2015 India Retail e-Marketing Research

Retail Marketing Initiatives That Work!

3rd Annual Study

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From the desk of:
Digvijay Bhandari, CEO, Octane.in

The digital world has seen an unrivalled growth and popularity in the past years. With the blink of an eye, technology advances, everyone now-a-days is caught in this race to keep up. The ones, who fail to adjust, lose. Marketers have to become more dynamic than ever to engage their customers better than the competitors. They have to constantly innovate and update to make their presence felt. Responsive Emails, Websites, Mobile Apps and Social Media presence account for the most popular Online Marketing Activities.

Yet again, both RAI & Octane joined hands to create the 3rd edition of this comprehensive study that shows the deeper aspects & realities of digital world.

As this study witnesses, both Bricks & Mortar and e-Commerce owners have deployed a mix of both Online and Offline Marketing Activities for better Customer Acquisition and Retention. However, a large number of online portals still do not leverage Cart Abandonment Program. Deploying Cart Abandonment Program in Retail Marketing is going to see an increase over the years. There are more similar insights in this study that you might find useful.

We are truly excited about this study and would be happy to hear your feedback on the same, please write to us at research@octane.in with your thoughts and comments.

Best Regards,

Digvijay Bhandari
CEO and Co-Founder
Octane Marketing Pvt. Ltd.

Introduction

Customers now are more active than ever. They are becoming increasingly aware of new technologies and innovations. The recent years have seen a rise not only in the use of internet via computers but also via smartphones. Customers are more aware & cautious than ever and seek the best out of everything. Even Rural India seems to be keeping pace with these rapid strides. Mobile Internet Users in Rural India are set to grow at an impressive rate of 33% from October 2014 to reach 49 Million by March 2015 and 53 Million by June 2015.

With rapid strides in technology and mobile internet, the retailers need to keep themselves abreast with innovations. The one, who serves the customer best, wins the race. Thus, in order to satisfy the customer's ever increasing demand, a wide proportion of the retailers have started engaging through Mobile Apps and excellent Web Services. Responsive Websites and Email Campaigns have now become necessity. A marketer who fails to keep pace, risks the acquisition and loyalty of customers.

This 3rd edition of RAI-Octane study runs on the same lines as per the previous versions. We got an ardent participation from more than 80+ Retailers across India. The data was collected over a period of 30 days from 20th April – 19th May 2015, comprising responses from the industry rule setters to budding Start-ups, operating as Single or Multi Brands in Online and Offline Domains. We sincerely hope that highlights of this study will equip India Retailers with the unique understanding of Retail Marketing practices being exercised in India.

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6 Select List of Participants 38

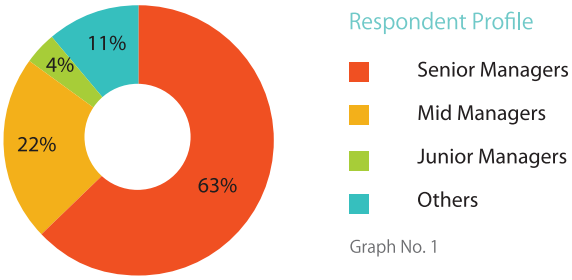
01 Top 8 Highlights

1. Primary Marketing Goal: Customer Acquisition still remains the Primary Marketing Goal of the retailers, a whopping 58% Retailers voted for the same. When segregated 59% of Offline & 46% of Online India Retailers said Customer Acquisition as their Primary Goal.	**Page: 13**
2. Online Marketing Activities: Social Media Activities saw a hike of 30% as compared to last year (49% in FY'14 & 79% in FY'15). 83% of Online & 76% of Offline Retailers use Social Media as their Primary Online Activity.	**Page: 14**
3. Offline Marketing Activities: Print Promotion (77%) remains the top choice of retailers as their Offline Marketing Activity. 86% of Offline & 42% of Online Retailers said the same.	**Page: 15**
4. Importance of Email Marketing: Marketers choosing email channel to be a part of their marketing plans see a rise & more than half of them at 85% said it's important & is a part of their marketing plan.	**Page: 15**
5. Importance of Mobile Marketing: 95% Retailers said that mobile is important or very important to them as they use it as their part of Marketing Strategy, whereas just 5% of Retailers said it's not important to them right now.	**Page: 16**
6. Contribution of e-Marketing towards Revenue: 72% of e-Commerce companies with turnover of Rs. 20cr to 100cr generate 30% or more than 30% of the revenue from Online Marketing.	**Page: 16**
7. Frequency of Technology Upgradation: Keeping pace with the constant changes and innovation in IT, 82% of Retailers upgrade their technology within 5 years of time span.	**Page: 27**
8. Cart Abandonment Program (CAP): Today, Shopping Cart Abandonment is an important issue for all Online Retailers and using a simple CAP adds value to marketing revenue by improving Cart Abandonment Rates. Yet, 12% of India Retail Marketers have deployed a Cart Abandonment Program.	**Page: 34**

02 RESEARCH METHODOLOGY

This 3rd edition of RAI-Octane study runs on the same lines as per the previous versions. This got an ardent participation from more than 80+ Retailers across India. The data was collected over a period of 30 days from 20th April – 19th May 2015, comprising responses from the industry rule setters to budding Start-ups, operating as Single or Multi Brands in Online and Offline Domains. We sincerely hope that highlights of this study will equip India Retailers with the unique understanding of Retail Marketing practices being exercised in India.

The study encompasses feedback and opinions from CXOs, Directors, Presidents, Vice-Presidents, Business Heads and Marketing Managers.



Graph No. 1

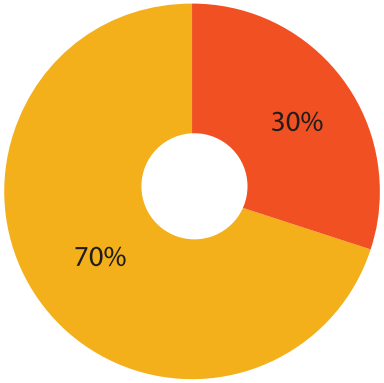
This study aims to identify the trends & patterns in marketing activities of both Single & Multi Brand Retailers covering aspects like Strategic Plans, Investment Plans, Offline Marketing Techniques and Popularity, etc.

This study encapsulates:

- Goals and Aspirations of Retailers for FY'15
- Present state of Retail Marketing in India
- Marketing Goals & Aspirations of Retail Marketers in India FY'16
- Importance of Mobile (Smartphones / Tablets / Apps) for sales & marketing plans
- Importance of Email Marketing for marketing plans

2.1 Respondent Retailers Analysis

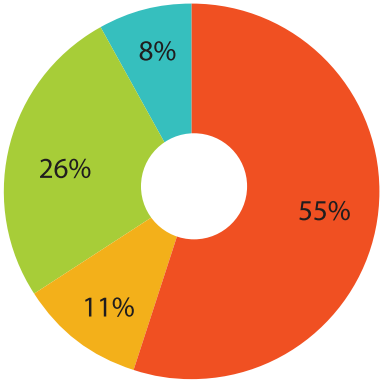
This study witnessed a unified effort from both RAI and Octane Research Teams, who collected data from India Retailers across different operations. In order to provide better understanding, the collected data incorporates 30% Single Brand and 70% Multi Brand Retailers. Moreover, 55% of all Retailers belong to purely Offline Operation (Bricks & Mortar stores), 26% Bricks & Mortar stores with Online Presence & 11% e-Commerce stores with only Online Operation.



Which of the following best describes your company?

- Single Brand Retailers
- Multi Brand Retailers

Graph No. 2



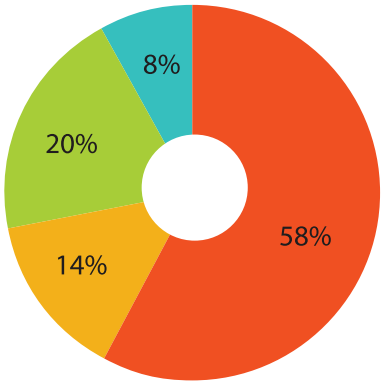
Of the following options, please select the one that best describes your operations?

- Bricks & Mortar Stores (Offline Operations)
- E-Commerce Stores (Online Operations)
- Bricks & Mortar Stores with Online Presence
- E-Commerce with Offline Stores

Graph No. 3

2.2 Primary Marketing Goal

Yet another year we witnessed that Customer Acquisition remains the most important factor for retailers. A whopping 58% of the Retailers want to spread out and acquire new customers. With the rising competition in retail market, 20% of Retailers voted for Brand Awareness as their primary goal, making it the 2nd most preffered marketing goal.

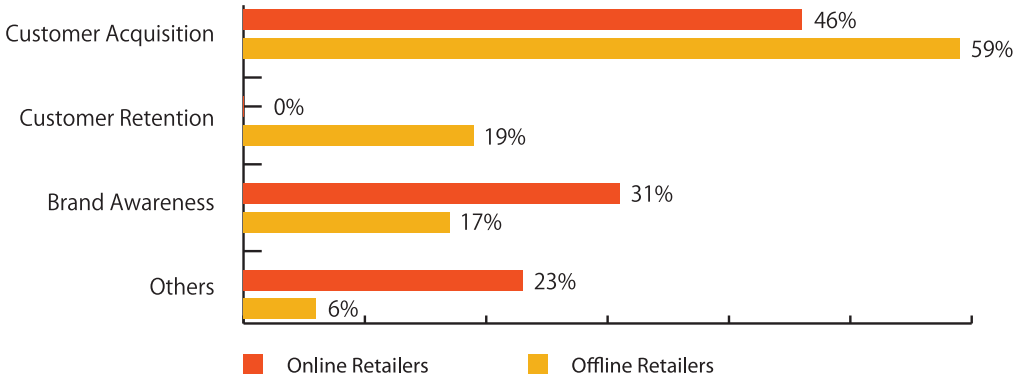


Marketing Goal for Retailers

- Customer Acquisition
- Customer Retention
- Brand Awareness
- Others

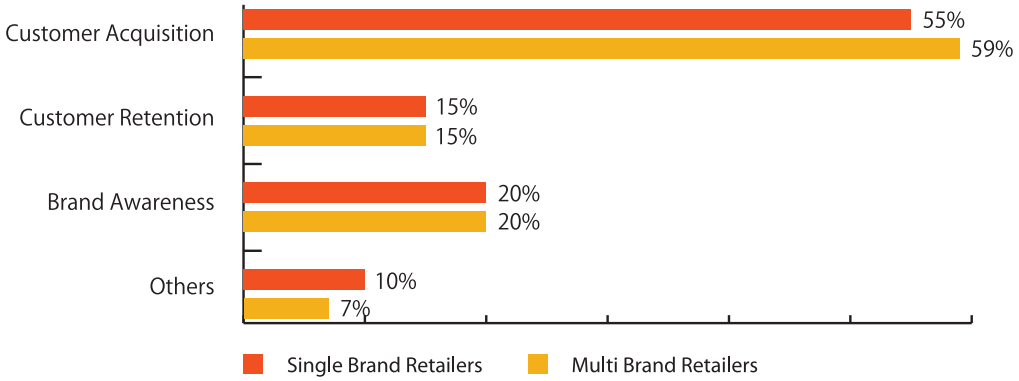
Graph No. 4

Primary Marketing Goal for Online v/s Offline Retailers



Graph No. 4.1

Primary Marketing Goal for Single v/s Multi Brand Retailers

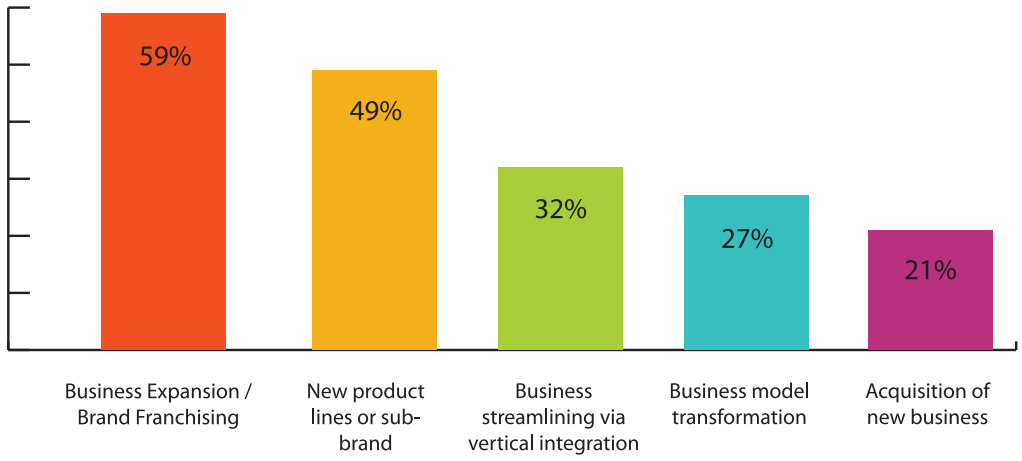


Graph No. 4.2

2.3 Strategic Plans for Financial Year 2015

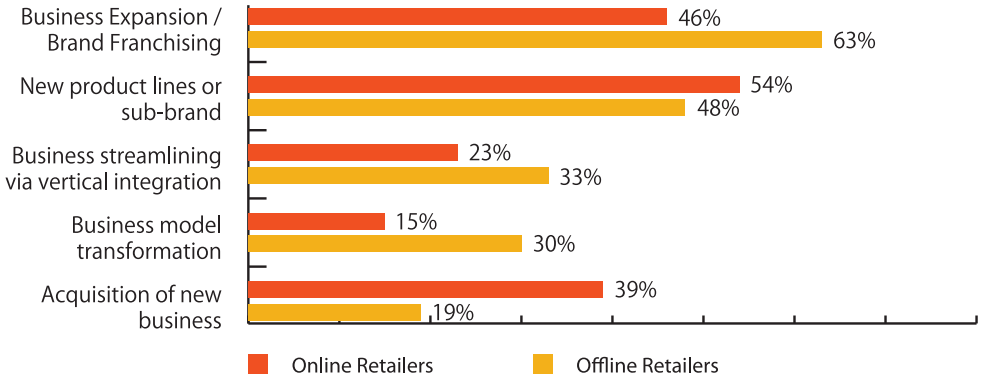
The Strategic Plans for India Retailers indicate that more than half the number, i.e. 59% wants to expand their business & 49% of the Retailers to increase their product line. The data also suggests that changing Business Model is also a buzz in the retail industry as 27% of the Retailers are working/want to work on transforming their current Business Model.

Strategic Plans



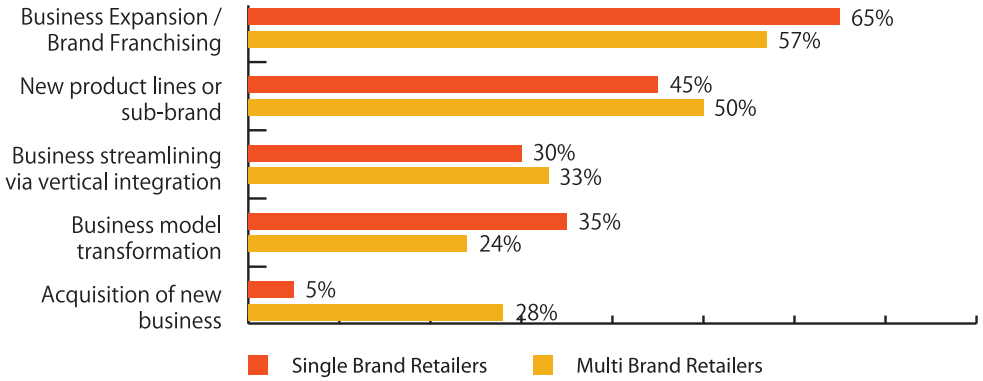
Graph No. 5

Strategic Plans for Online v/s Offline Retailers



Graph No. 5.1

Strategic Plans for Single v/s Multi Brand Retailers

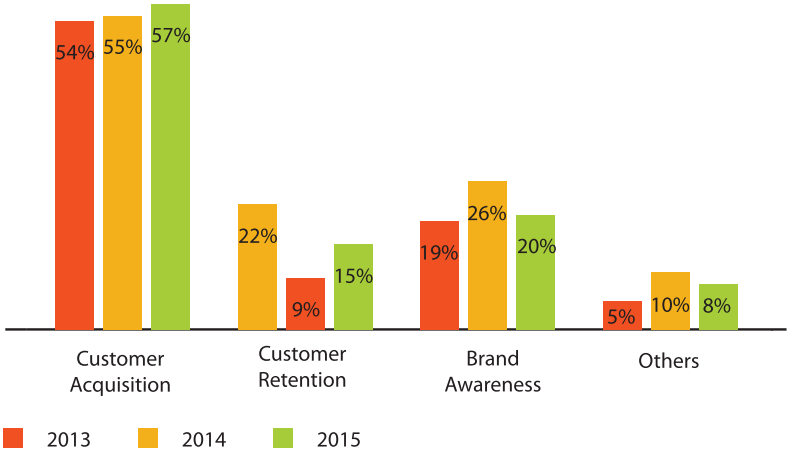


Graph No. 5.2

03 DATA ANALYSIS & TRENDS

3.1 Primary Marketing Goal

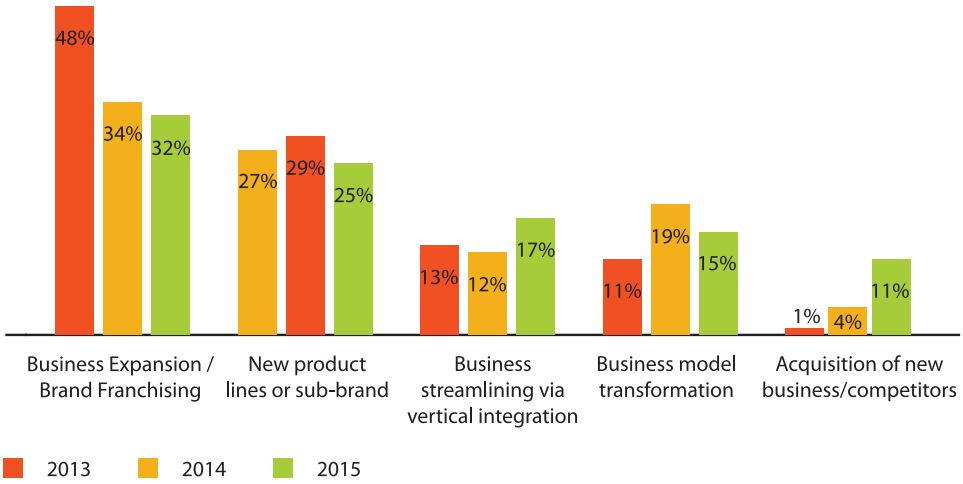
For the 3rd consecutive year, Customer Acquisition remains the top most marketing goal for India Retailers. There is a hike in Customer Retention as compared to previous year. A drop of 6% is seen in Brand Awareness as compared to last year data, i.e. 26% in 2014 & 20% in 2015.



Graph No. 6

3.2 Retail Strategic Plans

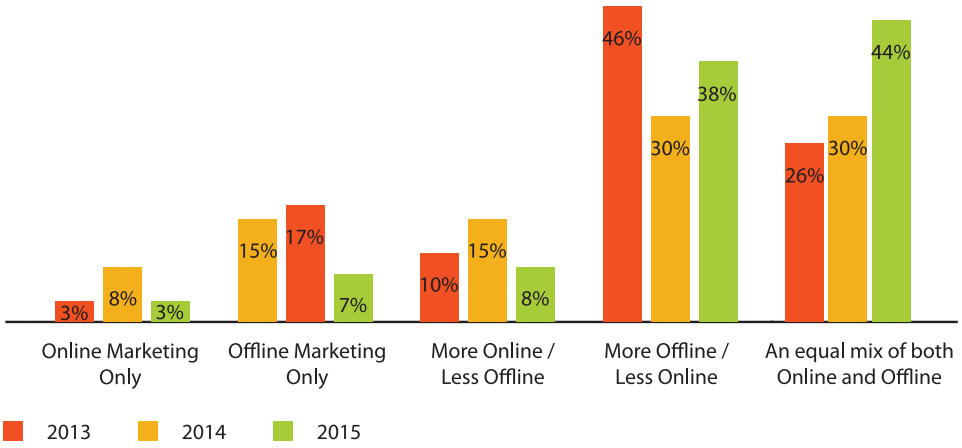
In terms of Strategic Plans, retailers this year seems to have similar plans as compared to last year except 'Acquisition of new business/competitors', which has increased prodigiously this year to 11% as compared to 4% in 2014 and 1% in 2013.



Graph No. 7

3.3 Online v/s Offline Marketing

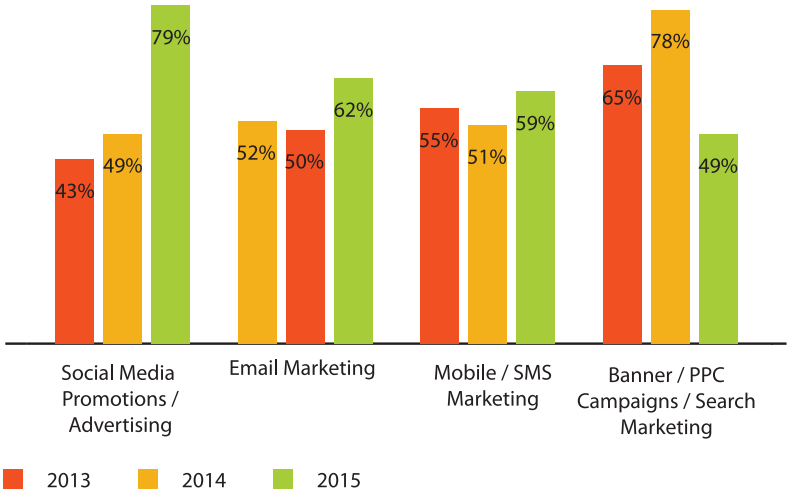
When we asked retailers to segregate their activities, we saw almost a 50% jump for retailers who do a mix of Online & Offline Activities.



Graph No. 8

3.4 Online Marketing Initiatives

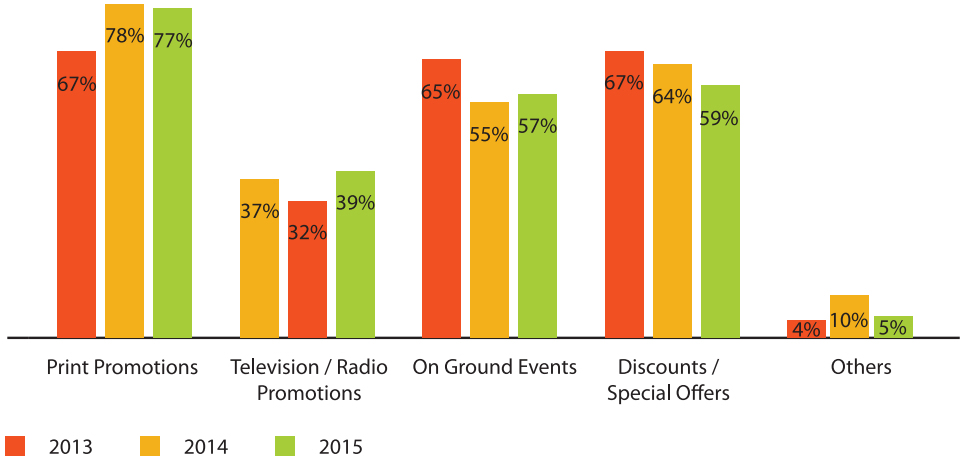
Yet again, the top 3 Online Marketing Initiatives for India Retailers remains the same as per last 2 years. Social Media Promotions / Advertising (79%) ranking at 1st position, followed by Email Marketing (62%) at 2nd and Mobile / SMS Marketing (59%) at 3rd position.



Graph No. 9

3.5 Offline Marketing Initiatives

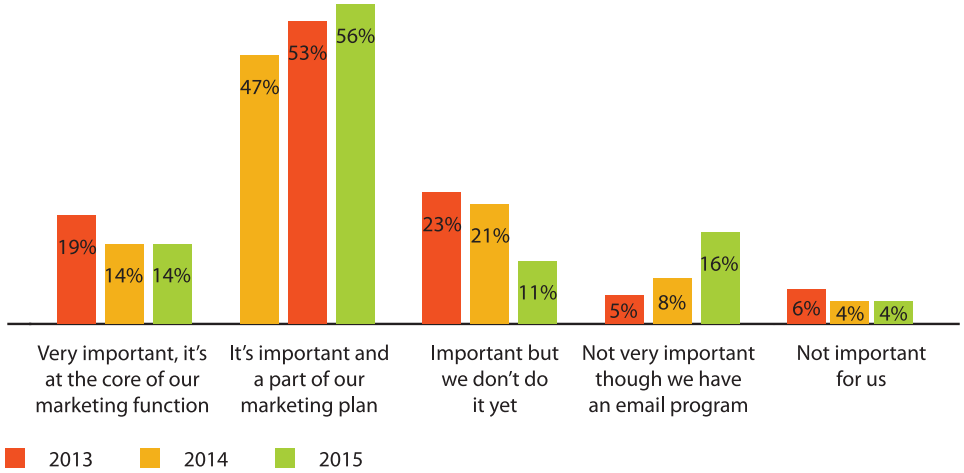
Over the last 3 years, Print Promotion has showed a similar trend. On the contrary, there is a 7% increase in Television / Radio Promotion, as more number of Online Retailers are trying this media. On Ground Events show a 2% increase as compared to the previous year (55% in FY'14 to 57% in FY'15).



Graph No. 10

3.6 Importance of Email Marketing

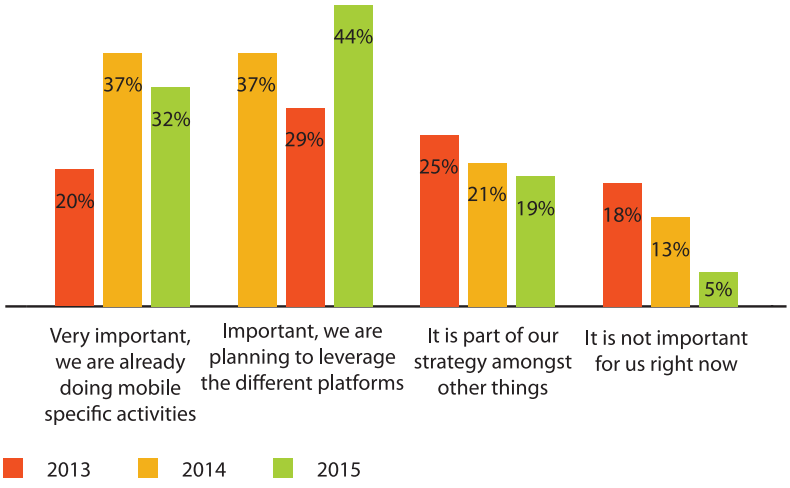
The reach of Email Marketing is vast with 4.1 Billion email accounts worldwide, i.e. 200% times more than the worldwide Facebook users. This year also saw a 11% increment on how Email Marketing is important to the India Retailers with, 75% in FY'14 & 86% in FY'15.



Graph No. 11

3.7 Importance of Mobile in Marketing Plan

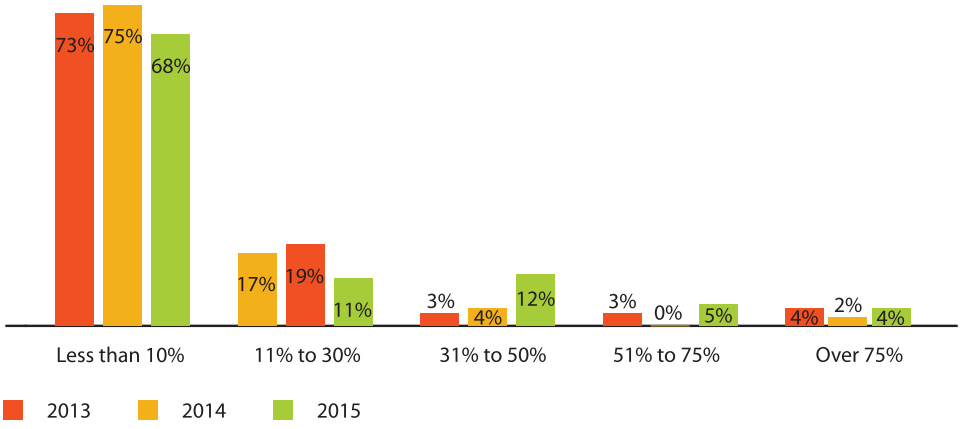
Mobile is not an option anymore, it is no longer the future of marketing, it is the present. About 95% of Retailers voted for Mobile as an important part of their marketing plan.



Graph No. 12

3.8 Contribution of e-Marketing Towards Revenue

Compared to last year, 3 times more India Retailers have reported 30% to 50% of their revenue through e-Marketing. Similarly, 2 times more India Retailers have reported that over 75% of their revenue comes from e-Marketing.

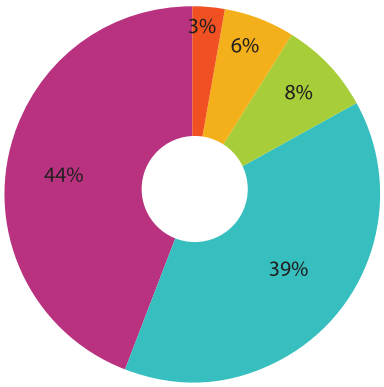


Graph No. 13

04 ONLINE & OFFLINE MARKETING ACTIVITIES BY RETAILERS

4.1 Online or Offline Marketing Activities for your business

44% of the India Retailers, said that they use mix of both Online and Offline Marketing Activities. Moreover, to our surprise 39% of Retailers said they use Offline Activities more than Online Activities.

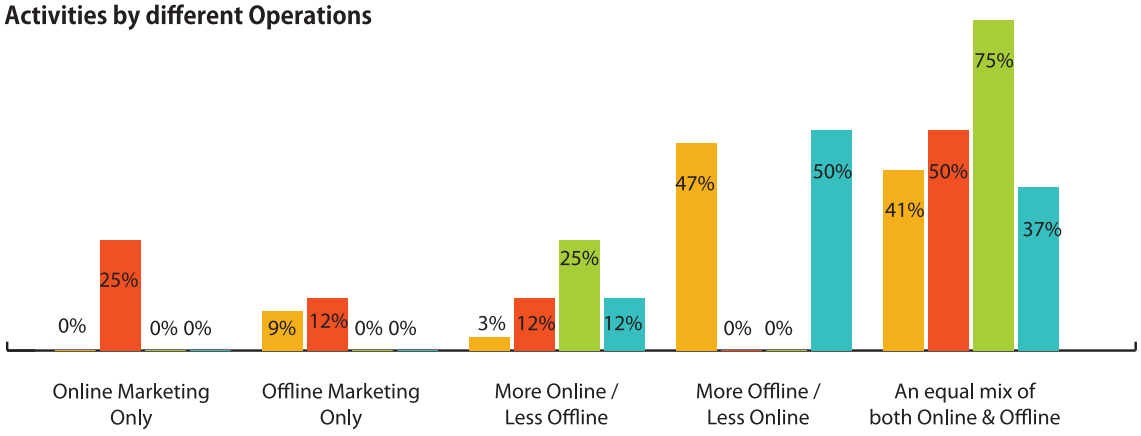


Retailers focus on Online & Offline Activities

- Online Marketing Only
- Offline Marketing Only
- More Online / Less Offline
- More Offline / Less Online
- An equal mix of both Online & Offline

Graph No. 14

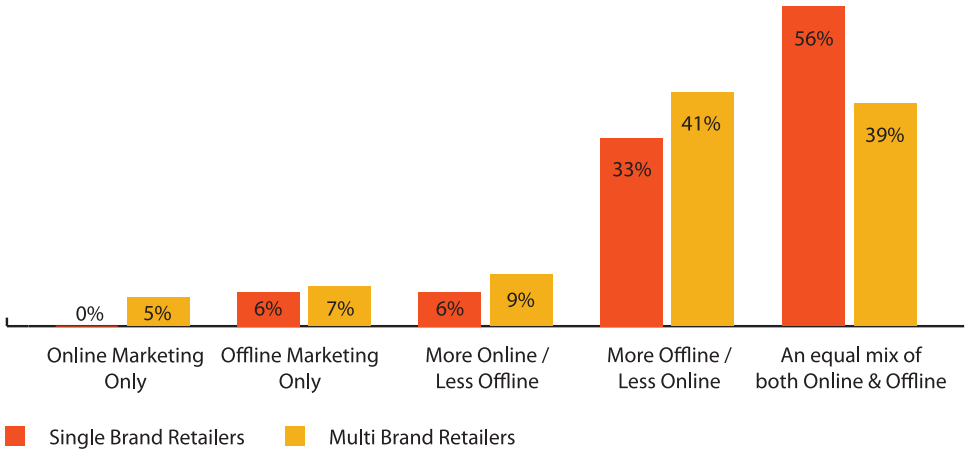
Activities by different Operations



- Bricks & Mortar Stores (Offline Operations)
- E-Commerce Stores (Online Operations)
- Bricks & Mortar Stores with Online Presence
- E-Commerce with Offline Stores

Graph No. 14.1

Online or Offline Marketing Activities for Single v/s Multi Brand Retailers



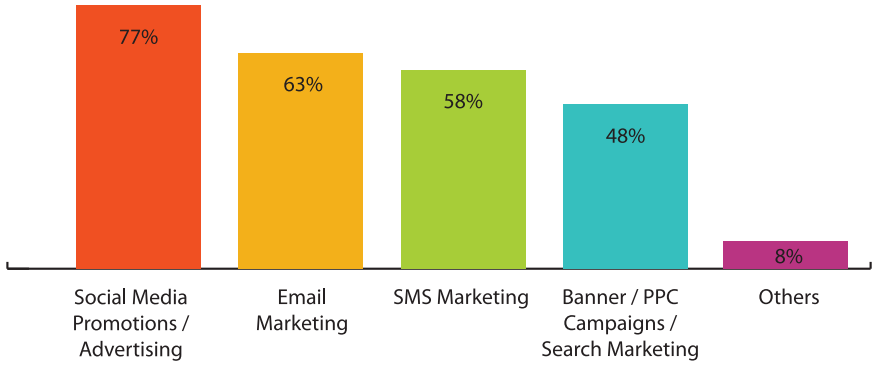
Graph No. 14.2

4.2 A Closer Look at Online Marketing Initiatives

Undoubtedly, Social Media remains the top most priority of retailers, as 77% of Retailers voted Social Media as the most prevalent channel for Customer Engagement. However, other channels are not behind either, with Email Marketing at 63% & SMS Marketing at 58%.

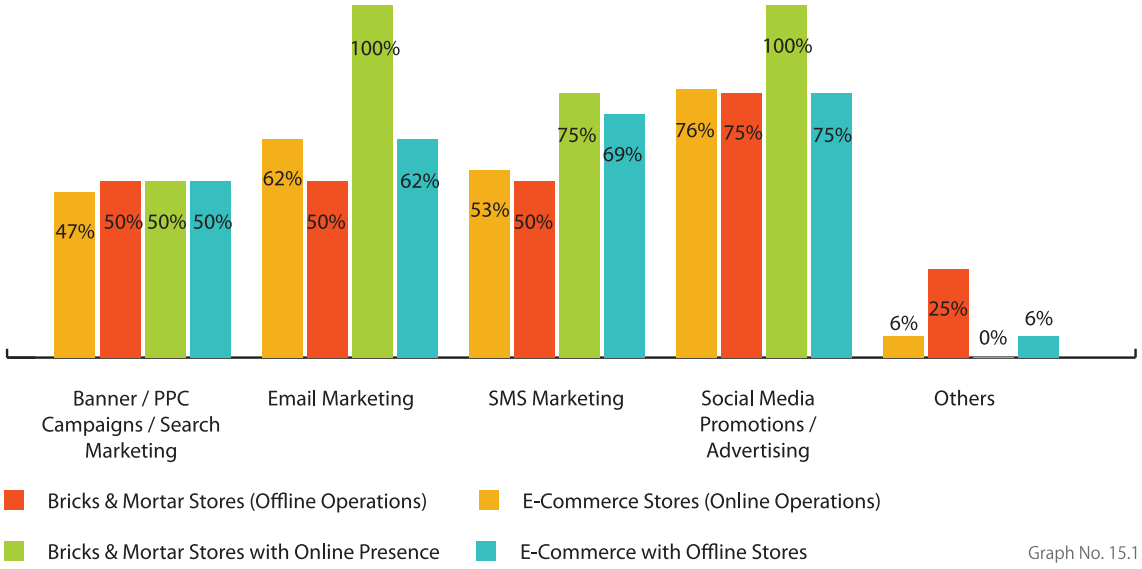
When segregated, Bricks & Mortar Stores with Online Presence and E-Commerce Stores (Online Operations) voted Email Marketing (100%) & Social Media Marketing (100%) as their best channel of engagement.

Online Marketing Initiative



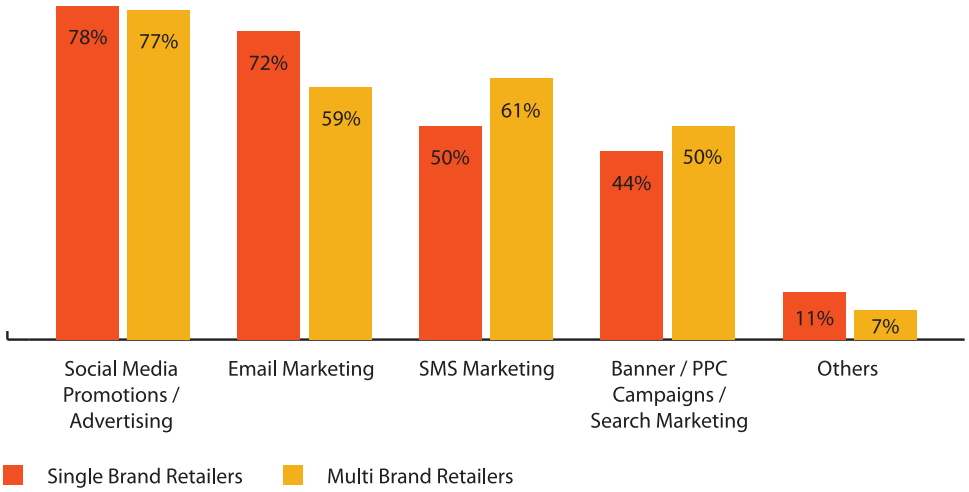
Graph No. 15

Activities by different Operations



Graph No. 15.1

Online Marketing Initiatives for Single v/s Multi Brand Retailers



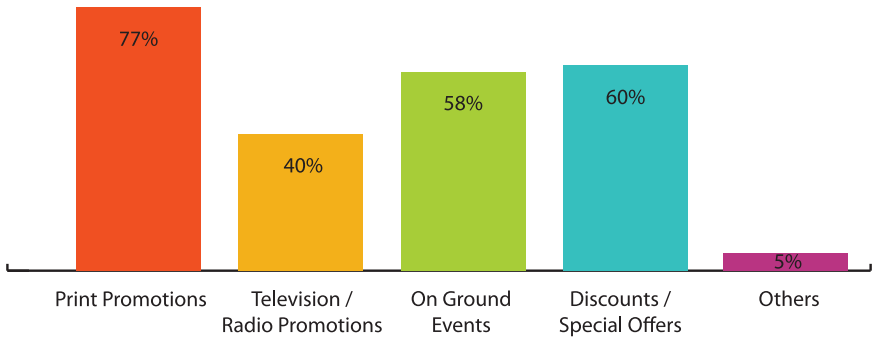
Graph No. 15.2

4.3 A Closer Look at Offline Marketing Initiatives

Print Promotion, the oldest form of advertising tops the list as 77% of all the Retailers use this form of Offline Activity for advertising. 'Discount & Special Offers' & 'On Ground Events' are the second most practiced Offline Activities. About 40% of the participants responded that they use 'Television/Radios' for promotion.

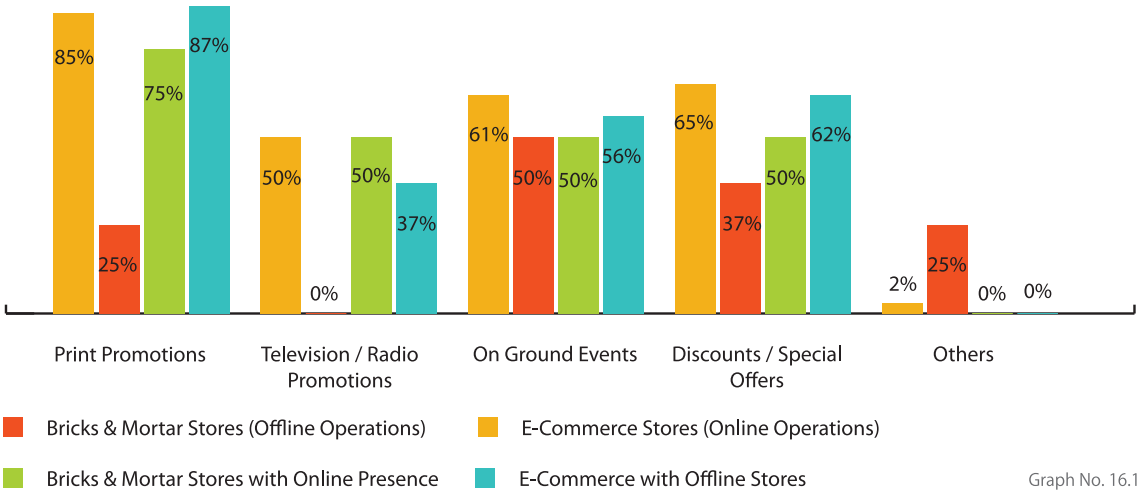
When segregated, Print Promotion remains the top Offline Initiative of Brick & Mortar Stores with Online presence and e-Commerce with Offline Stores.

Offline Marketing Initiative



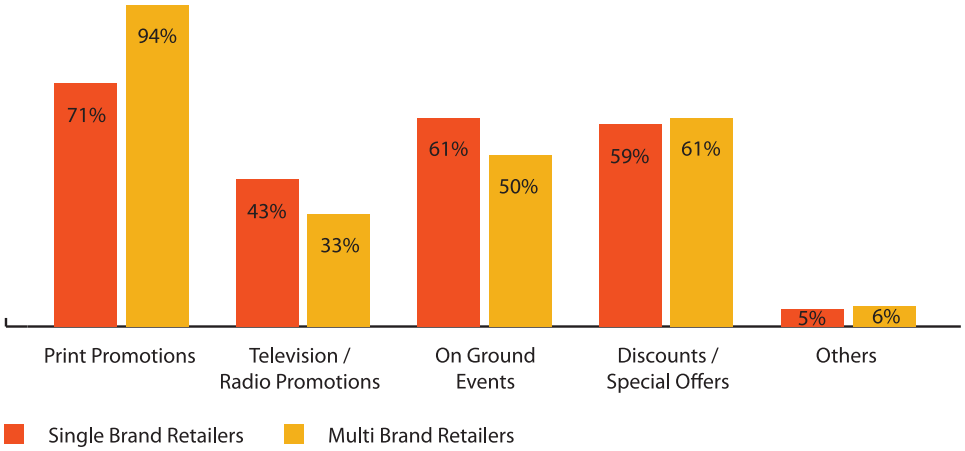
Graph No. 16

Activities by different Operations



Graph No. 16.1

Offline Marketing Initiatives for Single v/s Multi Brand Retailers



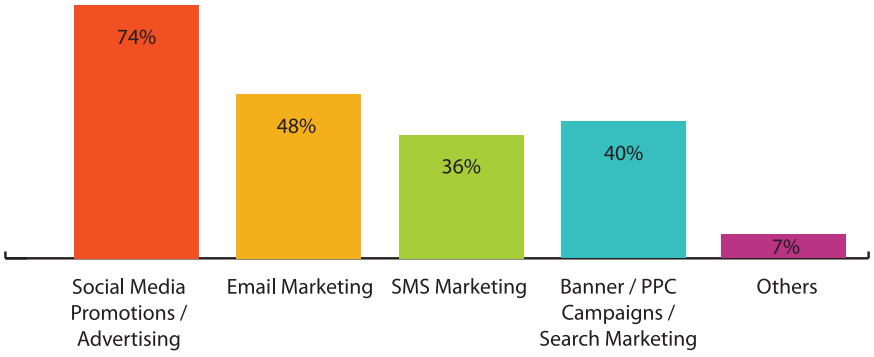
Graph No. 16.2

4.4 Increase in Online Marketing Investments in 2015

A huge proportion of India Retailers already use Social Media as a part of their Online Activities and a massive 74% of Retailers wants to increase their investment on the same. Email Marketing is the 2nd favorite channel for investment, closely followed by PPC Campaigns and Search Marketing.

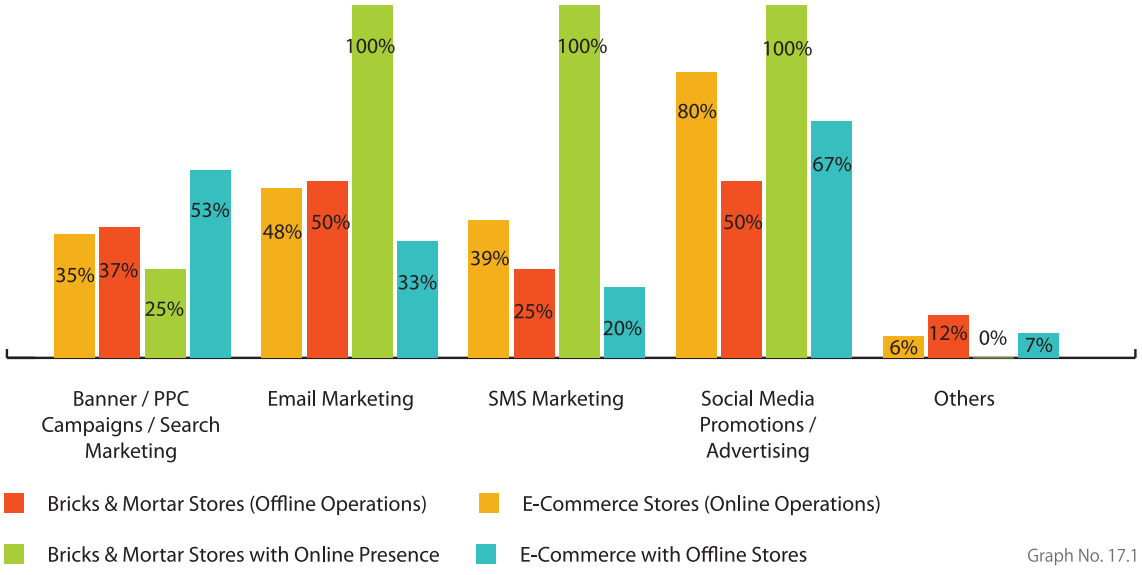
Email Marketing, SMS Marketing & Social Media Marketing will see 100% investments in 2015 by Brick & Mortar Stores with Online presence.

Increase in Investment in Online Activities



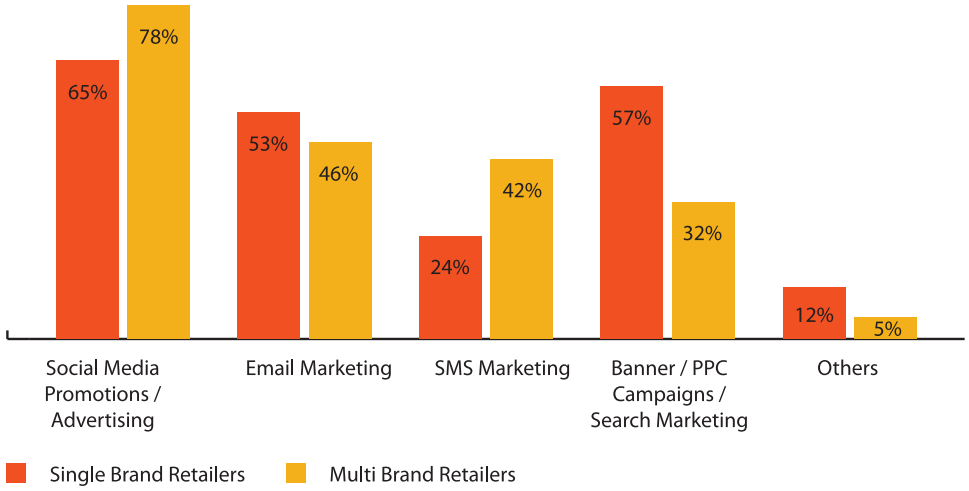
Graph No. 17

Activities by different Operations



Graph No. 17.1

Increase in Online Marketing Investments in 2015 by Single v/s Multi Brand Retailers



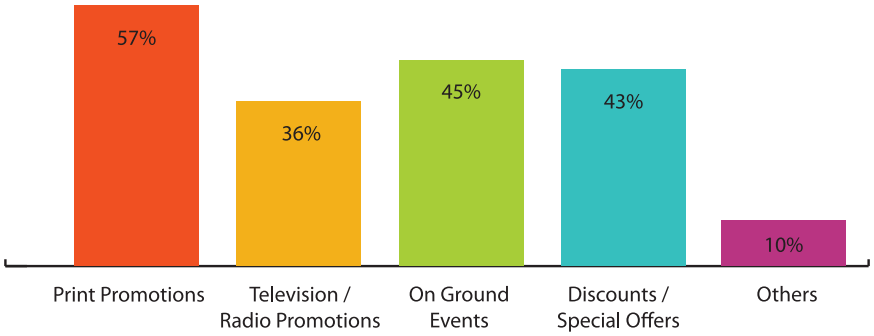
Graph No. 17.2

4.5 Increase in Offline Marketing Investments in 2015

Despite the increase in Online Marketing Techniques, Offline Marketing Activities have still not lost their significance. Keeping this in mind, 57% of Retailers invest on 'Print Promotions' followed by 45% 'On Ground Events' & 43% in 'Discount/Special Offers'.

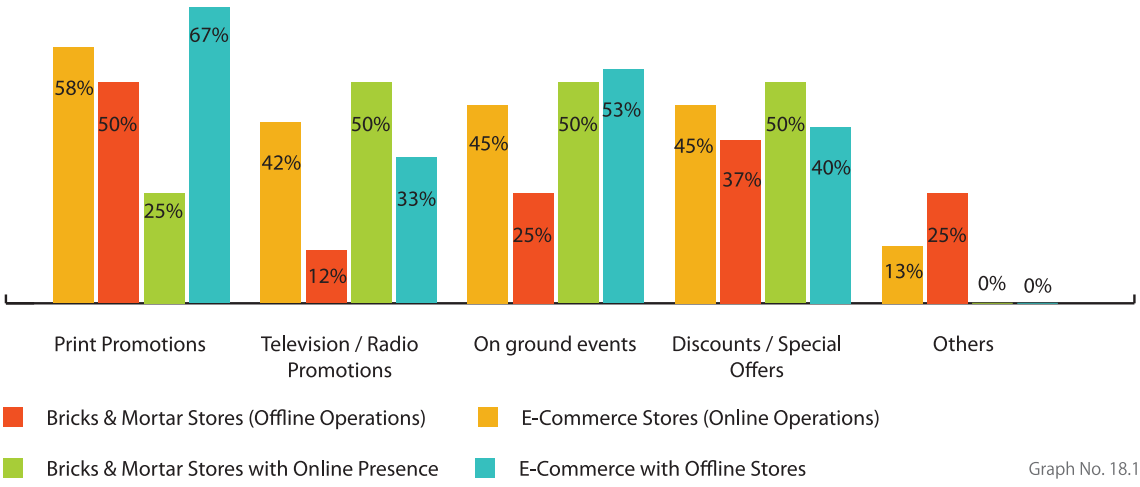
Television/Radio Promotion (50%) & On Ground Events (50%) will see investment in 2015 by Bricks & Mortar Stores with Offline Operations whreas, Offline Operations & e-Commerce stores with offline stores will invest in Print Promotions (68%)

Increase in Investment in Offline Activities



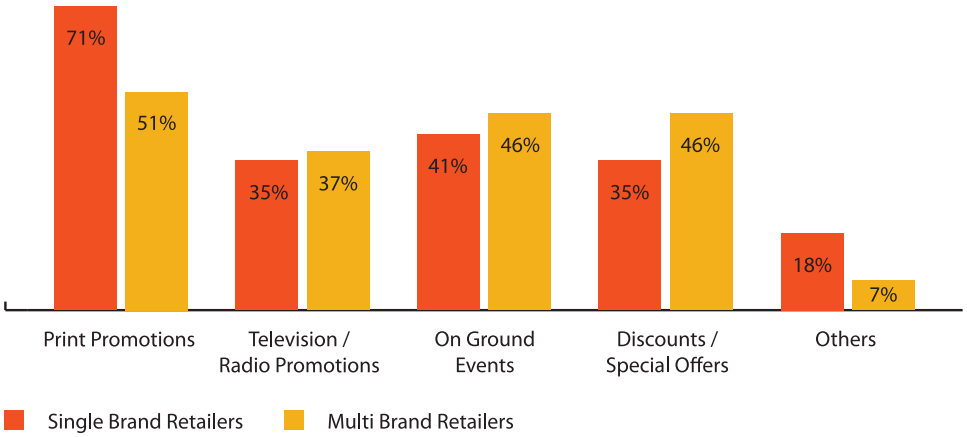
Graph No. 18

Activities by different Operations



Graph No. 18.1

Increase in Offline Marketing Investments in 2015 by Single v/s Multi Brand Retailers

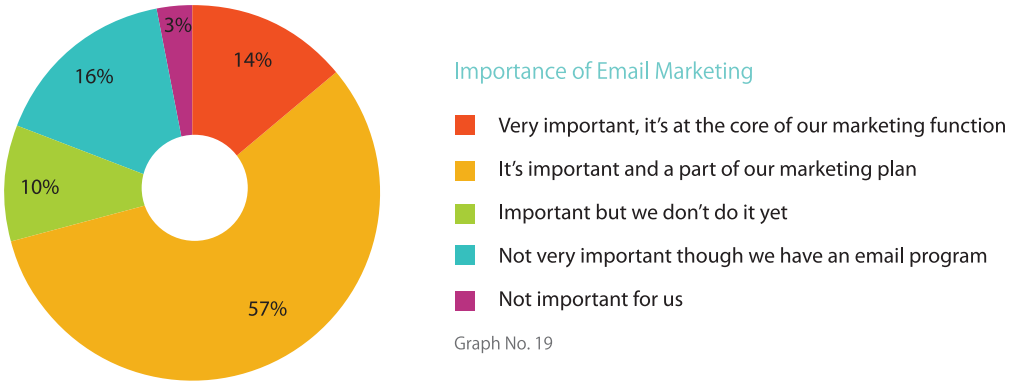


Graph No. 18.2

4.6 Importance of Email Marketing In Marketing Plans

A concrete 57% Retailers feel that Email Marketing is a very important channel for engagement & it is at the core of their marketing function.

78% of e-Commerce with Offline Stores say Email Marketing is important to them and it is a part of their marketing plan, whereas 100% of Brick & Mortar Stores with Online presence say it is very important to them.

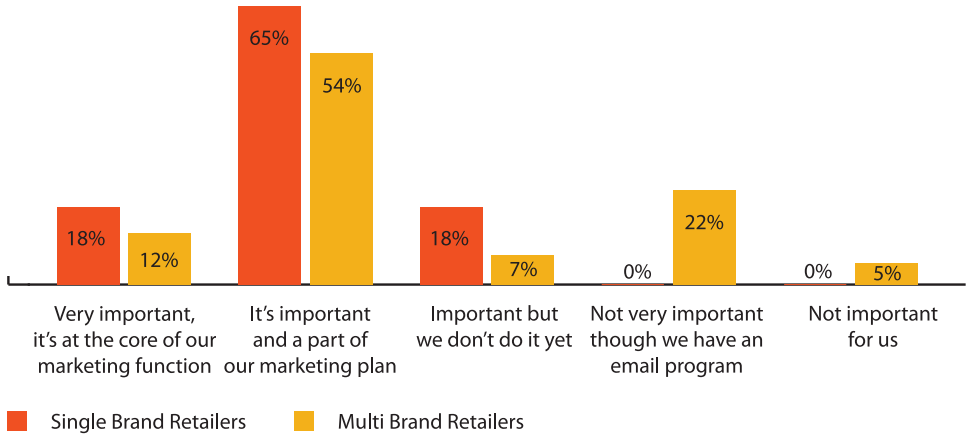


Graph No. 19

Activities by different Operations

Graph No. 19.1

Single v/s Multi Brand Retailers

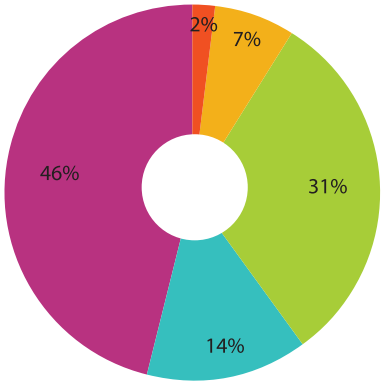


Graph No. 19.2

4.7 Frequency of Email Campaigns

Emails are the strongest way to stay in touch with customers to keep them informed & reach right customer at the right time to sell the product. However, it is very essential to understand how frequently emails should be sent to the customers without getting deluged by Promotional Emails. More the number of emails, greater is the chance of a consumer backlash. 91% of Retailers send less than one email in a week, whereas only 9% of Retailers had nurtured relationship with their customers in such a way that they demand frequent information.

Online Operations & Bricks & Mortar Stores with online presence stores with online presence send emails daily or twice in a day, in order to stay engaged with their consumers whreas offline stores does it bi-monthly or monthly.

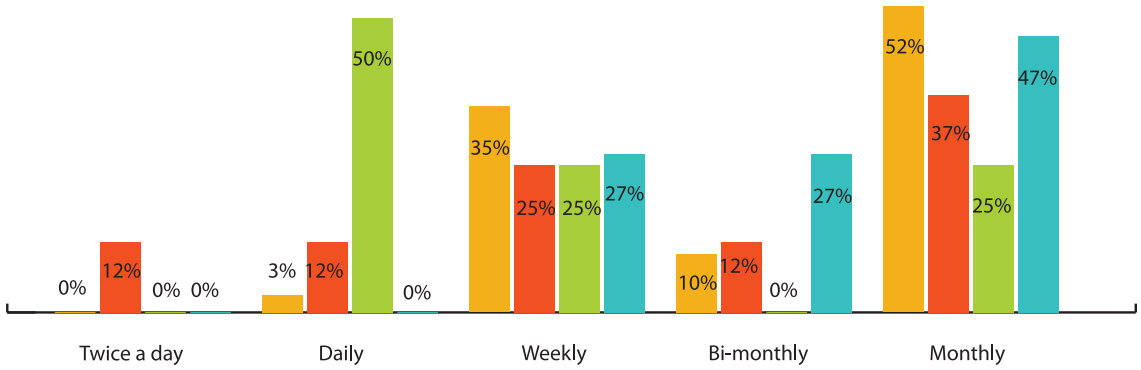


Frequency of Email Campaigns

- Twice a day
- Daily
- Weekly
- Bi-monthly
- Monthly

Graph No. 20

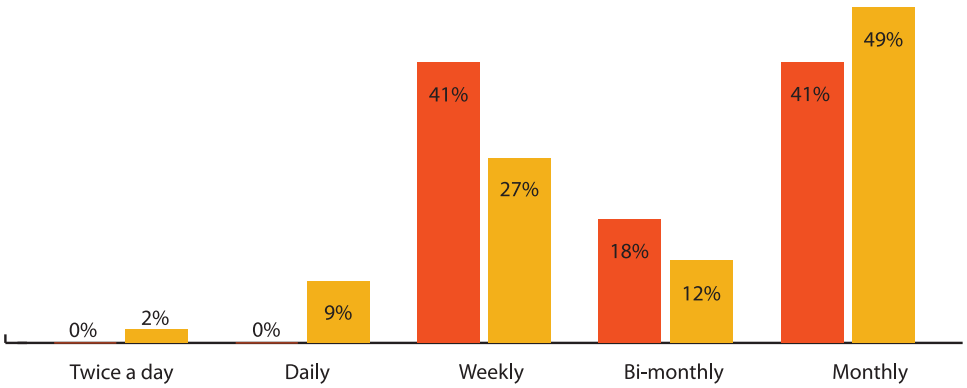
Activities by different Operations



- Bricks & Mortar Stores (Offline Operations)
- E-Commerce Stores (Online Operations)
- Bricks & Mortar Stores with Online Presence
- E-Commerce with Offline Stores

Graph No. 20.1

Single v/s Multi Brand Retailers



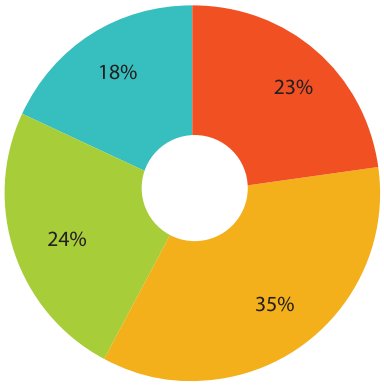
- Single Brand Retailers
- Multi Brand Retailers

Graph No. 20.2

05 DIGITAL 1:1 MARKETING

5.1 Frequency of Technology Upgradation

Keeping pace with the constant changes and innovations in IT is crucial for every business. The analysis suggests that nearly 82% of India Retail Companies upgrade their technology within 5 years.



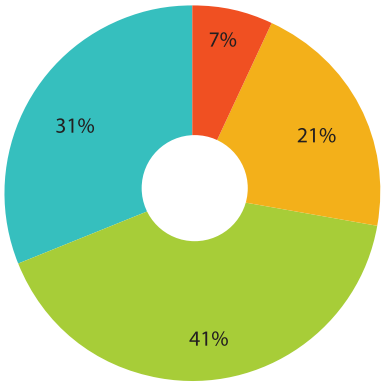
How frequently you change your technology?

- Annually
- Once in two years
- Once in five years
- We don't upgrade technology

Graph No. 21

5.2 Modern Digital Marketing Techniques

With the increase in the number of smart devices and the wide use of internet, marketers are obliged to upgrade themselves to keep pace with the changing technology. Retailers are now using Responsive Websites and Email Campaigns to reach their customers. Our survey shows that more than 41% of Retailers use both Responsive Websites and Email Campaigns, but still more than 31% of Retailers are yet to switch to Responsive Designs*.



Which of the modern digital marketing techniques do you deploy?

- Responsive Emails
- Responsive Website
- Both
- None

Graph No. 22

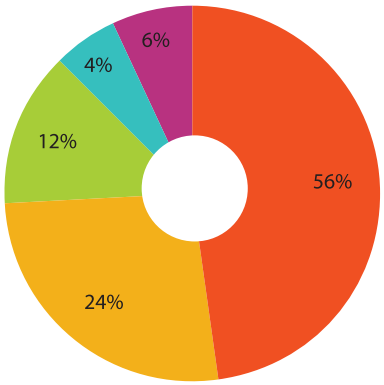
Responsive Design*- Responsive Design is an approach to web design aimed at crafting sites to provide an optimal viewing and interaction experience —easy reading and navigation with a minimum of resizing, panning, and scrolling—across a wide range of devices (from desktop computer monitors to mobile phones).

Modern Digital Marketing Techniques for Online v/s Offline Retailers

Graph No. 22.1

5.3 Consumer Engagement Using Social Media Platforms

Retail Marketers in India today are more inclined towards Social Media; 56% of Retailers voted Facebook followed by Twitter at 24% for Consumer Engagement.



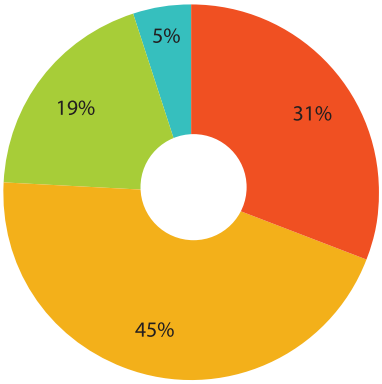
Social Media used for Consumer Engagement

- Facebook
- Twitter
- LinkedIn
- Instagram
- Pinterest

Graph No. 23

5.4 Importance of Mobile Devices in Sales & Marketing Plans

95% of India Retail find Mobile Devices important for them customer campaign out of which nearly 20% find it very strategic.



Importance of Mobile Devices in Marketing

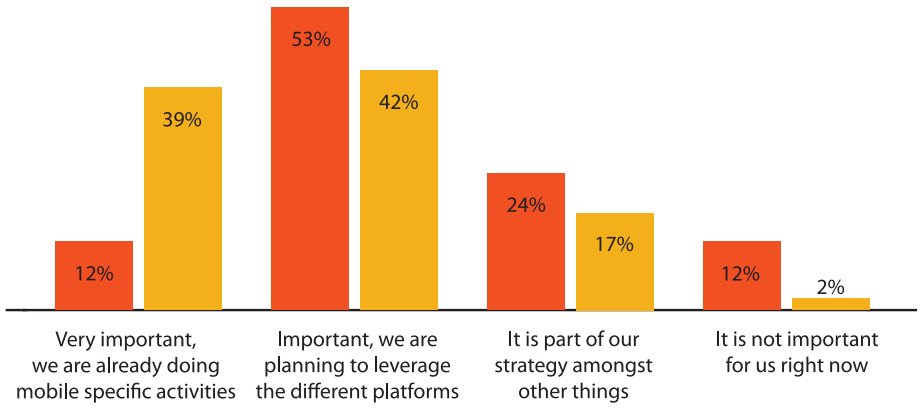
- Very important, we are already doing mobile specific activities
- Important, we are planning to leverage the different platforms
- It is part of our strategy amongst other things
- It is not important for us right now

Graph No. 24

Importance of Mobile Devices in Marketing for Online v/s Offline Retailers

Graph No. 24.1

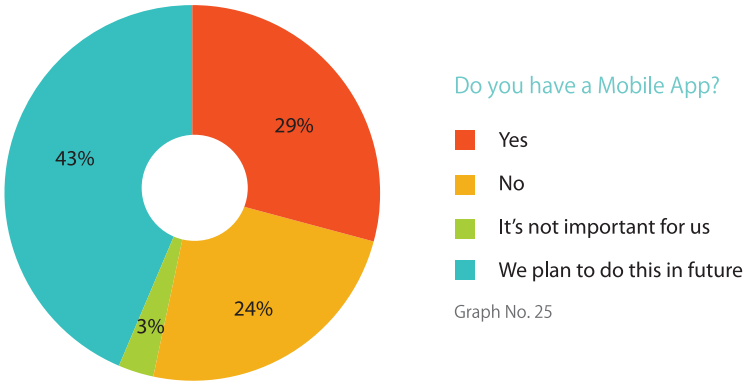
Importance of Mobile Devices in Marketing for Single v/s Multi Brand Retailers



Graph No. 24.2

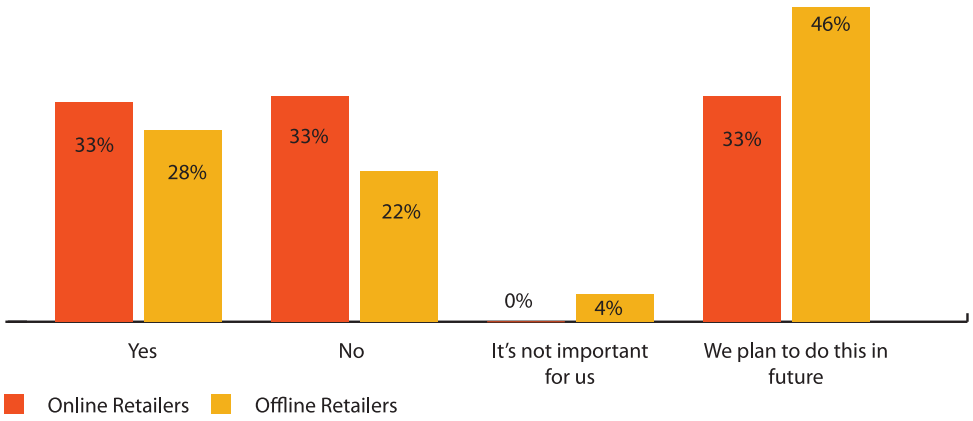
5.5 Leveraging Mobile App

97% of India Retail Marketers feel it is important to have a mobile app, however only 29% have the App current.



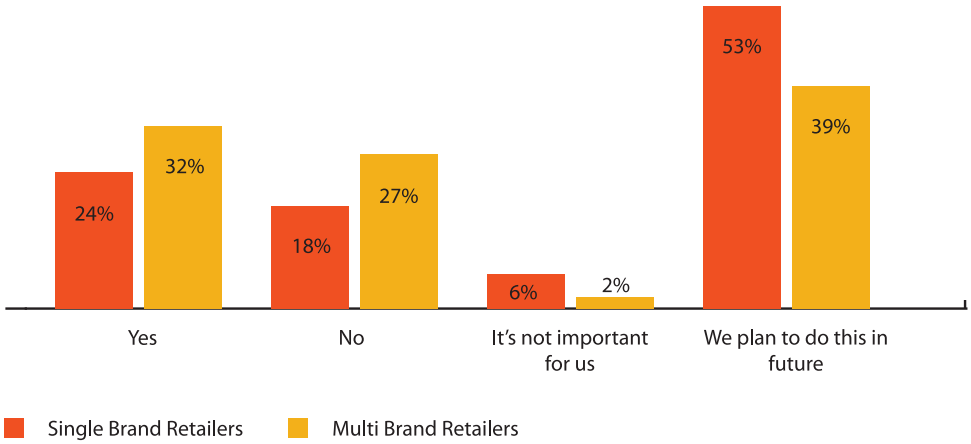
Graph No. 25

Leveraging Mobile App for Online v/s Offline Retailers



Graph No. 25.1

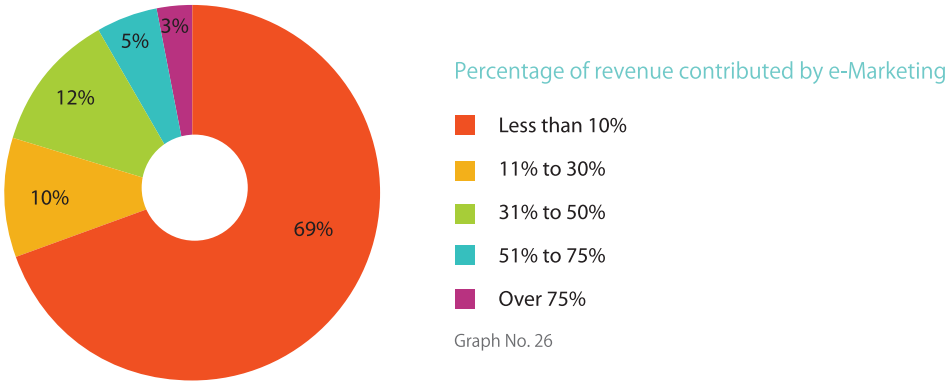
Leveraging Mobile App for Single v/s Multi Brand Retailers



Graph No. 25.2

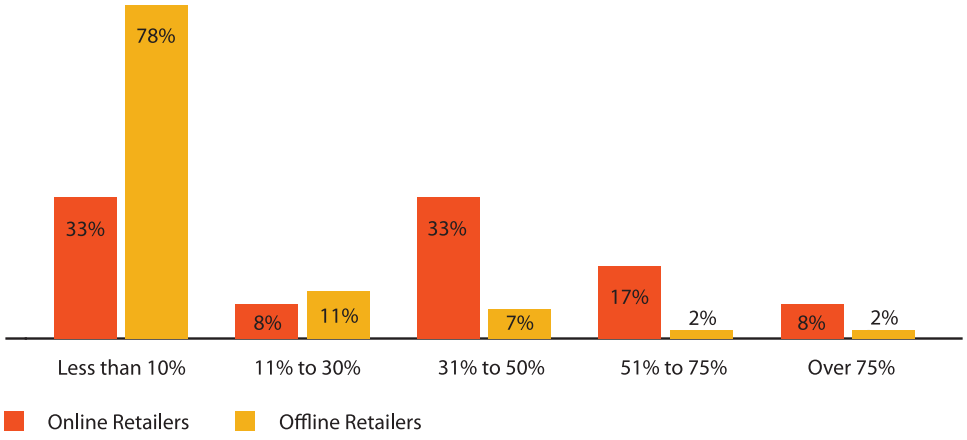
5.6 Contribution of e-Marketing towards Revenue

72% of Online Retail companies with turnover of Rs. 20cr to 100cr generate 30% or more of their revenues from Online Marketing.



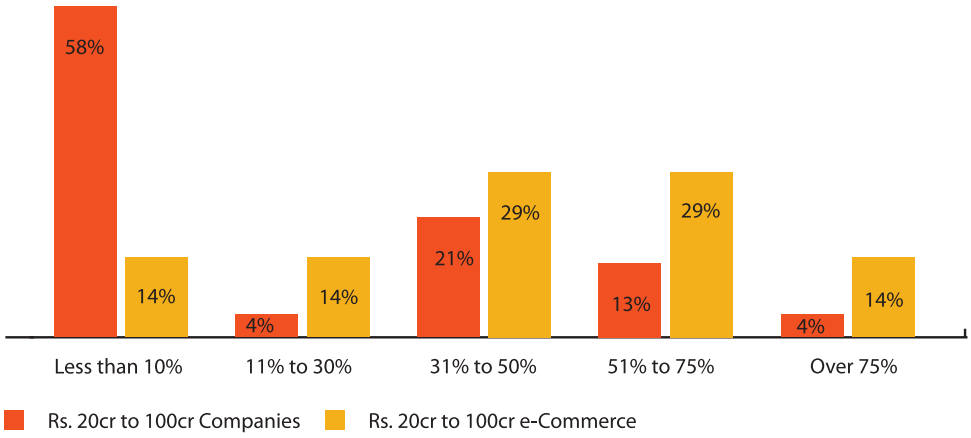
Graph No. 26

Contribution of e-Marketing towards Revenue for Online v/s Offline Retailers



Graph No. 26.1

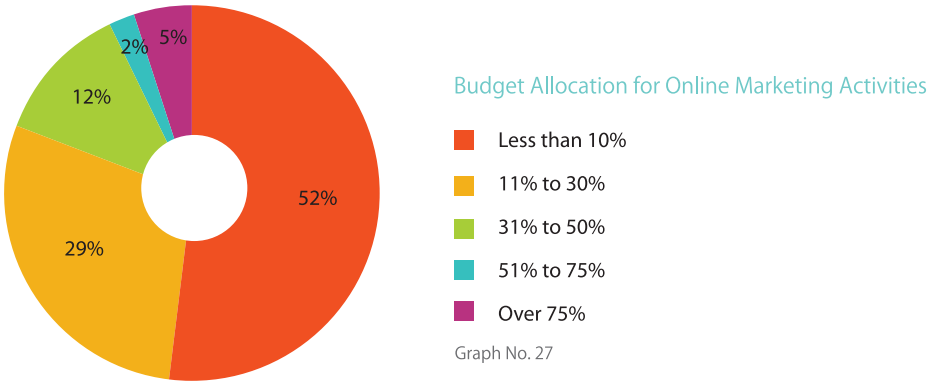
Percentage Of Revenue Contributed By e-Marketing



Graph No. 26.2

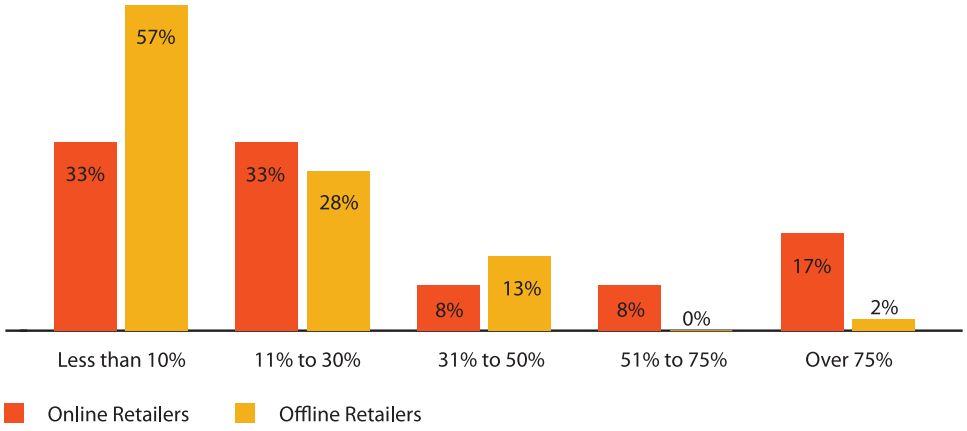
5.7 Budget Allocation for Online Marketing Activities

48% of India Retailers have allocated more than 10% of their budget for Online Marketing Activity and around 7% of Retailers want to invest more than 50%.



Graph No. 27

Budget Allocation for Online Marketing Activities of Online v/s Offline Retailers

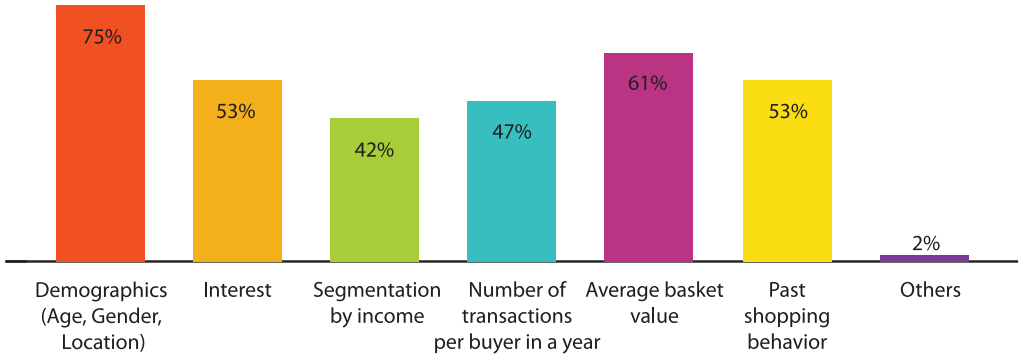


Graph No. 27.1

5.8 Segmentation Parameters to Understand Consumer Base

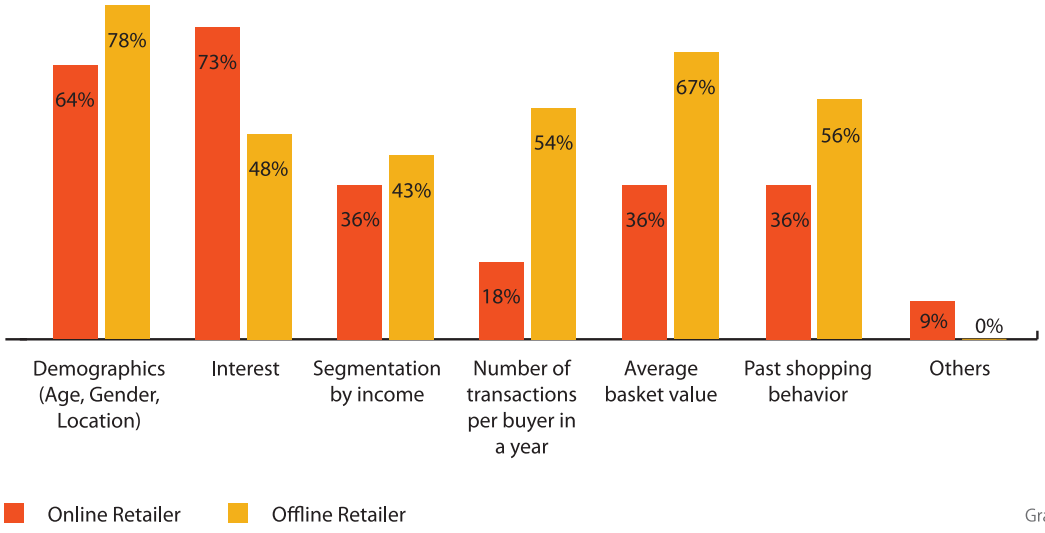
Segmenting consumer on the basis of Demographics is preferred by more than 75% of Retailers in India.

Segmentation Parameters for Consumers



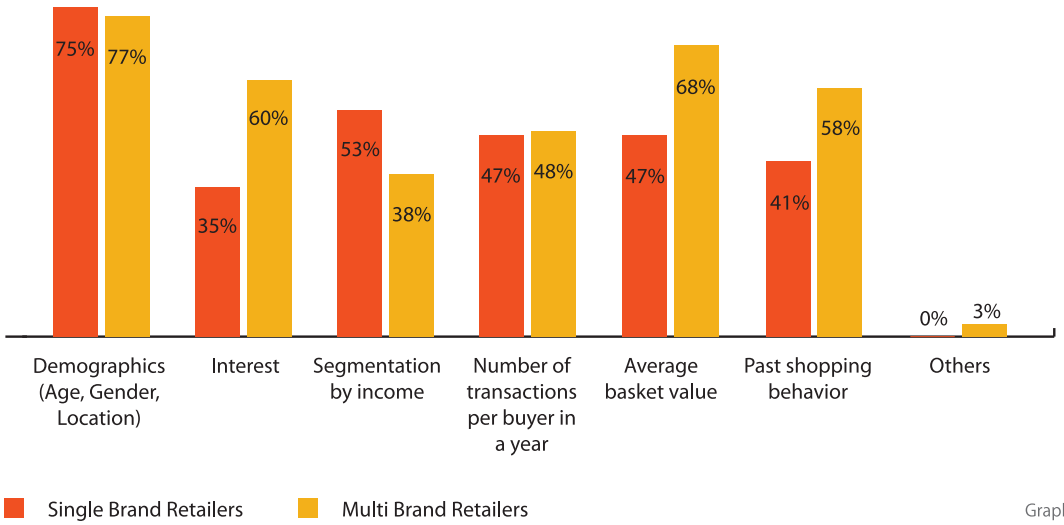
Graph No. 28

Segmentation Parameters for Consumers of Online v/s Offline Retailers



Graph No. 28.1

Segmentation Parameters for Consumers of Single v/s Multi Brand Retailers

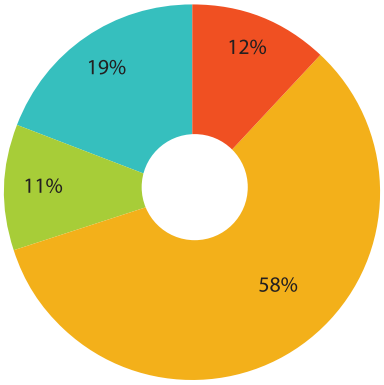


Graph No. 28.2

5.9 Cart Abandonment Program* (CAP)

Today, Shopping Cart Abandonment is an important issue for all Online Retailers and using a simple CAP adds value to marketing revenue by improving Cart Abandonment Rates. Yet, 12% of India Retail Marketers have deployed a Cart Abandonment Program.

CAP*- An e-Commerce term used to describe a visitor on a web page who leaves the cart before completing the order.



Do you have a Cart Abandonment Program?

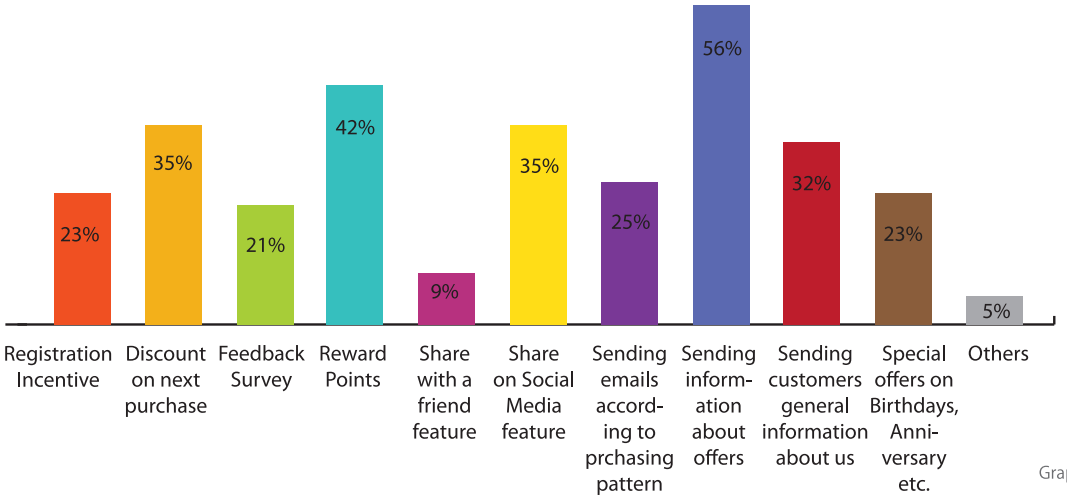
- Yes
- No
- It's not important for us
- We plan to do this in the future

Graph No. 29

5.11 Activities used for Customer Engagement

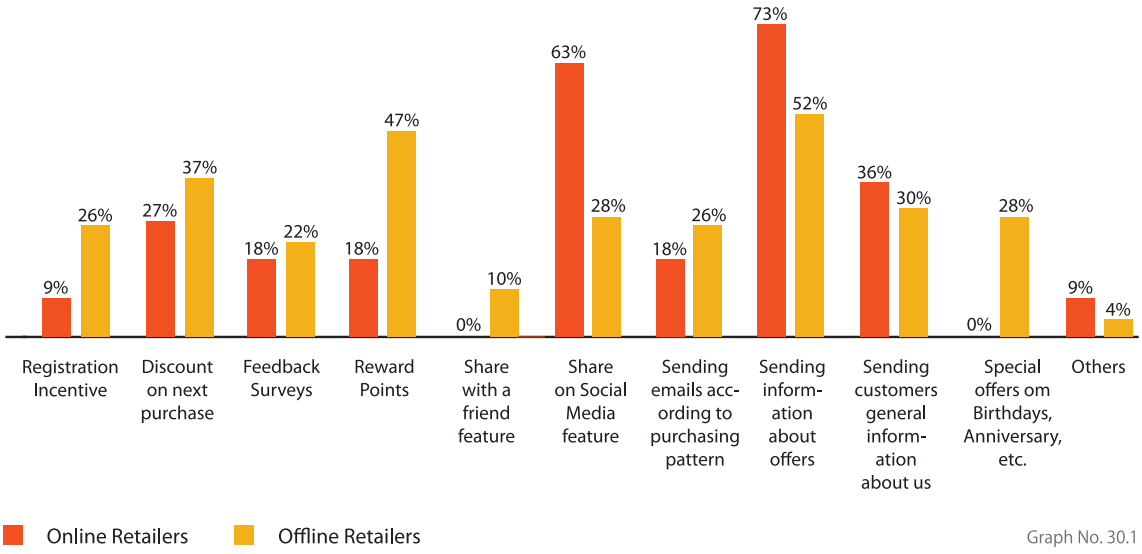
Offers & Reward Points are the 2 type of activities for Customer Engagement as reported by India Retail Marketers with Offline Retail using offers predominately.

How Do You Engage Customers?



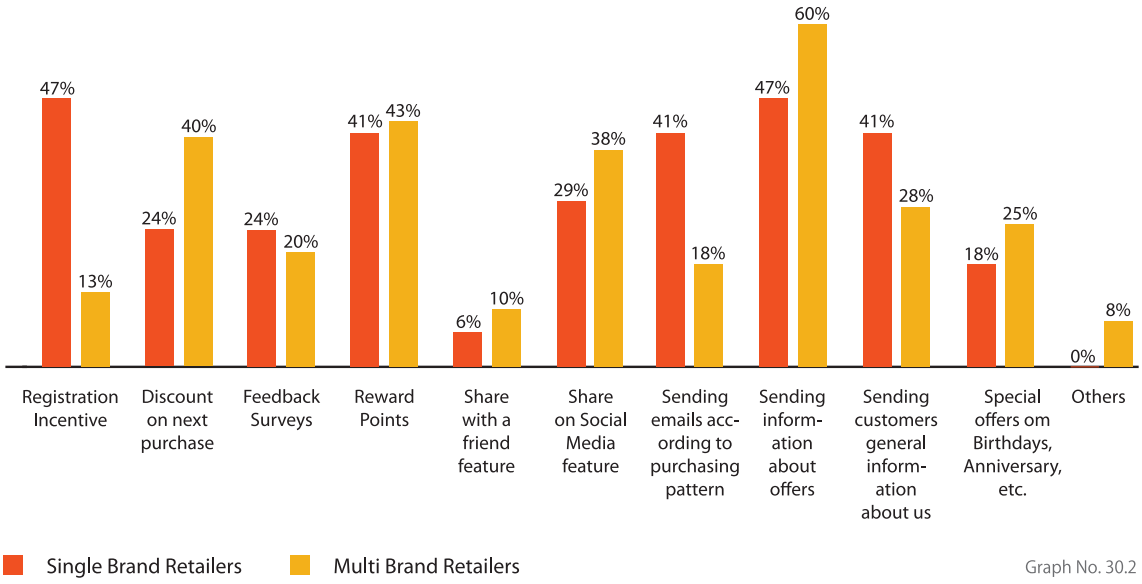
Graph No. 30

Online v/s Offline Retailers



Graph No. 30.1

Single v/s Multi Brand Retailers



Graph No. 30.2

06 SELECT LIST OF PARTICIPANTS

Amity University	Kewal Kiran Clothing Ltd.
Arabian Nights Pvt. Ltd.	Lacoste India
Arvind Lifestyle Brands Ltd.	Lake Wood Malls Pvt. Ltd.
Brand Arbor	Landmark Group
Diligent Media Corp Ltd.	Lifestyle International Pvt. Ltd.
Empower Pragati	Logicserve
Essar Hypermart	Martjack
Future Group	MD Retail LLP
Garware Institute	Mirza International Ltd. - Red Tape
Glocal Infomart Pvt. Ltd.	Neptune Group
GoFrugal	Networkplay Media
Great Lakes Institute of Management	Newtrade
Hypercity Retail India Ltd.	Nilgiris Dairy Farm Pvt. Ltd.
Infosoft Technologies	NowFloats
Inorbit Malls (I) Pvt. Ltd.	Pinelabs
Inventis Retail India Pvt. Ltd.	Prakash Retail Pvt. Ltd.
ITC Ltd.	Radiowalla Network Pvt. Ltd.

Reliance Retail	Tata Starbucks Pvt. Ltd.
Religare Wellness Ltd.	Techno Kart India Ltd.
Repeat Purchase India Pvt. Ltd.	Tectura
RmKV Silks Pvt. Ltd.	The Arora Group
RWL Healthworld	Thulasi Pharmacies India Pvt. Ltd.
Shoppers Stop Ltd.	Titan
Sonata Software	Total Sports & Fitness
Spencer's Retail	Tyco Fire & Security India Pvt. Ltd.
SSIPL Retail Ltd.	VH Consulting
Suditi Industries Ltd.	Vivek Ltd.

NOTES:

NOTES:

RESEARCH REPORT TEAM FOR THE INDIA RETAIL E-MARKETING STUDY 2015

This study is a collaborative effort between two teams, based in two different cities and specializing in two different fields. The following people form the core team(s) at the heart of this study and were responsible for the questionnaire, conducting the survey, participant outreach, data collection, data analysis, content writing, report design, report printing and logistics:

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Report Designed by Hemant Sharma & Ankita Popli.

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