

A Study on Promotional Strategies Adopted by Apparel Street Vendors Influencing Customers shopping Decision

Ms. Mamta Rupolia*, Dr. Richa Choudhary, Dr. Harsh Purohit*****

(Assistant Professor, Chetna's Institute of Management and Research, Mumbai)

(Associate Professor, IES Management College and Research Centre, Mumbai)

(Chair: ICICI Bank Chair for BFSI, Banasthali Vidyapith)

Abstract: *As the informal sector has experienced rapid growth in developing countries and also developed countries, it has consequently attracted the increasing attention and there has been a growing body of literature focusing on its different aspects. However the study of Promotional Strategies adopted by the Street Vending Business has received little attention in the informal sector literature. The aim of the study is to identify the various Promotional Strategies adopted by the Apparel Street vendors for promoting their products and also particularly bring out the most effective technique in promoting their Street wares that influence customers shopping decision. The study uses primary data collected through in depth quantitative analysis to represent street markets in Mumbai. The sample included 129 active street shoppers. The relevant data collected by using a pretested questionnaire is further analyzed using descriptive statistical techniques. The analysis has produced several important implications; since the study covers only limited area the findings cannot be generalized. Research propositions and recommendations for further research are presented.*

Keywords: *Informal Sector, Promotional Strategies, Street Vendors.*

INTRODUCTION

Streets are spaces that allow us to engage with the city as its citizen's travel, work, play and meet. Streets can be perceived as the bloodlines of the city; the necessary avenues that carry all urban life from one place to another and everywhere in between. In the same way, the street is a space of invisibility. It is a place in which the homeless can be absorbed, the 'informal' transactions can be embraced, and the faceless individual can roam about as an urban nomad. And yet, there is a coherent arrangement of actors who, though sometimes invisibly, dominate the streetscape of our cities. These are individuals who experience the street in its simplest form and who hold a greater understanding of the day to day struggles of the city's users. They are invaluable economic heartbeat of Mumbai's streets; the "Street Vendors".

Walking on the streets of Mumbai, one may just couldn't help but notice the huge amount of business transactions that Mumbai's street vendors conduct every day. From 'Chaat' (Snacks) to 'Limbu Paani' (lime juice), from snazzy electronic gadgets to gaudy perfumes, from 'Neke' shoes to 'Van Hussain' shirts, one can find almost everything for sale on Mumbai's streets. Of course, one might have seen this kind of 'street business' in other Indian cities too, but nothing can compare to the sheer volume of business that Mumbai's streets conduct every day. These vendors are 'street-smart' and know how to make their money.

The concept of shopping is one of the oldest activities that the human race has been performing with high level of regularity and involvement. Over the years, unorganized retail shoppers' orientation towards this routine activity has been changing with the inception of organized retail. The innovations brought by retailers and marketers in the practice of retailing have been providing new paradigms for shopping. This has also led to a body of knowledge that aims to understand orientation of unorganized retail shoppers towards shopping.

According to an article Flea Markets in India; people in India love to dress up for any occasion, even if it means going to the school to pick up their kid. One can find the hippest and the most traditional attires being worn in the same age group. The current generation is brand conscious yet values money. The solution to this lies in the flea markets. These popular flea markets in India sell the most stylish and comfortable clothes and casuals that are preferred by the people. Youngsters can easily be spotted in these flea markets, striking a good deal with the salespersons. The products found in these markets are as per the expectation of the youth in terms of price, innovation, variety, comfort, styling, brand image. The products also have the added benefit of belonging to international brands, where some of them have the exclusivity of not being available in India. The ones with the talent of bargaining skills can get a very good deal as low as 20-30% lower than the quoted cost.

The problems of unorganized retailers are mainly in terms of absence of many factors, such as proper supply chain management, superior vendor relationships, infrastructural facilities, quality customer services and

timely promotional campaigns etc. The attitude of customers is also gradually changing towards organized market segments mainly due to increased income levels, strong economy, changing life styles and shopping habits of customers. As the unorganized retailers are the small retailers, having no capacity to face the competition offered by the high capacity organized retailers, the gap between the two is widening and forcing the former under financial crisis and threat to the existence. Hence, the unorganized retailers are finding new marketing strategies and other ways to overcome the threat from the organized retailers and to maintain greater sustainability and profitability

The aim of the study is to identify the various Promotional Strategies adopted by the Street vendors for promoting their products and also particularly bring out the most effectively technique in promoting their Street wares that influence customers shopping decision. From this point of view, street market customers represent an interesting segment for study as potential target segment usually overlooked by businesses. This will help retailers grasp the decision-making and selection process employed by street market consumers, and how the income level, occupation, and gender affects their consumption behavior.

LITERATURE REVIEW

Informal Sector

The “informal economy”, meanwhile, or what is variously called “cash-in-hand work”, the “shadow economy” or the “underground sector”, is here defined as the paid production and sale of goods and services which are unregistered by, or hidden from, the state for tax and/or benefit purposes but which are legal in all other respects (Colin C. Williams, John Round., 2008)¹. This widely agreed definition recognizes that the only illicit aspect of informal work is that the transactions are unregistered and/or hidden from the state for tax and/or social security purposes.

Gerxhani (2004, p.274)⁴ states, they “choose to participate in the informal economy because they find more autonomy, flexibility and freedom in this sector than in the formal one. In other words, participants have the freedom of operating their own business; they have flexibility in determining hours or days of operation; they can use and develop their creativity”.

Previous studies on flea market:

Multitudes of Flea markets exist around the world, however, few studies in consumer research have explored this phenomenon. ‘Academic research into flea markets has yielded a rather small and circumscribed literature of discontinuous quality’, states Sherry (1990). While it has usually been regarded as a second-order marketing system (Sherry, 1990), the flea market represents an interesting economic phenomenon to be studied from the marketing point of view (Belk, Sherry and Wallendorf, 1988; Sherman, McCrohan and Smith, 1985; Sherry, 1990; Yavas and Riecken, 1981), especially considering the economic changes due to recession.

As an informal and formal marketplace and economy (Sherry, 1990), marketing authors suggested that flea markets usually cater to lower class or low income shoppers, but not exclusively (Belk et al., 1988; Sherman et al., 1985; Sherry, 1990; Yavas and Riecken, 1981). They provide not only a place for low cost goods, new or used, but also a shopping experience and a cultural immersion for their customers, as well as an opportunity to develop the ritual dimension of consumption (Belk et al., 1988; Maisel, 1974; Rook, 1985; Sherry, 1990).

Research notes that the experience of buying at a flea market is also important, such as the excitement of looking for interesting objects, the ‘treasure hunt’, search for bargains, the possibility of negotiating, and even the socializing, interaction, fun experience otherwise not offered in a regular mall (Maisel 1974; Belk et al., 1988; Sherman et al., 1985). As Sherman et al. (1985) writes, the most frequent, heavy shoppers at a flea market consider the location an enjoyable place to shop, with a varied offer of products, while the less frequent, ‘light’ shoppers rather had product and ethical reservations about flea markets.

Moreover, a significant observation, especially in the current economic conditions, is the fact that some researchers consider the flea markets as an alternative shopping place when the lower and middle class purchasing power is declining (Sherman et al., 1985), which opens them for consumers at the lower end of the economic spectrum. Other studies summarize that the consumers consider the flea market as an opportunity to find lower prices, variety of products, social benefits, bargains and shopping excitement (Belk et al., 1988; Sherman et al., 1985).

Street Vendors

(David Mchardy Reid, Eugene H. Fram, Chi Guotai 2010) studied the operations of 80 street vendors in Dalian, China. It shows their operations (e.g., buying, selling, and merchandising) are very similar to those of permanently anchored small retailers, and consequently they should be able to make similar societal contributions.

(Meshram, Kanika, O'Cass, Aron 2010) suggest that street food vendors gain competitive advantage through their price based value offering while, whereas restaurant owners compete against street vendors by offering superior performance value. However, both firms seek advantages by maintaining close relationship with their customers.

The vendors in the street market understand how to sell products to target customers and how to emphasize commonality with the mainstream markets and where the difference lie (Emslie et al, 2007)

Walsh, J. (2010). In terms of the marketing mix, while there is some flexibility for smart street vendors to vary the product and the place where operations are conducted, it is clear that price is the variable which is the easiest to manipulate, and the one which is most commonly changed. Interestingly, research indicates that Thai consumers are keen to demonstrate that they are good at negotiating price and understand the value of a product: they are, generally, willing to pay more for a higher quality item and also expect to pay less for a lower quality item. The new generation of street vendors, conduct (informal) market research and integrate the results with their own understanding of business and of the nature of their customers

Dr. Kumar Kanagaluru, (2011), the retailer's perceptions towards various strategies have been studied to determine a solution to overcome the threat from the organized retailers. The results of factor analysis technique shows that product strategies is the most important factor followed by price strategies, distribution strategies and promotion strategies. Therefore the unorganized small retailers must give utmost importance to these factors to overcome the competition faced by them as all these strategies contribute to the positive perceptions of retailers towards effective sustainability in the market

Promotional Strategies

Promotion is concerned with any vehicle you employ for getting people to know more about your product or service. Advertising, public relations, point-of-sale displays, and word-of-mouth promotion are all traditional ways for promoting a product. Promotion can be seen as a way of closing the information gap between would-be sellers and would-be buyers (Jones, 2007). Zeithaml et al. (1985) described promotion as part of specific effort to encourage customers to tell others about their services. Kotler, (2005) discovered that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective.

Shopping experience

According to Dholakia (1999), the rationale for shopping is making physical visits to a shopping site. It is considered as a household task as well as a form of recreation, relaxation and entertainment. Shopping is also considered to have the most positive attribute of being a leisure activity along with work (Dholakia, 1999). Study suggests that consumers of Indian unorganized retail market do not require the service paraphernalia offered by many retailers. Store environment plays a vital role for store patronage and repeat purchases which includes convenience, value for money products, etc. Sinha & Banerjee (2004) Terblanche & Boshoff (2006) suggested that retailers will have to accept that it is not only what they are marketing but also how it is done. The personal (face-to-face) interaction between retail staff and shoppers is of critical importance.

Das & Kumar (2009) studied the impact of sales promotion on consumers shopping experiences. A major finding reveals that keeping product satisfaction constant, sales can be improved by enhancing shopping experience which includes convenience of shopping, ease of locating products, easy check in and checkouts, customer friendly sales people and customer friendly policies. Secondly finding reveals that purchase decision for the same product under same promotion at different stores may vary because difference in shopping experiences provided by different stores. Further this study shows that promotion plays a limited role on consumers buying behavior where only small percentage of people are attracted to such sales promotion and wait for it. Study lastly emphasizes on the importance of shopping experience (ease of shopping, parking space, convenience etc.) for positively impacting consumer buying behavior.

OBJECTIVES OF THE STUDY

The aim of the study is to identify the various Promotional Strategies adopted by the Street vendors for promoting their products and also particularly bring out the most effective technique in promoting their Street wares that influence customers shopping decision.

METHODOLOGY ADOPTED

Instrument Development: To satisfy and to meet the objectives of the study both qualitative methodology and quantitative techniques have been used. The study has been conducted at various street markets located at Mumbai in Maharashtra state. . The sample included 129 active street shoppers. With reference to the sample, a total of 129 active street shoppers were selected and approached them with a structured questionnaire. The content and validity of the various statements in the questionnaire were verified with the help of experts in the marketing field. The instrument used in this study consists of two parts. The first part deals with the demographic profile of the respondents such as gender, age, income, occupation etc. Part two deals with opinions of the sample customer's w.r.t. various promotional strategies adopted by street vendors that influence their shopping decision. It consists of various strategies, each of which is measured on five point Likert's scale, in which, 1 indicated "strongly agree", 2 indicated "agree", 3 indicated "unsure", 4 indicated "disagree" and 5 indicated Strongly Disagree.

Data sources: Both primary and secondary data were collected for the study. The primary data were collected by conducting a sample survey of customers. With the help of a well prepared and structured questionnaire the primary data were collected from the respondents. The secondary data were collected from Journals, magazines, reports, and other books and also from Internet websites on street vendors and informal sector.

Analysis of data: The primary data collected have been sorted, classified and tabulated in a format and analyzed by using statistical package for social sciences (SPSS19.0). An appropriate statistical procedure like descriptive analysis has been used for inference.

RESULTS AND DISCUSSION

- Promotional tools adopted by Street Vendors in Mumbai

Attractive Display

The merchandise were displayed attractively so as to catch the attention of the customers. Recent trendy and new stocks in store are prominently hanged at the entrance to create an appealing effect on customers. The pairs are teamed up suitably according to the color combination and layers with the sets of clothes viz. Jeans with the tops, layering a jacket with the inner T-shirts, Tops combined with a stole or a scarf around the neck etc.

Pamphlets:

Pamphlets were used for making people aware about different categories and promotional schemes available at store. This strategy is usually used when the shops are located in an interiors of market place which don't have visual access to the customers. To attract the customers to their shops, these vendors hire some local boys to distribute the pamphlets to the customers on the main roads of market and guide them to the store.

Calling-out:

This is the most popular way of attracting the customers to their merchandise used by these street vendors. The call out loud the prices and offers on the products, this way they gain the attention of the customers moving around in the market. This strategy benefits in a way that every customer passing by at least once look towards the store and the interested customers stop by the store to check out the offerings.

Attractive Offers:

Offers like low pricing viz. everything at a flat cost e.g. Rs.150, 200. These low pricing offers are either promptly & loudly call out or they put a label on the merchandise mentioning the prices. They also assure the customers about their distinct quality and cost saying "U will not get this piece at this cost anywhere in market".

Word of Mouth:

WOM has been shown to be more powerful than printed information (Borgida and Nisbett, 1977), primarily because WOM information is considered to be more credible. Another reason for the power WOM marketing is that WOM is always relevant and timely, it is driven by customer needs and it grows exponentially, for example, one tells a story to five people, they each tell it to five more, who tell it to five more after that. WOM also makes use of human nature, feeding on the fact that many people like to consider themselves experts (Jerram, 2003). As the street vendors lack financial resources, this tool of promotion is the most preferred and powerful way of reaching the customers.

Personal Selling:

The vendor has face to face interaction with the prospective customer wherein he identifies the interest of the customer and offers him product according to his requirement. This is the best way of sales promotion as the vendors creates a good rapport with the customer by getting personally involved in the selling process and accelerate repeat sales from the customer and spread positive word of mouth.

- Demographic Profile of the respondent

	No. of Respondents	Percentage
1. Gender		
a) Male	55	42.6
b) Female	74	57.4
Total	129	100.0
2. Age		
a) 16-24	64	50
b) 25-33	39	30
c) 34-42	20	15
d) 43-51	5	4
e) 52 and above	1	1
Total	129	100.0
3. Occupation		
a) Salaried	72	55.8
b) Self-Employed	10	7.8
c) Professional	5	3.9
d) Housemaker	2	1.6
e) Student	40	31.0
Total	129	100.0
4. Average Monthly Family Income		
a) Less than Rs. 30000 p.m.	35	27.1
b) Rs. 30001- Rs. 50000 p.m.	49	38
c) Rs. 50001- Rs. 70000 p.m.	18	14
d) Rs. 70001- Rs. 90000 p.m.	13	10
e) Rs. 90001 and above	14	11
Total	129	100.0

The above table reveals that 57% of the respondents were female and 42% of the respondents were male. It means that females are more involved into street shopping activities. Maximum no. of customers shopping at street markets belong to the age group of 16-33, which comprises about 80% of the total respondents. The demographics studied also reveals that Salaried Persons and Students are majorly involved in street shopping which comprises of 56% and 31% respectively of the total respondents. This can also be stated because Mumbai has large amount of working people and students commuting every day. This can also be seen from the analysis that the customers shopping at street markets belong to middle income group comprising around 60% of the respondents.

- Descriptive Analysis

The following descriptive statistics were calculated using SPSS(19.0).

Descriptive Statistics		
	N	Mean
Attractive Display of merchandise influence my shopping decision.	129	2.76
Positive Word of Mouth by my friends/family influence my shopping decision	129	3.17
The way of selling of the street vendors by calling out the prices of the product or offer on the product influence my shopping decision	129	2.30
Street vendors distributing pamphlets with appealing offers influence my shopping decision	129	2.24
Attractive offers on the products influence my shopping decision.	129	2.26
The vendor is personally involved in the selling process	129	2.49
Valid N (listwise)	129	

The effectiveness of Promotional Strategies in influencing customers shopping decision are studied. Six frequently used strategies are stated using 6 statement variables. The above table shows the overall mean values of the Variables taken under study.

The results show that Positive Word of Mouth is the most effective strategy which shows a mean score of 3.17, followed by Attractive Display of merchandise with a mean score of 2.76, Personal Selling with a mean score of 2.49, Calling out with a mean score of 2.30, Attractive Offers on Products with a mean score of 2.26 and the least effective strategy found is Distribution of Pamphlets.

For most street vendors, marketing is a basic process and mostly involves calling out to people as they pass by the stall. Few vendors who are employees have received any training and so they rely on their instincts as to when to call to a potential customer. The only other form of marketing used is to offer a discount to a regular or important customer and spread of positive Word of Mouth.

The study brings out that few strategies utilized by the street vendors in promoting their product relate to the Promotional Strategies used in conventional marketing literature.

Word of Mouth Strategy which is found to be the most effective tool of promotion with street vendors has a great impact on the customers buying decision and the Marketing industry experts have realized the utility of this marketing tool.

With respect to the growing competition in retail market, coming in of organized format of retailing, malls, and now online shopping has slowed down the pace of business of street markets. The need of the hour is to recognize the importance of formalizing and structuring the street business. The street vendors need to make some investment in promoting their offering, to overcome the competition faced by them as all these strategies contribute to the positive perceptions of unorganized retailers towards effective sustainability in the market

SUGGESTIONS

Less or Investment Promotion Measures

1. The focus of street vendors should be on spreading positive Word of Mouth through the customers by presenting the product in a right way, to convey the right marketing message.
2. More ways of attractively displaying the products should be sought out like, knowing the right colour combination, paring up the right set of outfits, stacking the products in a right manner, focusing the trendy product by prominently placing it, etc.
3. Personal Selling is also an effective measure of promotion by communicating with the customers in an appropriate manner. Due to lack of education the sales person involved in the selling process do not approach the customer in a pleasant manner. This can be overcome by giving some basic training to the sales personnel on ways of communication and appropriate behavior and some mannerism. This way the higher middle class and sophisticated people will also be the prospective customers.

Innovative Measures of Promotion with Minimum Investments

1. Advertising column of the cool stuff at store in daily/local newspaper.
2. Airing the offers or trendy stock on Radio.
3. Media Advertisement on Local Cables.

CONCLUSION

Most of the large and medium sized companies know their strengths and weak points in the market. Besides, they can study their competition and know how to minimize and build core competencies. Small scale and micro business such as street vendors can also use core competencies as a weapon to develop business strategies. Limited resources make obstacles on strategic alternatives to street vendors. Due to the competitive resources possessed by large and medium sized firms, street vendors should carefully evaluate potential business strategies to identify distinctive competencies. Critically, the street food vendors must decide the structure of the market in which it is competing, and what strategies it is going to pursue. Many vendors do not plan their business strategies for conducting business; they combine strategies and achieve relatively little as they cannot afford to maintain them due to the involvement of high capital requirements. But as per the suggestion given the street vendors should focus on the the minimum investment strategies like spreading Positive Word of Mouth, Attractive Display and Personal Selling. Also if their profit margins allow they can make some investment in strategies suggested like Radio, Cable Advertising or Newspaper advertising. The analysis of this research paper and the results obtained will provide a strong base to the marketing authorities on various factors to be taken into consideration, to minimize the impact of organized retailers and to focus attention on the strategies for the effective management of the street vending business. The findings above show the most important points that can be used in promoting flea markets as retail platforms for the BOP segments.

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