Retail Institutions By Store-based Strategy Mix (continued)

Dr. Swagato Chatterjee

VGSOM, IITKGP

NPTEL

Web, Non store-based, And Other Forms Of Nontraditional Retailing

NPTEL

Non-store Retailing

- Retailing strategy that is not store-based
- direct marketing
- Web-based retailing is the fastest- growing area
  - M/SMS-commerce
  - Social commerce

NPTEL

Direct Marketing

- Customer is initially exposed to a good or service through a non-personal medium and then orders by mail, phone, fax, smart phone, or computer
- Annual U.S. sales exceed $475 billion (including the Web)
- Other leading countries include
  - Japan
  - Germany
  - Great Britain
  - France
  - Italy

NPTEL

Characteristics of Direct Marketing Customers

- Married
- Upper middle class
- 35-50 years old
- Have access to wifi and broadband Internet
- Are multi-screen shoppers
- Desire convenience, unique items, good prices

NPTEL

Strategic Business Advantages of Direct Marketing

- Reduced costs
- Lower prices
- Large geographic coverage
- Convenient to customers
- Ability to pinpoint customer segments
- Ability to eliminate sales tax for some
- Ability to supplement regular business without additional outlets

NPTEL

Strategic Business Limitations of Direct Marketing

- Products often cannot be examined prior to purchase
- Costs may be underestimated
- Response rates to catalogs under 10%
- Clutter exists
- Long lead time required
- Industry reputation sometimes negative

NPTEL