

A STUDY ON POSITIONING STRATEGIES AND THE INFLUENCE ON RETAILER'S BUYING BEHAVIOR IN INDIAN ELECTRONIC MARKET

Kiran

Research Scholar BPSMV Khanpur Kalan, Sonipat
Email: bangarwakiran@gmail.com

Krishan Kumar Boora

Assistant professor BPSMV Khanpur Kalan, Sonipat
Email: krishanboora@gmail.com

ABSTRACT

In India electronic retailers is one of the most dynamic and fast paced industry mainly due to the entry of international players. In last few years review period were observed that Indian domestic market face tough competition due to the entry of Chinese mobile phone manufacturing. Market positioning strategy is very important for beating competition in market place. Positioning strategy help to creates strong brand image in the mind of consumer. The major objective of this paper is to explore the market-positioning strategies of Indian electronic retailers. Specialty retail sector and factors related to the nature of electronic retailers relationship that may be influence by positioning strategy. The Indian retail market is investigates and data are collecting by observation and survey method for the purpose of further analysis.

A survey of 150 retail outlet is conducted in order to measure their positioning strategy. The respondents are the purchasing manager are the same retail outlet personally interview with structured questionnaires. The whole market divides into three group upper market, middle market and lower market stores. The annual sale and sale services are high in upper market stores because these are big retail chain such as super market and hyper market. The study is limited with one region of India that is NCR Delhi. Positioning strategy is very important and very limited study has been conducted in India.

Keywords: Product Positioning, Electronic, India, Buying Behavior.

enter into the Indian market with highly technical products from past decade. They are also capable to attracting Indian consumer for purchasing their products because their products are more attractive, convenient and less expensive. They target to small market in India and easily capture the popularity between the consumers. So Indian retailer need to think about their market position and reformulate their positioning strategy (Levy & Weitz, 2001).

The Indian retail market has been the situation of extreme competition from foreign retailers. Thus, the literature gap exists in the previous studies that are less knowledge of functioning of Indian retail segment, retail mix strategies and their current positioning strategy. Therefore, the current study focused on the idea that positioning strategy of retail outlet can be effective to face the competition. The need of present study attempts to fill the literature gap by introducing electronic retail firm and retail mix strategy to measure the position of their electronic products (Skallerud & Grønhaug, 2010).

REVIEW OF LITERATURE

Positioning strategy

Retailers develop positioning strategy to defend competitiveness at the market place by using influencing factors such as product, price, place and promotion (Akpoymare, Adeosun, & Ganiyu, 2013). Positioning strategy is helpful for creating brand image in the mind of customer against competitors (Levy & Weitz, 2001). Brand positioning strategy can be using different factors: targeting to special segment, distribution policy, pricing, offering special benefit to capture the market share (Manhas, 2010). They also introducing brand position through cognitive and conative perception. Product positioning is possible through brand extension when new product introducing as a successful brand.

It is a strong market strategy to influencing consumer brand choice. Brand extension two types related or unrelated brand category (Kushwaha, 2010). Leading retailers using promotional strategy for brand marketing to transformed the value of product for customers. Its main focus on delivering customer value through brand positioning (Knox, 2004). Porter Five force model is also using by many researcher to get the competitive benefit in retail business i.e. differentiation strategy, cost leadership (Baroto, Abdullah, & Wan, 2012). Cost leadership strategy gaining competitive advantages through lowest cost. It should be prefer by the developing countries such as India, china, Malaysia, Indonesia. Differentiation strategy creating market position through different offering it is unique and sustained over the long period. Differentiation can be through brand Image, brand features, offering special products, distribution process, supply chain management etc. (Baroto & Abdullah, 2011). Porter differentiation and cost leadership strategy

1980, 1985 focus on product differentiation or low cost offering but in some case both are less effective so the combination of strategy is using called Hybrid strategy (Salavou, 2015). Due to the digitization, internet marketing, globalization structure of retailing firms has been changed fundamentally. Now the current modern market structure has not comfortable with previous concept that was based on porter model. However, porter model is still working in industry because every industry deal with bargaining power of buyers, suppliers substitutes, new entries and competitors (Dälken, 2014).

Retail channel strategy is also important for gaining competitive advantages through segmentation of marketing such as child oriented, youth oriented to capture the unique segment of the market. According to the author sale context is most important rather than product context (Faultrier, Boulay, Feenstra, & Muzellec, 2014). Pricing strategy is another way to gaining competitive advantages by offering pricing package for different product to gain and retain the consumers (Gauri, 2013).

In the context of retailing the four group of activity is identified through above literature review. The list of activities is mention in the Table no. 1. These activities are supporting to implementation of positioning strategy in electronic gadget retail outlets.

Table- 1

Item description*	Mean	SD	Cluster 1 (Upper store)	Cluster 2 (lower store)
Products The store sells innovative products	3.6148	1.04008	.49446	-.51094
Retail format and store environment This is a high quality format	3.6148	1.41098	.75314	-.77825
The store environment is very comfortable for consumers	4.0164	.97050	.48169	-.49774
It is attracting upper class consumers	3.0492	1.20503	.73550	-.76002
Selling channels using many sales channel for easy buying	3.5820	1.03525	.59076	-.61045
using different channel according to market segment	3.5820	1.03525	.59076	-.61045
Brand offering The store sells local brand	3.1475	1.32785	-.41478	.42861
The store sells foreign brands	3.5902	1.37723	.56694	-.58584
No of cases			62	60
Percentage of respondents			50.8%	49.2%

(Note: 1 means strongly disagree, 5 means strongly agree, * the cluster descriptions are based on standardized Zscore result at the sig 0.00 level)

Table: 2 Result of ANOVA for formulation of Cluster

	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
Zscore: P4 The store sells innovative products	30.822	1	.751	120	41.015	.000
Zscore: R1 This is a high quality format	71.508	1	.412	120	173.380	.000
Zscore: R2 The store environment is very comfortable for consumers	29.250	1	.765	120	38.256	.000
Zscore: R3 It is attracting upper class consumers	68.197	1	.440	120	154.986	.000
Zscore: S1 using many sales channel for easy buying	43.997	1	.642	120	68.563	.000
Zscore: S1 using many sales channel for easy buying	43.997	1	.642	120	68.563	.000
Zscore: B1 The store sells local brand	21.689	1	.828	120	26.207	.000
Zscore: B2 The store sells foreign brands	40.520	1	.671	120	60.418	.000

Source: survey by author

According to the Hypothesis of the study H1; Ha; Hb; Hc; Hd are accepted because the value of all supporting activities is significant at the point $0.00 < 0.005$ and helpful for making two cluster for explain the retail market.

RETAILERS BUYING BEHAVIOR

This part of the study is discuss about the retailers buying behaviour. The research about electronic retailers in India divided into three parts. One is related to overall situation of retail industry i.e distribution system, entry mode foreign retailers, type of retail format such information collected by secondary data or government publication. Second part is related to consumer shopping behaviour in Indian market their habit, preference, taste, lifestyle, income etc. their responses also records by observation during the shopping or from expert suggestion. And third part of research focus on retailers buying behaviour this is the main purpose of the study that support for making positioning strategy.

The third of literature focus on retailers buying behaviour very limited study was found on retailers buying behavior in India. Most concern study related to Chinese food market and focus on Chinese food retailer's behaviour (Skallerud & Grønhaug, 2010). The study related to 192 super market seafood suppliers and the major issues in the study was supplier's policy, return policy, documentation, complaint handling procedure etc. (Hensen, 2001). As the changing demand of consumer, retailers should knowledge about the trade buying behaviour. This was

a review paper focus on role of buying committee and the relationship between manufactures (Hansen & Skytte, 1998). A retail stores profitability depends on the performance of retailer's buying behaviour and their relationship with suppliers. In this study the researcher, focus on heuristic approach for retail buyer for fashion goods that are influencing buyers decision making process. Major factors under study was type of buying decision, job experience, margin of return on inventory, selection of suppliers and type of buying decision (Fairhurst & Fiorito, 1990). The study on 31 apparel manufacturer and nine major retailer in Canada to determine their buying behaviour using heuristic approach in fashion good (Wall, Sommers, & Wilcock, 1994).

Objective of the study

1. To identified the supporting activities for successfully implementation of positioning strategy for Indian electronic retailers in the context of consumer behaviour
2. To observe the overall situation of retail industry
3. To identify the suppliers selection criteria through retailer's buying behaviour

Hypothesis formulation

- H1: There is a significant relationship between supporting activities and positioning strategy
- H1a: There is a significant relationship between products offering and positioning strategy
- H1b: There is a significant relationship between retail format & store environment and positioning strategy
- H1c: There is a significant relationship between type of selling channel and positioning strategy
- H1d: There is a significant relationship between type of brand offering and positioning strategy
- H2: There is a significant relationship suppliers selection criteria and retailer's buying behaviour
- H2a: There is a significant relationship between products offer variable of supplier and retailer's buying behaviour
- H2b: There is a significant relationship between service offer variables and retailer's buying behavior.

RESEARCH METHODOLOGY

NCR Delhi in India is appropriate region for the study of retail market because there are several type of retail format from traditional to modern supermarket, departmental stores, hypermarket etc. small specialty stores are more popular for

small income family and big hyper mall is prefer by rich people. Data of the study is collected by two ways by means of observation and survey. At the first stage, multiple stores identified. Observation data collected by visit to retail format to identified positioning strategy (Mendes & Cardoso, 2006). Data collected by Quota sampling, equal quota divided in between three type of retail format. The next part of the study is investigates the purchasing behaviour of purchase managers and the major respondents are purchasing manager of similar retail outlet. A structure questionnaire are using to collect the response of retailers for different retail outlet and purchasing manager from same retail outlet (brooksbank, 1994).

DATA ANALYSIS

In first part the cluster analysis is used to measured positioning strategy against 11 statement 8 statement are perfectly working for formulating cluster and the significant level is less than 0.005 but three statement is not perfect for making cluster their value is more than 0.05. At the initial stage, the wards cluster analysis using to find out two and more cluster through dendogram. Therefore, K-cluster analysis is used for two and more cluster solution through wards analysis. The two cluster is formed and using for further analysis based on Kappa value, (table 1 and 2).

Retailer's supplier selection criterion: As per deep review of literature, many factors influencing the supplier's selection criterion but it also depend on different retailers and types of products. In this study electronic products are selected because the sale of electronic products continuously decrease due to online competition and need to develop a strong positioning strategy against competitors to retail and sustain their consumers.

The respondents are purchasing manager selecting to get the information about supplier selection criteria by using survey questionnaire which including two main variable first is product characteristics that further including eight items and second is related to suppliers characteristic that further including 12 items. Five point Likert scale is using for measuring response here 1 is not important and 5 is very important. Factor analysis is conducted separately for both variables to know about the conceptual clarity. The result of factor analysis shows that the product characteristics of eight item further divide into two factors and suppliers characteristic of 12 item divide into three factors using correlation matrix (see table 3). According to findings and data analysis result of this study, the Cronbach's Alpha values are 0.72, 0.69, 0.72, 0.78 and 0.65. Alpha value of two factors is not exceed the preference value 0.07 but the value exceed the minimum level 0.60 (Nunnally & C., 1978). However, the factors extraction validity is examined by Exploratory Factor Analysis. The result of Kaiser-Meyer-Olkin is more than 0.05 (KMO=0.663 & .647) and the Bartlett Test of Sphericity is significant at .000 and this value is suitable for factor analysis.

Table: 3 Measurement summary

Construct	No. of item	Cronbach Alpha	Factor loading
Suppliers selection criteria- products characteristic	4	0.72	
Product value			
Product with high sales component value			0.85
Product of high quality			0.83
Competitive price			0.68
Product with high profit potential value			0.55
Brand and product portfolio	4	0.69	
New electronic products			0.84
Famous foreign brands			0.79
Famous Indian local brand			0.62
Variety of electronic products			0.61
Suppliers selection criteria- service offer	4	0.72	
Marketing support			
in store product demonstration			0.89
Launch cooperative advertisement			0.85
Marketing support (pamphlets and quotation)			0.79
Financial support			0.72
Reliable suppliers	4	0.78	
Reliability			0.88
Creditability			0.87
Ability to supply products			0.83
High level of service			0.79
Suppliers responsiveness	3	0.65	
Frequent contact with suppliers			0.76
The suppliers listen to our advice and wishes			0.68
Written policy and handling of complaint			0.66

Source: survey by author

After analyzing the (table no 3) the first factor named as product value (Cron. Alpha = 0.72) including four item, second factors named as brand and product portfolio with alpha value 0.69 including four item. Second part of factor including 11 items that are further divide into three main factors through factor analysis one statement was deleted due to factor loading value is less than 0.5. The second factors related to supplier's characteristics and the first factor extracted from factor analysis is labeled as marketing support their alpha value is 0.72 including four items, second factor named as reliable suppliers with Alpha value 0.78 including four items and third factor labeled as suppliers' responsiveness with Alpha value 0.65 including three items.

Retailer's characteristics is also the measurement of this study including demographic profile of retailers such as type of retailers (traditional stores, specialty store, supermarket store) ownership structure (private, joint venture and collectively owned) and finally store layout including (No. of services counter and product display counter).

FINDINGS

Retailers positioning strategy

After cluster analysis the three cluster is identified through retailer's positioning strategy. These cluster explained the table 1 through derived variable scores the cluster is labeled and explained as cluster 1 belong to upper market store and cluster 2 belong to lower market store.

Upper market store is classify as 50.3% of sample and explained the stores characteristics through high average value on all positioning variables such as availability of innovative products, high quality format, attracting upper class consumers, comfortable environment and availability of foreign products. Lower market store, cluster 2 is classify with 49.5% of sample representing the stores by average value of all positioning items. After analyzing cluster analysis in both two cluster a unique store positioning strategy are posited:

- Position of all variables at above the average level
- Position of all variables at average level

Positioning strategy and supplier's selection criteria

In this part of the study differentiate the retailer's stores in terms of products offer, supplier's characteristics and demographic profile of stores. In this section retailer's buying behaviour and supplier's characteristic explored for the study. It is expected that the positioning strategy and these factors will vary in the cluster. The responses are measured for the effect of positioning strategy on supplier's selection criteria. The five factors are testes through Chi-Square test and one factor is varying significantly with the cluster value.

The result of Chi-Square test is shown in Table 3. For testing the hypothesis the result of Chi-square test represents that H2 is not accepted with four products offer by the suppliers because sig. value is more than 0.05 and Hb is accepted at 0.48 level of significant and the sig level is very low. Overall result represents there is no association between positioning strategy and product offer by the suppliers but there is a significant association between the positioning strategy and services offered by the suppliers.

Table- 4

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of PV is the same across categories of Cluster Number of Case.	Independent-Samples Mann-Whitney U Test	.475	Retain the null hypothesis.
2	The distribution of PB is the same across categories of Cluster Number of Case.	Independent-Samples Mann-Whitney U Test	.340	Retain the null hypothesis.
3	The distribution of SM is the same across categories of Cluster Number of Case.	Independent-Samples Mann-Whitney U Test	.494	Retain the null hypothesis.
4	The distribution of SR is the same across categories of Cluster Number of Case.	Independent-Samples Mann-Whitney U Test	.048	Reject the null hypothesis.
5	The distribution of SSR is the same across categories of Cluster Number of Case.	Independent-Samples Mann-Whitney U Test	.052	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

As per the result of Chi-Square test one factor SR (Supplier Responsiveness) is significantly associated with factor value reject the null hypotheses at 0.48 level and other factors are not significantly associated with cluster value and accept the null hypotheses.

Positioning strategy and Demographic profile of retailer

Demographic analysis indicates the frequency of different segment that belong to the different cluster. According to the table No. 5 retailer's types are divided into two cluster the frequency of traditional stores indicates that traditional stores belong to lower market segment and only two respondent think that it is also upper market segment but majority of the respondents think that it is lower market segment with the number of frequency 51. Specialty and upper market stores including in upper market segment with 28 and 32 frequencies but nine respondents of specialty stores think that it is belong to lower market segment.

Table 5: Demographic Profile

frequency	Cluster Number of Cases	
	Upper market segment (cluster 1)	lower market segment (cluster 2)
Retailers type		
Traditional store	2	51
Specialty store	28	9
Supermarket store	32	0
category of business		
Private	21	47
Collectively owned	25	13
Joint venture	16	0
Store Layout		
No. of service counter	25	18
No. of product display counter	37	42
Total	62	60

Sources: survey by Author

In case of category of business above three category of business is important in upper market segment the retailers conduct their business with privately, collectively and joint venture all types are important. But in lower market segment private and collectively owned business category is important and joint venture is not preferred by the small retailers. Store layout indicates the positive stores environment to the consumers through their stores convenience and services counter.

Upper market sores related to super market and specialty stores indicating large number of services counter and product display counter for the purpose of consumer convenience and lower market indicate the less no of services counter with high display counter for attracting more consumers.

Conclusion and Implications

After understanding, the retailer's positioning strategy in the market place for Indian electronic gadget and Indian market is the major market for the study. It is important for the both area academic and practical. The research investigates the positioning strategy of electronic market and the effect of buying behavior of retailers that indicted their future importance to suppliers and marketers. The finding of the study shows that all market is divided into two segment on the basis of positioning strategy and these two segment are upper market and lower marker segment (stores).

In second part of the study, finding shows that how different positioning strategy influenced the buying behaviour. The knowledge about retailer's buying behaviour helpful for developing strong marketing strategy to become a successful retailer in the market place. Third part of the study shows the profile of the retailers according to the market cluster and buying behaviour. Future of the study the researcher can give more focus on market positioning strategy including different market segment.

Limitation

Every research having some limitation due to lack of time and money this research also having some limitation this study is related to one retail segment in Indian market that is electronic gadget. In future the researcher can investigate the one or more market and also conduct cross study for more relevance. Second, this study is related to one strategy but other marketing strategies are also important to get the success in the market.

In case of less relevance of positioning strategy the retailer's buying behaviour will changed in future. Third, this is a descriptive study but need to explore the many other things in future with exploratory study.

REFERENCES

- Akpoyomare, O. B., Adeosun, L. P., & Ganiyu, R. A. (2013). Approaches for Generating and Evaluating Product Positioning Strategy. *International Journal of Business Administration*, 4(1), 46-52.
- Baroto, M. B., & Abdullah, M. M. (2011). The Application of Cost, Differentiation and Hybrid Strategy in Business operations: Will Hybrid Strategy Become the New Competitive Strategy? 2nd INTERNATIONAL CONFERENCE ON BUSINESS AND ECONOMIC RESEARCH (2nd ICBER 2011) PROCEEDING (pp. 1362-1370). Kuala Lumpur, Malaysia: ICBER.
- Baroto, M. B., Abdullah, M. M., & Wan, H. L. (2012). Hybrid Strategy: A New Strategy for Competitive Advantage. *International Journal of Business and Management*, 7(20), 120-134.
- brooksbank, R. (1994). The Anatomy of Marketing Positioning Strategy. *Marketing Intelligence & Planning*, 12(4), 10-14, <https://doi.org/10.1108/02634509410060695>.
- Dälken, F. (2014). Are Porter's Five Competitive Forces still Applicable? A Critical Examination concerning the Relevance for Today's Business. 3rd IBA Bachelor Thesis Conference (pp. 1-9). Enschede, Netherlands: 3rd IBA Bachelor Thesis Conference.
- Fairhurst, A. E., & Fiorito, S. S. (1990). Retail buyers' decision-making process: an investigation of contributing variables. *The International Review on Retail, Distribution and Consumer Research*, 1(1), 87-100, <https://doi.org/10.1080/09593969000000007>.
- Faultrier, B. d., Boulay, J., Feenstra, F., & Muzellec, L. (2014). Defining a retailer's channel strategy applied to young consumers. *International Journal of Retail & Distribution Management*, 42 (11/12), 953-973, www.emeraldinsight.com/0959-0552.htm.
- Fuchs, C., & Diamantopoulos, A. (2010). Evaluating the effectiveness of brand positioning strategies from a consumer perspective. *European Journal of Marketing*, 44 (11/12), 1763-1786, <https://doi.org/10.1108/03090561011079873>.
- Gauri, D. K. (2013). Benchmarking Retail Productivity Considering Retail Pricing and Format Strategy. *Journal of Retailing*, 89(1), 1-14.
- Grewal, D., Levy, M., & Kumar, V. (2009). Customer experience management in retailing: an organizing framework. *Journal of retailing*, 1 (85), 1-14.
- Hansen, T. H., & Skytte, H. (1998). Retailer buying behaviour: a review. *The International Review of Retail, Distribution and Consumer Research*, 8(3), 277-301. <https://doi.org/10.1080/095939698342788>.
- Hensen, K. (2001). Purchasing decision behaviour by Chinese supermarkets. *International Review of Retail, Distribution and Consumer Research*, 11(2), 159-75.
- IBEF. (2017). Indian Manufacturing Industry Analysis. IBEF.
- Knox, S. (2004). Positioning and branding your organisation. *Journal of Product & Brand Management*, 13(2), 105-115.
- Kotler, P., & Keller, K. L. (2005). *Marketing Management*. New York: Pearson Publication.
- Kushwaha, D. T. (2010). Brand Extension: A Strategy for Competitive Advantage. *Marketing, SIBM, Pune*, 18-28.
- Kuzmanovic, M., Panic, B., & Martic, M. (2011). Identification of key positioning factors in the retail sector: A conjoint analysis approach. *African Journal of Business Management*, 5 (26), 10376-10386.

- Levy, M., & Weitz, B. A. (2001). *Retailing Management*. Irwin: McGraw-Hill.
- Manhas, P. S. (2010). Strategic Brand Positioning Analysis through Comparison of Cognitive and Conative Perceptions. *Journal of Economics, Finance and Administrative Science*, 15(29), 21-40.
- Mason, J. B., & Park, M. H. (1990). Factors Affecting Retail Strategy Development And Implementation. *Journal of Managerial Issues*, 2 (3), 249-266.
- Mendes, A. B., & Cardoso, M. G. (2006). clustering supermarket: the role of experts. *Journal of Retailing*, 13(4), 231-247.
- Nunnally, & C., J. (1978). *Psychometric Theory*. Michigan: McGraw-Hill.
- Salavou, H. E. (2015). Competitive strategies and their shift to the future. *European Business Review*, 27 (1), 80-99, <https://doi.org/10.1108/EBR-04-2013-0073>.
- Skallerud, K., & Grønhaug, K. (2010). Chinese food retailers' positioning strategies and the influence on their buying behaviour. *Asia Pacific Journal of Marketing and Logistic*, 22(2), 196-209.
- Wall, M., Sommers, M., & Wilcock, A. (1994). The Retail Buying of Fashion Goods: Underlying Themes of the Sourcing Process. *The International Review of Retail, Distribution and Consumer Research*, 4(2), 177-193. <https://doi.org/10.1080/09593969400000015>.