foot traffic and sales in their physical stores, and are seeking new ways to revitalize their brick-and-mortar presence. This study explores the concept of "A Shift in Physical Changes in Retail Marketing," examining the ways in which retailers are transforming their physical stores to meet the changing needs and expectations of consumers. Through a comprehensive review of existing literature and empirical research, this study aims to provide insights into the key trends, challenges, and opportunities facing retailers as they seek to adapt to the shifting retail landscape. Specifically, it will explore the role of technology, experiential marketing, and store design in creating engaging and effective physical retail experiences. By examining the strategies and tactics employed by successful retailers, this study aims to provide actionable recommendations for retailers seeking to drive growth, loyalty, and sales in their physical stores.

2. Statement of Problem

Understanding consumer behavior is challenging due to individual differences and changing market trends. Factors like income, economy, lifestyle, and buying patterns influence consumer purchasing decisions. Retailers must consider quality, price, value, and service when making marketing decisions. The retail market is divided into three segments: organized retail stores, unorganized retail stores, and online retail marketers. Unorganized retailers face challenges like limited resources, poor quality, and inefficient distribution channels. Organized retailers face competition from unorganized retailers, high maintenance costs, and inefficient distribution channels. The rise of e-commerce has led to increased competition, but only 12% of retail shoppers prefer online channels. Retailers must develop new strategies to attract consumers to physical stores and online platforms. To succeed, retailers need to understand consumer preferences, behaviors, and attitudes. This study aims to profile the retail market segment and understand consumer behavior, which will help marketers develop effective marketing strategies. The study's title is "a Shift in Physical Changes in Retail Marketing."

3. Objectives

1. To examine the impact of physical store changes on consumer behavior and purchasing decisions.
2. To identify the key strategy for effectiveness of physical retail marketing strategies

4. Sampling

Sampling is the process of obtaining information from only a small, representative part of the total population rather than from each and every unit of the universe. The small representative part is studied to derive conclusions for the entire universe or population. In this study, convenient sampling has been adopted for the purpose of collecting data. The sample respondents are selected from major palaces in Tamil Nadu and a total of 150 respondents are planned to selected cities in Tamil Nadu.

5. Consumer behavior in physical retail stores

Consumer behavior in physical retail stores is a complex phenomenon influenced by various factors, including store layout, visual merchandising, ambiance, and technology integration. Understanding these factors is crucial for retailers to create an engaging shopping experience that drives customer satisfaction, loyalty, and ultimately, sales.

Table 1 Consumer Behavior

S. No.	Variables	SA	A	N	DA	SDA	Total
1.	Store Layout	92	28	6	10	14	150
		61.33	18.67	4.00	6.67	9.33	100.00
2.	Visual Merchandising	83	31	6	20	10	150
		55.33	20.67	4.00	13.33	6.67	100.00
3.	Store Ambiance	102	12	4	18	14	150
		68.00	8.00	2.67	12.00	9.33	100.00
4.	Technology Integration	101	13	3	15	18	150
		67.33	8.67	2.00	10.00	12.00	100.00

Source: Primary Data

A survey of consumer behavior in physical retail stores revealed the following insights: Store Layout was considered important by 61.33% of respondents, while 55.33% valued Visual Merchandising. Store Ambiance was deemed significant by 68% of respondents, and Technology Integration was considered important by 67.33%. The respondents' preferences were recorded on a five-point scale, ranging from Strongly Agree (SA) to Strongly Disagree (SDA), with the majority of respondents expressing positive sentiments towards these aspects of physical retail stores. These findings highlight the importance of creating an engaging and immersive retail experience that incorporates effective store layout, visual merchandising, ambiance, and technology integration to drive customer satisfaction and loyalty.

6. Preferences in physical retail store

Understanding consumer preferences in physical retail stores is crucial for retailers to create an engaging shopping experience that meets customer needs and expectations. By identifying the key factors that influence consumer preferences, retailers can optimize their store layouts, product offerings, and services to drive customer satisfaction, loyalty, and ultimately, sales.

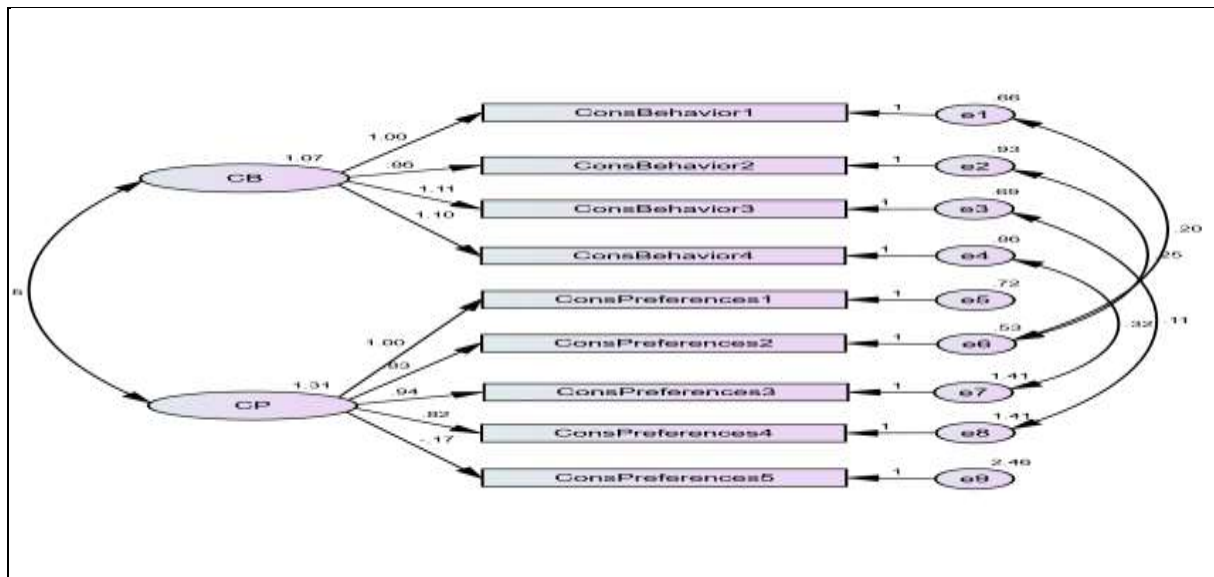
Table 2 Consumer Preferences in Physical Retail Store

S. No.	Variables	SA	A	N	DA	SDA	Total
1.	Customer Engagement	85	14	18	19	14	150
		56.67	9.33	12.00	12.67	9.33	100.00
2.	Emotional Connection	81	43	7	8	11	150
		54.00	28.67	4.67	5.33	7.33	100.00
3.	Brand Loyalty	83	14	4	26	23	150
		55.33	9.33	2.67	17.33	15.33	100.00
4.	Purchase Intent	85	18	14	10	23	150
		56.67	12.00	9.33	6.67	15.33	100.00
5.	Satisfaction	42	16	17	36	39	150
		28.00	10.67	11.33	24.00	26.00	100.00

Source: Primary Data

The table highlights consumer preferences in physical retail stores, focusing on five key variables: Customer Engagement, Emotional Connection, Brand Loyalty, Purchase Intent, and Satisfaction. Key findings reveal that 56.67% of respondents value customer engagement, while 54% believe an emotional connection with the brand is crucial. Additionally, 55.33% prioritize brand loyalty, and 56.67% intend to make a purchase when visiting a store. However, only 28% express satisfaction with their retail experiences, highlighting a significant gap between customer expectations and actual experiences. To bridge this gap, retailers should focus on creating engaging, emotionally connected, and personalized experiences, investing in brand loyalty programs, optimizing store layouts, and training staff to provide excellent customer service, ultimately driving customer loyalty.

Structural Fit – Consumer Behaviour and Preferences



Source: Primary Data

Table 3 Regression Weights Consumer Behaviour and Preferences

			Estimate	S.E.	C.R.	P	Label
ConsPreferences1	<---	CP	1.000				
ConsPreferences2	<---	CP	0.832	0.081	10.238	***	
ConsPreferences3	<---	CP	0.942	0.113	8.365	***	
ConsPreferences4	<---	CP	0.820	0.108	7.565	***	
ConsPreferences5	<---	CP	0.167	0.120	1.394	0.163	
ConsBehavior1	<---	CB	1.000				
ConsBehavior2	<---	CB	0.863	0.102	8.437	***	
ConsBehavior3	<---	CB	1.107	0.108	10.290	***	
ConsBehavior4	<---	CB	1.101	0.112	9.836	***	

Source: Primary Data

The dividing the regression weight estimate by the estimate of its standard error gives $z = .832/.081 = 10.238$. In other words, the regression weight estimate is 10.238 standard errors above zero. The probability of getting a critical ratio as large as 10.238 in absolute value is less than 0.001. In other words, the regression weight for CP (Consumer Preference) in the prediction of ConsPreferences2 is significantly different from zero at the 0.001 level (two-tailed). These statements are approximately correct for large samples under suitable assumptions. Similarly all the variables except (satisfaction) consumer preference and Consumer behavior (CB) are significant.

Table 4 GFI and Baseline Comparisons for Consumer Preferences and Behaviour

Model Fit	Result	Cut off Value (base)
GFI	0.959	>0.90
AGFI	0.916	>0.90
NFI	0.959	>0.90
RFI	0.932	>0.90
IFI	0.989	>0.90
TLI	0.982	>0.90
CFI	0.989	>0.90
Chi-square	29.678	>0.05

Source: Primary Data

The model fit results for Consumer Preferences and Behaviour indicate an excellent fit, with a GFI value of 0.959 and AGFI value of 0.916, both exceeding the cutoff value of 0.90. Other indices, such as NFI (0.959), RFI (0.932), IFI (0.989), TLI (0.982), and CFI (0.989), also surpass the threshold of 0.90, suggesting a strong fit between the observed and predicted covariance matrices. The non-significant chi-square value (29.678, $p > 0.05$) further supports the good fit of the model, indicating that the model is a good representation of the data. Overall, the results suggest that the model is well-specified and accurately captures the relationships between the variables.

7. Important factors for marketing strategies driving customers to modern physical retail stores

7.1. Competitive Strategy

A competitive strategy is a comprehensive plan that outlines how a company will differentiate itself from its competitors and establish a unique market position. By adopting an effective competitive strategy, businesses can gain a sustainable competitive advantage, increase market share, and ultimately drive long-term growth and profitability.

Table 5 Competitive Strategy

S. No.	Variables	SA	A	N	DA	SDA	Total
1.	Known Outlet	40	16	33	36	25	150
		26.67	10.67	22.00	24.00	16.67	100.00
2.	Suggested by others	34	32	4	44	36	150
		22.67	21.33	2.67	29.33	24.00	100.00
3.	Classified products	55	55	4	15	21	150
		36.67	36.67	2.67	10.00	14.00	100.00
4.	On the way to home/work	78	39	7	9	17	150
		52.00	26.00	4.67	6.00	11.33	100.00
5.	Availability of private label products	50	25	45	13	17	150
		33.33	16.67	30.00	8.67	11.33	100.00
6.	More than one billing counter	18	11	27	71	23	150
		12.00	7.33	18.00	47.33	15.33	100.00

Source: Primary Data

The survey results reveal intriguing insights into the competitive strategies employed by retailers to attract customers. The data shows that 52% of respondents preferred shopping at outlets located on their way to home or work (SA), while 36.67% valued classified products (SA) and 33.33% sought availability of private label products (SA). Notably, 47.33% of respondents were deterred by the absence of multiple billing counters (DA), indicating a strong preference for efficient checkout processes. Additionally, 26.67% of respondents relied on known outlets (SA), and 22.67% were influenced by suggestions from others (SA). These findings underscore the importance of strategic location, product classification, private label offerings, and efficient checkout processes in driving customer preference and loyalty.

7.2. Promotional Strategy

A promotional strategy is a comprehensive plan that outlines how a company will communicate the value of its products or services to potential customers and persuade them to make a purchase. Effective promotional strategies leverage various tactics, including advertising, sales promotions, public relations, and personal selling, to reach target audiences and drive business results.

Table 6 Promotional Strategy

S. No.	Variables	SA	A	N	DA	SDA	Total
1.	Advertisement	33	33	23	21	40	150
		22.00	22.00	15.33	14.00	26.67	100.00
2.	Offers/Discounts	60	23	14	24	29	150
		40.00	15.33	9.33	16.00	19.33	100.00
3.	Earn Point/redemption	57	14	16	25	38	150
		38.00	9.33	10.67	16.67	25.33	100.00
4.	Free Bees/ Gifts	43	52	7	20	28	150
		28.67	34.67	4.67	13.33	18.67	100.00

Source: Primary Data

The table reveals the effectiveness of various promotional strategies in influencing customer behavior at Trust Outlets. A significant proportion of respondents are drawn to offers and discounts (40% SA, 15.33% A), followed by earn point/redemption programs (38% SA, 9.33% A), and free gifts/bees (28.67% SA, 34.67% A). While advertisements also play a role (22% SA, 22% A), they are less influential compared to other promotional strategies. These findings suggest that Trust Outlets should focus on offering targeted promotions, loyalty programs, and value-added incentives to attract and retain customers.

7.3. Retention Strategy Trust outlet

A retention strategy for a Trust Outlet aims to foster long-term relationships with customers, encouraging loyalty and repeat business by delivering exceptional service, quality products, and personalized experiences. By implementing effective retention strategies, Trust Outlets can increase customer loyalty, reduce churn rates, and ultimately drive business growth and profitability.

Table 7 Retention Strategy

S. No.	Variables	SA	A	N	DA	SDA	Total
1.	Trust in Retailer	35	57	8	30	20	150
		23.33	38.00	5.33	20.00	13.33	100.00
2.	Store Ambiance	62	22	18	24	24	150
		41.33	14.67	12.00	16.00	16.00	100.00
3.	Loyalty card	53	24	17	20	36	150
		35.33	16.00	11.33	13.33	24.00	100.00
4.	Flexible Return Policy	60	32	22	6	30	150
		40.00	21.33	14.67	4.00	20.00	100.00
5.	Home Delivery	68	35	3	11	33	150
		45.33	23.33	2.00	7.33	22.00	100.00

Source: Primary Data

The table highlights the importance of various retention strategies in maintaining customer loyalty at Trust Outlets. A significant proportion of respondents value trust in the retailer (23.33% SA, 38% A), store ambiance (41.33% SA, 14.67% A) and flexible return policies (40% SA, 21.33% A) are the key factors influencing their loyalty. Additionally, loyalty cards (35.33% SA, 16% A) and home delivery options (45.33% SA, 23.33% A) are also highly valued. These findings suggest that Trust Outlets should focus on building trust, creating a welcoming store ambiance, and offering convenient services like home delivery and flexible return policies to retain customers and foster long-term loyalty.

7.4. Price Strategy

A price strategy for a Trust Outlet involves setting prices that balance profitability with customer affordability and perceived value, while maintaining a competitive edge in the market. Effective price strategies enable Trust Outlets to optimize revenue, increase market share, and build customer loyalty, ultimately driving business success.

Table 8 Price Strategy

S. No.	Variables	SA	A	N	DA	SDA	Total
1.	Check Price before buying	76	27	5	16	26	150
		50.67	18.00	3.33	10.67	17.33	100.00
2.	Availability of store brands at lesser prices	76	20	6	15	33	150
		50.67	13.33	4.00	10.00	22.00	100.00
3.	Discounted Products or lesser than MRP	80	24	7	14	25	150
		53.33	16.00	4.67	9.33	16.67	100.00
4.	Loyalty Rewards	57	41	5	13	34	150
		38.00	27.33	3.33	8.67	22.67	100.00
5.	Price Clarity	80	26	4	16	24	150
		53.33	17.33	2.67	10.67	16.00	100.00

Source: Primary Data

The table reveals that customers prioritize price-related factors when making purchasing decisions at Trust Outlets. A significant majority (50.67-53.33%) strongly agrees (SA) that they check prices before buying, prefer store brands at lesser prices, look for discounted products or prices lower than MRP, and value price clarity. Additionally, 38% of respondents appreciate loyalty rewards, indicating a desire for reciprocal benefits. These findings suggest that Trust Outlets should focus on offering competitive pricing, transparent price information, and loyalty programs to attract and retain price-conscious customers. By doing so, they can enhance customer satisfaction, loyalty, and ultimately, drive business growth.

Model Fit Important Factors for Marketing Strategies

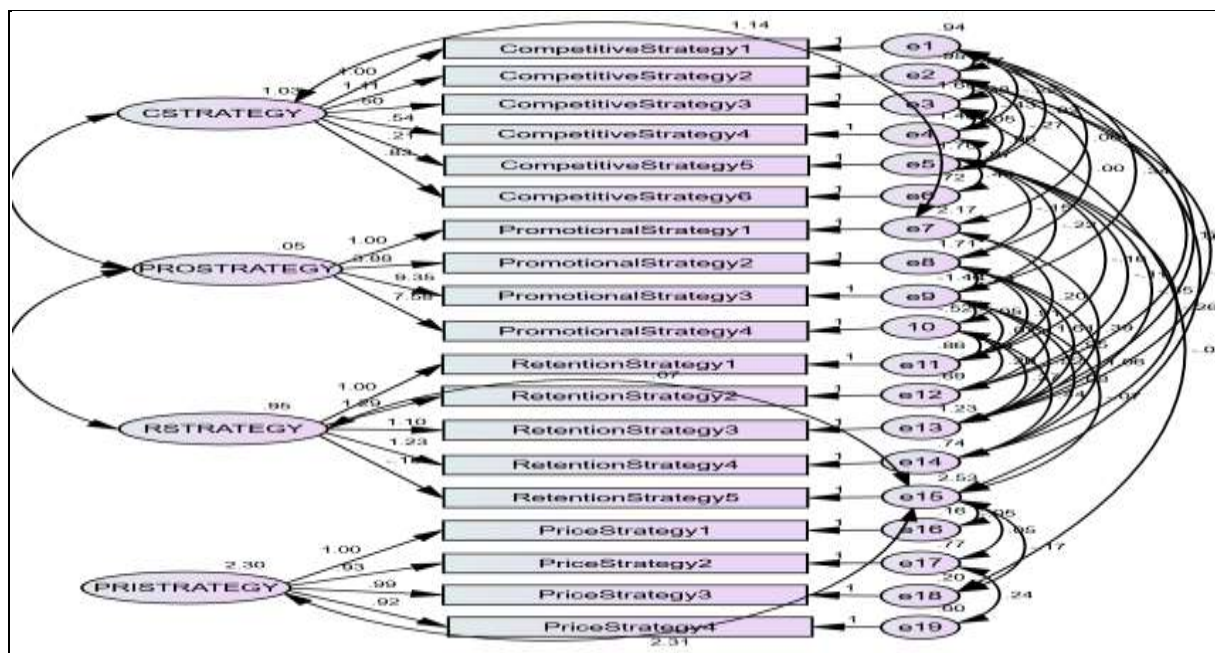


Table 9 Regression Weights Important factors for marketing strategies

			Estimate	S.E.	C.R.	P	Label
Competitive Strategy1	<---	C STRATEGY	1.000				
Competitive Strategy2	<---	C STRATEGY	1.108	0.138	8.059	***	
Competitive Strategy3	<---	C STRATEGY	0.504	0.133	3.799	***	
Competitive Strategy4	<---	C STRATEGY	0.535	0.137	3.905	***	
Competitive Strategy5	<---	C STRATEGY	0.206	0.131	1.580	.114	
Competitive Strategy6	<---	C STRATEGY	0.827	0.127	6.496	***	
Promotional Strategy1	<---	Promotion STRATEGY	1.000				
Promotional Strategy2	<---	Promotion STRATEGY	3.876	1.449	2.675	0.007	
Promotional Strategy3	<---	Promotion STRATEGY	9.350	6.662	1.403	0.160	
Promotional Strategy4	<---	Promotion STRATEGY	7.582	4.721	1.606	0.108	
Retention Strategy1	<---	Retention STRATEGY	1.000				
Retention Strategy2	<---	Retention STRATEGY	1.287	0.137	9.392	***	
Retention Strategy3	<---	Retention STRATEGY	1.100	0.136	8.061	***	
Retention Strategy4	<---	Retention STRATEGY	1.232	0.135	9.122	***	
Retention Strategy5	<---	Retention STRATEGY	0.153	0.095	-1.604	0.109	
Price Strategy1	<---	Price STRATEGY	1.000				
Price Strategy2	<---	Price STRATEGY	0.935	0.053	17.517	***	
Price Strategy3	<---	Price STRATEGY	0.987	0.036	27.701	***	
Price Strategy4	<---	Price STRATEGY	0.919	0.048	19.029	***	

Source: Primary Data

The regression weights indicate that competitive strategy, retention strategy, and price strategy are well-defined constructs, with significant relationships between the observed variables and the latent constructs. Specifically, Competitive Strategy2, 3, 4, and 6 are significant indicators of competitive strategy, while Retention Strategy2, 3, and 4 are significant indicators of retention strategy, and Price Strategy2, 3, and 4 are significant indicators of price strategy. Promotional strategy is also defined by Promotional Strategy2. These findings suggest that these marketing strategies are important drivers of customer behavior in modern physical retail stores.

Table 10 GFI and Baseline Comparisons for Marketing Strategies Physical Retail Stores

Model Fit	Result	Cut off Value (base)
GFI	0.931	>0.90
NFI	0.957	>0.90
RFI	0.929	>0.90
IFI	0.998	>0.90

TLI	0.996	>0.90
CFI	0.998	>0.90
Chi-square	108.734	P>0.05

Source: Primary Data

The model fit results for the physical retail stores' marketing strategies indicate a good fit, with a GFI value of 0.931 exceeding the cutoff value of 0.90. Other indices, such as NFI (0.957), RFI (0.929), IFI (0.998), TLI (0.996), and CFI (0.998), also surpass the threshold of 0.90, suggesting a strong fit between the observed and > 0.05), which may indicate some discrepancies between the model and the data. Overall, the results suggest that the model is a good representation of the data, but some modifications might be necessary to improve the fit further.

8. Suggestions

8.1. Competitive Strategy

To enhance competitiveness, Trust Outlets should focus on strategic location, product classification, private label offerings, and efficient checkout processes. Implementing a loyalty program that rewards customers for repeat purchases can also help differentiate Trust Outlets from competitors.

8.2. Promotional Strategy

Trust Outlets should prioritize promotional strategies that offer value-added incentives, such as discounts, free gifts, and loyalty rewards. Personalized marketing campaigns and social media promotions can also help increase brand awareness and drive customer engagement.

8.3. Retention Strategy

To improve customer retention, Trust Outlets should focus on building trust, creating a welcoming store ambiance, and offering convenient services like home delivery and flexible return policies. Implementing a customer relationship management (CRM) system can also help track customer interactions and preferences.

8.4. Price Strategy

Trust Outlets should adopt a competitive pricing strategy that balances profitability with customer affordability and perceived value. Offering transparent price information, price matching, and loyalty rewards can also help attract and retain price-conscious customers.

8.5. Growth Strategy

To drive business growth, Trust Outlets should focus on expanding their product offerings, improving operational efficiency, and enhancing customer experience. Investing in digital technologies, such as e-commerce platforms and mobile apps, can also help increase brand visibility and reach new customers.

9. CONCLUSION

The study on "Physical Retail Store Preferences and Strategies in Retail Marketing" reveals that customers prioritize factors such as customer engagement, emotional connection, brand loyalty, and satisfaction when making purchasing decisions in physical retail stores. The study also highlights the importance of competitive, promotional, retention, and price strategies in driving customer loyalty and business growth. The findings of the study suggest that retailers should focus on creating engaging and immersive retail experiences, offering personalized services, and providing value-added incentives to attract and retain customers. Additionally, retailers should prioritize building trust, creating a welcoming store ambiance, and offering convenient services to foster long-term customer loyalty. Overall, the study provides valuable insights into the preferences and behaviors of customers in physical retail stores, and offers practical recommendations for retailers to improve their marketing strategies and drive business success.

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