Experiential Retailing in the Indian Context - A Conceptual Approach

Abstract

The transition from mere purchasing of goods to shopping has resulted in the growth of modern retailing in India. This is further fuelled by westernization and rapid urbanization processes and well supported by technological developments. In today's hyper competitive scenario, Companies spend more than three quarters of the money and time on customer acquisition and retention. In such a challenging scenario, the need for strategic thinking and innovative retailing practices takes the centre-stage. The term 'Experiential Retailing' is simply the retail version of the concept 'Experiential Marketing' that deals with connecting customers with your brand through one or more meaningful and relevant experiences while appealing to both rational and emotional behavior. This paper attempts to explain and explore the possibilities of how experiential retailing can be specifically applied into real life retail situations with five basic design principles with examples from the Indian market.

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Introduction

Retailing

etailing in India has been dominated by traditional shopkeepers for whom mostly is a family-owned business. The transition from mere purchasing of goods to shopping has resulted in the growth of modern retailing in India. This is further fuelled by westernization and rapid urbanization processes and well supported by technological developments. In today's hyper competitive scenario, Companies spend more than three quarters of the money and time on customer acquisition and retention. In such a challenging scenario, the need for strategic thinking and innovative retailing practices takes the centre-stage. Retailers are forced to provide enough justification for a simple and straight-forward question from the customers, "Why should I buy from you?". The most convincing and compromising answer to this is near to difficult, but still possible.

Today's consumers demand an emotional experience from shopping, one that will allow them to express who they are. Instead of retailers spending their time fully on new products, line extensions, or newand-improved packaging, they should concentrate on their existing marketing strategies to see how they are engaging, benefiting and



Srusti Management Review Vol.- IV, Issue-III, April-2011 pp. 67-76 ISSN 0974 - 4274 empowering their customers. As the famous adage points out, "You never get a second chance to make the first impression," even though the marketing communication can help a retailer to attract a foot fall into the store, the shopping experience provided to the customer is where it all comes together. Creating a appealing, caring, friendly and comfortable retail environment will make the retailer an obvious choice. Today the customer experience is fragmented. Prices, inventory, promotions and policies often differ between channels. Yet, customers want a posh interior and a hit-tech service process at a competitive price. To meet the demands of today's consumers, a solid understanding of "the customer experience" is necessary. Consumers today expect their favorite retailers to offer "experience" along with good service and a good product. Today's successful retailers are increasingly finding ways to provide that "total consumer experience", through what they call as 'Experiential Retailing' practices.

Experiential Retailing – Introduction:

The term 'Experiential Retailing' is simply the retail version of the concept 'Experiential Marketing' that deals with connecting customers with your brand through one or more meaningful and relevant experiences while appealing to both rational and emotional behavior. In its truest form it elicits a visceral, positive reaction from the consumer. Precisely, experiential marketing is a methodology – not a tactic! Experiential marketing helps the customer in retaining and recalling the service or product offered by companies. In other words, "Experiential marketing helps brand marketers gain valuable insight by interacting directly with consumers outside mass-media landscape".

It provides experience of the brand and not just the product. Products are becoming congested with too many features, making it difficult for the customer to understand and distinguish one product from another. This forces marketers to find new ways to create and maintain a relationship between their product or service and the customer in a way that makes their brand more than just a fancy nameplate in front of a product.

Literature Review

Andrea Groeppel and Brian Bloch (2001) conducted an empirical investigation what customers understand by experience-oriented buying, the type of consumer attracted by it and the consequences for store location, design etc., They found that the 'buying experience' consists of several components. Customers consider purchasing not only as a means of securing necessary goods but also a leisure-time activity.

Charla Mathwick et al (2002) introduced cognitive continuum theory (CCT) as a theoretical framework to examine the effect of consumer shopping tasks and retail information display properties on consumer perceptions of experiential value. In this empirical investigation, the nature of a consumer's shopping task is found to exert a direct influence on consumer perceptions of efficiency, economic value, and shopping enjoyment, all active dimensions of value. In addition, congruent interactions between shopping task and retail information display properties exert an enhancing effect on the reactive dimensions of value, as evidenced by perceptions of visual appeal, entertainment value, and service excellence. All these contributions indicate the importance of value to shoppers irrespective of the format.

Piyush Kumar Sinha (2003) studied the shopping orientation of the Indian shoppers. About 300 respondents were approached with a structured questionnaire and the analysis indicated that the Indian shoppers seek emotional value more than functional value.

Kaur and Singh (2007) studied the Indian market to uncover the motives that drive young people to shop in departmental stores or malls. The results reveal that the Indian youth primarily shop from a hedonic perspective. They importantly serve as new product information seekers, and the retailing firms can directly frame and communicate the requisite product information to them.

Terblanche & Boshoff (2004) discusses in their study that in a retail environment where a mix of goods and services is offered, the approach to managing such a store should preferably be all-inclusive (as opposed to focusing on a single dimension such as service) and focus on the management of all the controllable dimensions of the in-store shopping experience. Further, Positioning based on customers' in-store shopping experience offers retailers an alterative means of differentiation and is achieved by providing a superior in store shopping experience.

Terblanche & Boshoff (2006) suggest that a satisfactory in-store shopping experience enhances cumulative or 'overall' consumer satisfaction, which in turn will enhance both attitudinal loyalty and behavioral loyalty (actual sales).

Thus, these earlier studies conducted on the theme of shopping behaviour and experiences have insisted on the importance of shopping experience as a major retail store strategy. Though the context of these studies varies significantly, the directions laid down by these researchers can very well be adopted and applied to the Indian retail market. But then, 'how and where to start?' will be a million dollar question. Since the Indian market is with consumers looking out for entertaining and experience-oriented shopping extravaganza, it requires a systematic and multipronged experiential retailing strategy which can only be helpful to differentiate the store and create a strong brand association.

As explained in chart-1, B.Joseph Pine II and James H. Gilmore(1998) proposed five experience design principles. *Theme the experience* is creating a theme around the experience so that it serves as a foundation for the experience and customers find it more attractive. The second one *harmonize impressions with positive cues* is to do with creating cues that makes an impression which creates the experience for the customers. The third design principle namely *eliminate negative cues* is concerned with complete removal of any cues that contradicts, diminishes or distracts away from the experience theme.

The fourth principle, *mix in memorabilia*, deals with the reminder and recall of the experience by the customers even after considerable time period. Finally, the fifth design element namely engage all five senses emphasizes the need to connect the five senses of the customers namely, touch/feel, hear, taste, sight and smell. This model is found to be a consolidated one which will help the retailers to achieve store difference and build a store image and loyalty among their customers.

Thus, when the concept is applied to retailing, Experiential Retailing emerges as a type of marketing that attempts to evoke a strong emotional response, often by the use of sensory techniques, to create an affinity between a product and a potential buyer. It is more than an opportunity to show off all the bells and whistles of a product, however. "It's all about emotions and feelings, achieving some sort of feeling,"

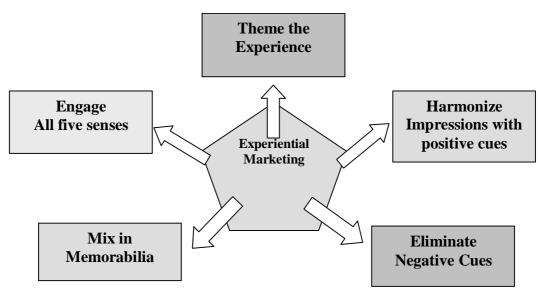


Chart 1, Five-Key Experience design principles

Being an applied marketing concept, experiential retailing focuses on the 7Ps of retail marketing mix such as Retail Product (merchandise), Price (value proposition), Promotion (retail offers), Place (distribution/location), Process (service delivery), People (the employees/management) and Physical Evidence (store layout/visual shopping aids, technology in use etc.,). Retailers know experiential retailing allows them to empower a consumer to connect physically or emotionally with a product or service. The consumers are engaged and entertained and subtly sold to by providing enhanced experiences. As a result, consumers buy lifestyle associations and not products, thus encouraging them to spend more. This paper attempts to explain and explore the possibilities of how these design principles can be specifically applied into real life retail situations, in the following segment:

"Theme the Experience" - Principle -I

India is a land of celebrations and at every given point of time at least a section of the country's population will be in a festive mood. This is not just for the people but also for retailers as such occasions are believed to be the best time for shopping. The retail categories such as apparel, jewellery, food & grocery, consumer durables etc., will catch up with the emotional upbeat of the consumers and thereby achieve a sizeable business. Usually $2/3^{rd}$ of retail revenues in these categories are driven by such occasions. Hence this is the best time for the retailers to 'theme the retail offer' so as to achieve store differentiation and establish brand association with the market. To quote a few,

A retail store can have a window display of its products amidst replica of crackers and colorful lighting to mark the occasion of Diwali. Similarly, a selective and sequential display of clothes in saffron, white and green (tri-colors in Indian flag) to mark the celebration of 'Independence Day/ Republic Day', is another example for a theme. To mark the winter, the interiors of a store can wear a woolen outlook and the summer can be themed with an icy and cool exterior.

This will tune the minds of the shoppers into the wave length of a particular occasion so that their purchase decisions will be aligned well with that. Even the free-gifts offered to the customers can

be designed to mark a particular occasion as well. Though such exercises are commonly done by the marketing firm, when the retailers do that the impact will be much better and results are not only certain but also immediate.

"Harmonize Impressions with positive cues" - Principle -II

Retailing is classified as a service and hence it suffers from one of its major characteristics, the **intangibility**. The external promotions planned for the market should well be connected with creating a best impression when shoppers step-in. Otherwise, retailers will suffer from the problem of 'over promise & under-delivery'. Positive cues such as mighty tangibles like a neat outlook of the store, orderly yet logically planned merchandise, well dressed and pleasantly appearing store employees, refreshing interiors, escalators / lifts, technologically advanced billing equipments (barcode readers/integrated credit card readers etc.,) and so on.,

This is the reason why retailers invest quite a considerable amount on creating the servicescape to impress the customers. One of the leading textile chains in Tamilnadu and Kerala makes it a point to create the best impression at the entrance itself, wherein the sales staff receive the customers with the traditional wish (Vanakkam- Namasthe) and direct them to the right section, this care and respect doesn't stop there, but continue at every contact point and the hospitality is maintained consistently, till they leave the shop.

Ultimately, it makes the customer to yield to their warmth and mostly end up with a purchase. The quality policy of the store is also displayed at prominent locations which convey their commitment towards serving the customers. Further the internal marketing of the firm should also have the same focus and orient their employees towards this objective. To provide the customers with a good shopping experience needs a planned and empathetic effort. This design principle —II contributes significantly to this.

The personal relationship maintained by traditional retailers, is now followed by the modern organized retailers as well. Thus 'harmonizing impressions with positive cues' will convey one major aspect experiential retailing, i.e., service consistency and conformity to external marketing of the retail firm. In some of the star hotels abroad, the receptionists are redesignated as 'impression-managers' due to their important role in creating lasting impressions in the minds of the customers.

"Eliminate Negative cues" - Principle -III

What has been planned and executed in the previous principle should not be diluted by any negative cue. Any cue that contradicts, diminishes or distracts away from the experience theme qualifies to be called as a 'negative cue'. Examples for negative cues are tired/depressed sales staff, poor merchandise sequence, indifferent service encounters leading to dissonance, non-availability of popular brands/ pack size, swapping of different free-gifts for the actual one, poor packing, delayed delivery/non-delivery, credit card reader not functioning, long-waiting time at billing counters, watchful store employees with a suspicious mindset etc.,

These will disappoint the customers and end of the shopping episode, what they carry will be one of the worst shopping experiences which will keep them stay away from the store for future purchases. Further, they are likely to spread negative WOM, which will spread like a forest-fire. Remember, one negative cue is more than sufficient to spoil the feel-good effect created by about 10 positive cues. Hence, it is mandatory for retailers to identify whether customers have

come across any negative cues so that service recovery strategies can be made more effective. Customer feed back works better in spotting the negative cues. But still the retailer has every obligation to inform the customers, how far they are serious about the feedback given by them. RPG enterprises' FoodWorld ensures the customers that they will get a call from their Mumbai customer care division within 24 hours of their feedback, which is a note-worthy policy.

"Mix in Memorabilia" - Principle -IV

Gone are the days when customers were considered to have a short-memory of events. But, these days than good experiences the bad ones stay longer, deeper and afresh in their minds. Most of the lost-customer surveys point out customer disappointments and related service gap. Interestingly, this principle deals with the reminder and recall of the experience by the customers even after considerable time period. To achieve this, a thorough understanding of target customers is a must. Details pertaining to their shopping behaviour and related dynamics are to be periodically updated by the retailer, failing which will create myopia among them. It requires certain relationship marketing strategies to further renew these experiences of the customers by inviting them to the store as often as possible.

The ultimate aim of experiential retailing strategy should be multi-pronged and these efforts will ensure that shopping experiences will get rooted deeply into the minds so that it results in customer loyalty and thereby earning a mind share and heart-share apart from market-share for the retailers. In times of recession, Jet Airways used to send mailers to its customers asking them when can we get you back?, this will make every customer of Jet Airways to feel that I am not just a privileged number but a privileged member of the Jet Airways family. Today's technology has given the modern retailers a world-class sophistication to explore customer data so as to use it to their advantage. This is the reason why experiential retailing is believed to result in both store differentiation as well as retail brand association.

"Engage all five Senses" - Principle -V

Finally, the fifth design element namely engage all five senses emphasizes the need to connect the five senses of the customers namely, **touch/feel**, **hear**, **taste**, **sight** and **smell**. While designing experiential retailing elements, the retailer should consider going for **5 sense** marketing cues wherein the 5 senses of the shoppers are fed with a new feel that keep them refreshed all through their shopping.

These sensual marketing practices are vital in getting more involvement from the shoppers which will retain the customers for a longer time and this will help retailers to apply cross-selling and up-selling strategies. This principle has major impact in designing a successful experiential retailing strategy. Indian consumers are believed to be sensitive to any kind of sensual inputs (shopping related) and further the best of such inputs are cherished for a longer period time.

In fact, this five sense marketing should have ancient reference as in the places of worship, such sensual inputs must have triggered spiritual behaviour. Similarly, store loyalty and brand connection can be well established with predetermined experiential retailing strategies which could offer a set of such sensual shopping pleasure to various age groups of shoppers. The following table-1 is self-explanatory in terms of explaining how to engage the customer senses.

Table 1 : Experiential Retailing Cues for senses

Senses	EXPERIENTIAL RETAILING CUES
Touch & Feel	Provide enough opportunities for customers to touch the product and feel thereby satisfying those sensual requirements. Proper planning of store atmospherics, Merchandise will appeal this sense of the customers.
Sight	Creating impressive displays through efficient visual merchandising strategies resulting in lasting visual residue which is cherished and appreciated by the customers.
Smell	The store environment can be made pleasant with not-so-strong fragrance which refreshes this sense of the shoppers. In case of food retailing, the aroma of the food itself serves as the evidence thereby creating a sense of comfort and happiness in the minds of customers.
Taste	As in the case of smell, the possibilities of trial to taste the food and confirm the quality will add to the experience of the customers in categories that are food or food related. In other categories too, the customers are served with refreshments to satisfy the requirements of this sense.
Hear	The very idea of in-store music or pleasantries offered at the entrance and counters is to keep the customers at the best of their enthusiasm throughout their shopping. This will further enhance their shopping experience. Retailers can plan for these elements keeping in mind the local market requirements. For example a jazzy pop music may not be appealing to a middle aged shopper and is only suitable for young/modern shopping group.

Thus these five design principles of experiential retailing should be well integrated due to their dependable nature so that it leads to a successful outcome in terms of achieving store difference and retail brand association as well, which is need-of-the-hour retailing strategy and very vital in this stage of its development in India.

Experiential Retailing - Indian Experiences

RPG Enterprises launched its retail chain FoodWorld in the 1990s, which was dismissed by many as another extreme idea. The justification provided by them is that the Indian housewives' taste for the ever-present mom-and-pop shops in the neighborhood for her kitchen requirements would not change so easily and such glamorous establishment that retails provisions and vegetables were anachronism.

"FoodWorld was started to give the Indian housewife a modern shopping experience without her having to spend extra. FoodWorld was in fact conceptualized as a neighborhood store and its customers generally come from within a two kilometers radius of each store. RPG boasts that it is the first to introduce the concept of 365 day fun/promotion calendar in the Indian retail space".

Big posters at the entrance regularly informs the customers and others passing-by about the current retail promotions inside the store.

In the mobile gadget industry, Nokia opened its concept store in Bangalore, which was also the first of its kind in India. According to the company, the aim was to provide customers a complete **experiential 'mobile experience'**. The layout and design of the store follows the same pattern as Nokia Concept Stores around the world to guarantee an easy and informative shopping experience. With a simple-to-navigate setup, open doorways and low-glare lighting, the store provides a relaxed and satisfying customer experience. The idea is also to inspire and educate consumers on the benefits of Nokia's latest products and technology through a hands-on experience.

Positioned as a lifestyle bookstore, Crossword is a branded chain of large, spacious, well laid out stores, with bright cheerful interiors that encourage people to stay and browse. A welcoming cafe, reading tables and chairs and toilets within the store are some of the innovations pioneered by Crossword Bookstore, and soon replicated by several others. Theses have helped in ensuring that customers are able to browse in comfort for several hours. This has made shopping for books a pleasure trip for regular customers at Crossword.

This was done to ensure that people who were traditionally not book buyers would visit the shop. More footfalls always means more sales. What is also on offer are beverages like coffee and tea, along with light refreshments. While Crossword has tied up with Barista, the Oxford Bookstore has the Cha Bar, managed by the Park chain of hotels. Crossword, however, looks at these value additions as viable alternative sources of revenue. According to crossword sources, two-thirds of our revenues are generated from book sales and one-third from other products.

From its inception, Shoppers Stop has progressed from being a single brand shop to becoming a Fashion & Lifestyle store for the family. Today, Shoppers Stop is a household name, known for its superior quality products, services and above all, for providing a complete shopping experience. While back in 2006 the brand was focused more on the "beyond shopping" experience, where they emphasized on customers "Attitude". In the next few years the brand was potrayed as the place where customer satisfaction and experience was given the utmost priority. Let it be the in-store promotion, POP displays, trial room experience or the loyalty programme called 'First Citizen Club', it maintained uniqueness in ensuring that people leave store with not only good products but also great experiences and a satisfied mind-set which will prompt them to shop again.

Malls in India are also positioning them around the concept of experiential retailing, as every shopper entering a mall is ensured of an enduring shopping experience which is prevalent in every section right from multi-storied parking and food courts to multiplexes, in a hi-tech translucent environment that attracts shoppers to come back frequently. Thus, there are several examples worth quoting in the Indian retail terrain. These efforts are still catering to the Metro / Cosmo customers and need to be further refined and constantly updated to give a feel of newness and novelty.

Concluding Remarks and Directions for Future Research

Retailers know experiential retailing allows them to empower a consumer to connect physically or emotionally with a product or service. The consumers are engaged and entertained and subtly sold to by providing enhanced experiences. As a result, consumers buy lifestyle associations and not products, thus encouraging them to spend more. A stimulating shopping experience should be offered to customers across every retail category.

The elements of shopping experience must engage customers at all possible points and refresh them with rich interaction. To make this happen, the retailer should get to know the finer details of customers such as demography, life style and socio-economic conditions. This information need not be always collected through formal/informal discussion or survey. There are other possibilities of getting this by being watchful with certain shopping cues which are discussed below:

Table 2: Shopping cues and related inference

Shopping	Probable Inference(S)
Cues /	
Evidence	
Shopping bill	Serves as shoppers' horoscope indicating the entire history of shopping and merchandise preferences, degree of price sensitivity, inclination towards retail promotions, purchasing power, consumption pattern, bill value indicating the socio-economic status etc.,
Credit/debit	Socio-economic status from the type of card issued (like
card used for	platinum/gold/silver cards), Issuing bank (Public/private / MNC) will
payment	indicate the economic status to some extent. This is also an indicator of lifestyle.
Companions	To a considerable extent, this will indicate the demographic details such
	as family size, Marital status, No. of children etc., Still this can be cross-verified with shopping bills & items bought.
Nature of	
Interactions /	Customer awareness, purchase Involvement, Type of purchase
Information	(planned/impulsive) etc.,
Sought	

Once a detailed understanding about shoppers is achieved, it will help the retailers to organize the retail store elements in accordance with customer requirements. After all offering the experience in stead of just products is all about customer engagement and impression management. When the market is so diverse in social factors it is imperative that those finer details are observed and fully made use of. These differences are prevailing not only between cities but also within. Hence, even the retail operations across different shopping zones of a city may vary considerably.

The need of the hour is how experiential retailing strategy can be integrated to other initiatives of the retailer viz., customer relationship management and customer retention activities. When these strategies are consolidated into a major retailing approach, it can work successfully for the retailer and more than anything it helps retailers in store differentiation and brand association as well. In an age of commoditization, consumers shift their focus from product and service attributes to the experience obtained while using the product or service. The more relevant and memorable the sensory experience, the higher the value, the higher the worth, the higher the price that can be charged.

This paper insists on the need for trying out experiential retailing as a strategic tool to differentiate the retail offer and thereby build strong brand associations with the customers. Future research works can investigate the effectiveness of this tool by identifying and analyzing micro-components of experiential retailing elements so as to develop an experiential retailing model supported by appropriate retailing strategies. As the retail growth wheel is shifting its gears to gain momentum such research works will be helpful to the retailing community at large to achieve their objectives. Thus the above-said experiential retailing strategies can be applied to various retail categories and are not specifically drafted for any geographic location. Being a general set of strategies, these are versatile and can be practiced in addition to the existing strategies. These strategies are cost-effective and result-oriented so that the adaptability is made easier and simple. Once these strategies are tried out at store level, the retailers can create a world of difference in their operations which will enhance their chances of being successful and competitive.

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