STRATEGIES OF CUSTOMER RETENTION
FOR SHOPPING MALLS IN INDIA
(A STUDY IN VISAKHAPATNAM DISTRICT)

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ABSTRACT
Retail formats of organized retail industry are getting affected by virtue of today’s global recession, favorably as well as unfavorably. Number of shopping malls in India is growing at electric rate and thus the challenge or opportunity of retaining the existing customers is also growing faster.
This study focuses on the need of customer retention efforts such as loyalty programs etc which enables the Indian shopping malls to be competitive and better than others existingand upcoming Malls. The study of existing loyalty programs and other customer retention efforts helps in understanding the current situation and strategies better.
It was found that loyalty card programs have not worked as well as expected, but the most important benefit of having loyalty program is that retailers can quantify new customer losses and introduce programs designed to retain or encourage the most profitable customers.
The study gives an insight about the opportunity as well as the challenge of building customer loyalty for shopping malls in India as more and more shopping malls are opening up in the country especially in big cities and metros. To conclude, the increase in shopping mall retail space provide sufficient space for new brands but it also results in more options to the customers, which results in low customer loyalty towards a specific shopping mall. To retain customers, shopping malls are undertaking several strategies and tactics like extra services, better facilities etc. As the customer loyalty is becoming more crucial, differentiation in terms of consumption chain or the customer experience can help in building the desired loyal customer base to fight against the nearby shopping mall.

Keywords: Customer Strategy, Shopping Mall
Introduction:

Modernistic outlook, Ultra hip architecture, air-conditioned interiors, is the battleground of the brands and lifestyle in the current scenario for consumer attraction. This is the world of new mega mall culture in India. It is the present Indian retail scenario that is attracting both the domestic and international investors to capitalize on this great Indian market scene, its ever growing customer base and their spending potential, and the customers never ending pursuit of good things in life controlled by a major limiting factor: time, makes the mall culture more acceptable. The purchasing power of the consumer is on a constant rise (maybe on a decline now due to world financial crisis), this in turn leads to a better adaptability of the people to the one roof multi divisionary market place which is presented in the form of these malls. It is not only the metros that boasts of these malls but the majority of the mall presence is seen in the once village pockets present around them. The once quite cities of Gurgaon, Noida, Pune are now the leading centers for malls because of their close proximity to the metros and also because of the major contribution from a steady population of rich agrarian community. These once small farmlands are now the main centre for educational institutions and IT parks and has huge potential of accommodating the SEZs, this popularity rings a winning bell for the mall culture as the youth consider it as a good, trendy place to hang out and the brands displayed their directly or indirectly influence their purchasing choice, whereas the working professionals prefer the mall as it fits in their time frame and increases their accessibility to different products in a short period. Malls, the new playground of consumerism are cropping up almost everywhere. These malls are redefining the old ways of shopping. Gone are the days of compromises and pseudo satisfactions. Now comfort, luxury, satisfaction and a happy shopping experience are the few main factors which all the malls are building their motto on. The dazzling discounts, the larger than life feel and the comfortable bargains ensure the satisfaction of the typical Indian shopper, leaving both the parties satisfied.

The choice of quality and quantity is what keeps the customer involved in shopping, this basic principle is applied in the malls where the choice between the products is always maintained by the already established and accepted brands and the wannabe brands, in the end of the day the key to market success lies in the hands of the customer and from the customers point of view the mall represents a battlefield for the various brands which ultimately works towards his own maximum satisfaction. Hence the promotion of the mall culture is good in terms of brand promotion also.

Though, the vibrant retail boom is pushing up the number of Malls in the country but uncertainty remains about the success of these Malls. The major concern for Shopping Malls owners and its tenants is the low conversion rate. This has led to the closure of individual shops, at several Malls. Many tenants express grief about the low percentage of conversions from those who walk through the portals of these Malls. Observers routinely find shopping-bags are missing in the hands of the supposed shoppers visiting these Malls. It is an indicator that the initial excitement about shopping in the Malls is already on decline and that consumers are reverting to their traditional shopping-destinations. Therefore, it becomes a marketing challenge to retain customers and encourage repeat purchase. It is a well known fact that repeat customers spend more than the average customers.

The issue of competitive rentals has already come up as there are Malls in very close proximity to each other in big cities. Success and failure statistics of the Malls in India during the past few years indicate that not all the Malls are successful. According to industry experts, only 10-12 percent of operational Malls in India have been successful. These are numbers available with various retail and real estate analysts. Shopping Malls in tier II cities are still far from the kind of competition that Shopping Malls of big cities like Mumbai, NCR or Bangalore are experiencing. This state of competition helps customers as they have more options to shop, but for Shopping Malls to make people come to their Mall for shopping is becoming difficult. The solution could be by differentiating your Shopping Mall from other Malls. But the big question is, how?

Retaining existing customers is always the desirable situation for any business. In the situation of tough competition, these are the only assets of the business which help dearly by remaining with you and working as promoters through word of mouth.

India is the land of diversity; researchers have found that Indian customers prefer cross shopping until or unless he/she gets some ‘extra’ benefit for re-buying that product from the same place. This is mainly because, in Indian market, almost every retailer is trying to delight his customers. On the basis of these findings, it can be said that loyalty is not easy to build among Indian customers and that is the biggest challenge Shopping Malls are going to face in the near future; especially in metros and big cities, where Shopping Malls are very close to each other.
Shopping Mall in Brief:
Shopping Mall is the new and modern version of traditional marketplace. A Shopping Mall or shopping center is a building or set of buildings that contain a variety of retail units, with interconnecting walkways enabling visitors to easily walk from unit to unit or store to store. People often use the word ‘Mall’ for big stores like Shoppers stop, Westside or Pyramid, unknowingly. Actually, they are not Shopping Malls, but another format of organized retail called ‘Departmental Store’. Forum of Bangalore, Inorbit of Mumbai or Metro Walk Mall of New Delhi are some examples of retail formats which actually comes under the category of Shopping Malls. India is having 179 operational Malls which are providing a retail space of 47.4 million square feet. The number of Shopping Malls is estimated to rise by 335% by 2010 to 600 Shopping Malls.

Customer Loyalty in Brief:
Customer loyalty refers to the feelings or attitudes that incline a customer either to return to a company, shop or outlet to purchase there again, or else to re-purchase a particular product, service or brand. A problem is often raised that some proportion of customers will still defect to competitors even if they are satisfied with the brand. Hence, customer satisfaction does not ensure customer loyalty. Customer loyalty is purely a behavioral phenomenon. Customer may be satisfied by the offerings and services provided by Shopping Mall, but it does not mean that he will be loyal to that Shopping Mall and will come again and again there only for shopping. The basic reason for caring about customer satisfaction is that it leads to loyalty and customer retention. It is possible for customers to be satisfied from the Shopping Mall environment, services etc., but not repurchase due to, among other things, poor product supply, variety seeking or multiple sourcing and large promotional deals. This is the same happening with the Shopping Malls of big cities, customers come and do not find anything excited apart from great retail stores. It turns them off about that Shopping Mall. These issues will be dealt in detail at the later part of this report.

Significance of The Study:
India is the most attractive retail industry in the world now; it tells the fact that the growing number of Shopping Malls in India is not going to stop or slow down in near future. The most ‘benefited’ cities from this rapid growth will be the big cities of the country like Mumbai, New Delhi and Bangalore etc. As more Shopping Malls are opening up more difficult it would be for Shopping Malls to retain customers with them. Sensing this issue some Shopping Mall developers have started spending marketing efforts for gaining customer loyalty for their Shopping Malls. The need for the hour is to attract the footfalls, convert them into customers and try to retain them as long as you can. Today the greatest growth for customer relationship programs is in retail and Shopping Malls in particular, but effectiveness of these loyalty programs is also a major concern or multi-branded Shopping Malls.

The Objectives of This Study Are:
1. To analyze loyalty programs of Shopping Malls,
2. To Study the customer retention efforts adopted by Indian Shopping Malls,
3. To Analyze the success factors,
4. To suggest ways to increase customer loyalty.

Methodology:
This study is oriented to examine the efforts made by Indian Shopping Malls to retain their customers with them and build loyalty among their existing customers. It utilizes the secondary and primary data sources for research. Secondary data involves the collection of data through past research studies, journals, magazines, books, leading databases, articles and internet, while primary data involves the observations of the customer retention efforts adopted by Shopping Malls in India. This study also highlights the common phenomenon of Shopping Malls across the country.
For collecting the primary data, a 15 point observational form was designed. The observational research was conducted in two malls at Visakhapatnam city, namely CMR Shopping Mall and V Square. Study’s objective is to achieve exploratory rather than explanatory results. Study gives a better understanding of the various loyalty programs and efforts adopted by Shopping Malls in India.

Literature Review:

- Dr. Trivedi Shekhar (2008) “Zooming in on malls”, Retail Biz, May 2008. Standardization of malls is one of the common phenomenon among malls developers. The look and feel of all malls in general is same and somewhat presents a uniform appearance to the customers. Standardization has its own benefits but uniformity may tend to dull customer’s desire. Developers have not thought greatly about the local catchment profile. Shopping Malls have given birth to a new shopping culture - ‘Shoppertainment’. Nowadays, contrary to the real shopping take place, people are opting shopping more for their entertainment purpose.

- Shinde, Devendra (2008) “Care for your Brand, the way you care for your skin”, Retail Biz, March 2008. Customers are willing to travel to a nearby mall for that shopping experience that he doesn’t get in the local kirana store. The most common mistake done by national retailers is Standardization. National retailers have to take care about making the brand relevant to the local consumer in the catchment area of the stores.

- Gopal, Prashant (2007) “Malls betting on entertainment to draw in shoppers”, New Delhi
(http://www.livemint.com/2007/05/14003113/Malls_betting_on_entertainment.html)
When people go for shopping, they, especially youth spend their entire day at the mall. They want entertainment also for spending an entire day there at the mall. Strong entertainment needs to be in a mall to encourage loyalty to the mall. Increase in footfalls is not only important but to convert those footfalls into consumption is the key to success. Need of the hour is to create a mall, where people can spend time with their family. Most of the malls are providing the same things for entertainment. Like movie theatres, bowling alleys, arcade games, restaurants. No real differentiation could be seen among the malls.

- Prof. Sundar, “Building successful Indian retail brands”
(http://www.bim.edu/pdf/Larticle/Building_Successful_Indian_Retail_Brands.pdf)
The research stresses on retail as a brand rather than retailers merely selling brands. The focus of this study was on branding the retail business itself. Store differentiation is missing from Indian organized retail. Leading retail stores like Shoppers stop, Lifestyle, Globus, Pyramid etc. offer common brands, similar ambience and a same commitment to improved service. Real differentiation is lacking among them. National and international retailers are finding difficult to understand the psyche of the local Indian customers, their tastes or preferences etc. Localization with Globalization is necessary for malls.

(http://industry.bnet.com/retail/100044/how to build a shopping mall brand/)
Seven types of shopper profiles have identified in the research. Two types of shoppers are responsible for most of the sales of retail stores. These two types are ‘Navigators’ and ‘Social seekers’. Navigators are independent, creative type and they shop for what they are passionate about. Social seekers also love shopping but they look to others for validation. Navigators need an expert mall, where they find, what they want. Social seekers look into malls which provide a sense of security and consistency. Different loyalty programs should be introduced for different type of customers to understand and reward them better, in their own desired way.

Malls are giving rewards for shopping. Rewards range from prepaid calling cards, magazine subscriptions, credit cards to vacation trip etc. creating relationship with customers is the key to success in today’s competitive world. Redeemable points offered by malls through various loyalty cards do not spur sales for the mall from those customers/card holders. But, these efforts help in keeping them coming back to the mall, add some more points and get better reward for some special occasions; like Diwali, Christmas etc.

- Gotsis, Tracey “Involve teens in marketing efforts to create brand loyalty”
(http://www.icsc.org/srch/education/newsletter/involveteens.pdf)
Studies have found that teens become more brand loyal when they feel that a company/brand understands them. Malls need to take proactive steps to tap this key customer group. Community outreach programs with the support of marketing team are also organized by the malls to create emotional sentiments in customers mind space.

  In her article associate professor, Swapna Pradhan discusses the dynamic emergence of the mall culture across the country’s evolving retail landscape. She talks about Gen X malls, which have been defined by Chesterton Meghraj as greater than 500,000 sq ft and incorporate large entertainment area, with enough spaces for parking and excellent infrastructural benefits that shall be passed on to the retailer. The target audience for the Gen X Malls is the tourist/out of town visitor and the person from the city looking for entertainment options.

- Rigby, K. Darrell and Vishwanath, Vijay, “Localization: The Revolution in Consumer Markets”, Harvard Business Review. Mall developers need to invest some quality effort in understanding the shopping-needs of customers in their targeted “catchment” areas and then build a carefully planned portfolio of retail options that can meet the needs of these targeted customers. Mall developers also have to create distinctive identities for their specific malls, much like the identities that have developed over time for major shopping-high streets in various cities in the country. Their work is not done just when the mall has been commissioned!

- Anand, Kumar (2008) “Indian retail sector fails consumer-friendly test”, The Economic Times, 9th August, Page 5. Article raises concerns about the shopping experience provided by the Indian retail sector. Better shopping experience may lead to more time as well as money spending on the stores. The article also raises worry about issues like jam-packed shopping centers, lack of seating arrangement etc. which ultimately hampers the retailers only. Writer also says with the help of a survey that retail designing is the need for today’s retail market. Retail design does not include only interiors but other factors also like determining consumers’ attraction etc.

  Writer is the MD of Parsvanath Developers Ltd. He talks about the anchor stores that they are the champion for any Shopping Mall to attract ‘serious’ customers again and again. Specialty Mall format is still not considered here but it can give a different position from other Shopping Malls and able to attract genuine customers. Customers want perfect shopping experience and even a minute imperfection can divert them to another substitute Mall. Most of the time, Mall developers lease out the space to retail stores.

Loyalty Programs By Indian Shopping Malls- An Overview :

Other than customer experience focused facilities, Shopping Malls are not doing much to retain the customers or to build loyalty among customers. Mainly, because most of the Mall owners are in the business of real estate so they consider these Malls in very constricted sense. Like constructing a Mall, getting fixed rentals from the retail stores and be happy with the rentals retail stores are paying for the retail space provided by them. They do not focus on marketing strategies for these Shopping Malls like other developed countries. Now, we will analyze the loyalty program of some big department stores that are pretty much similar to a Shopping Mall like Shoppers Stop, CMR Shopping Mall and some Shopping Malls.

There are frequent shopping programs, frequent flyer programs, frequent Mall cards and frequent petrol programs. There are points at the pump schemes, Service tax holidays and, some of them even donate to charities like CRY for people who use their Credit card reward points. There are plastic cards, smart cards, thermal cards, magnetic strips Co-branded Credit Cards. Credit Card companies are offering programs by tying up with various Shopping establishments to offer discounts and lure the customers towards using their shops and Credit Cards. While loyalty cards, Shopping Festivals and prizes have always been, first and foremost, a cheap way for businesses large and small to start tracking their customers shopping habits, more customers than ever now consider themselves entitled to special treatment.

Customer Retention Strategies in Indian Shopping Malls :

Not every Indian Shopping Malls offer loyalty programs to its existing customers to build up loyalty or to retain them with the business, but they are trying to retain the customers by focusing on excitement feature,
customer experience characteristic. Here, we try and list down some of the common efforts adopted by Shopping Mall owners to attract potential customers and retain them.

Music Shows/Competitions:
The most common strategy adopted by Shopping Malls to attract people continuously is to organize some events like musical shows, dance or singing competitions, games etc. especially for youth. Most of these events started on the festival occasions, but today almost every day with collaboration with some corporate entity Shopping Malls arrange these shows to retain the charm of excitement among its customers.

Art Shops:
Shopping Malls have art shops like Portrait making, Pottery painting, creating cartoons, casting gold and silver impressions, getting a glamorous photo shot, handicrafts’ shops etc. These small shops occupy the vacant space available in the Shopping Mall like places near escalators, one side of the walkways, and open area in Mall etc. Generally, they are not allotted the actual store space available in the Shopping Malls as these are very small money invested shops. But the growing trend has enabled enough attraction into companies like Colour factory, First Impressions; Make my Toon, Star Shots etc. for this sector. The target customers for these shops are upper middle income group, elite class customers and youth. These stores keep attracting people because first, they are not highly expensive and second, they offer personalized services which give the feel of luxury at very acceptable price.

Product Displays:
Display of products like cars, antique objects etc. in the Shopping Malls attracts the people into the Shopping Mall. E.g. Forum Mall, Bangalore is adopting this product display strategy effectively to bring footfalls in the Mall. Gopalan Mall, Bangalore has allotted the front space to a motorcycle company to display its products. This strategy is basically to pull people into the Shopping Malls from outside.

Iconic or Concept Tenants:
Kind of retail stores also play an important part in attracting potential customers. For example famous or big brands attract people. Also some very different or unique shops like Scary House in Garuda Mall also able to pull customers, especially youngsters into Shopping Malls and those stores. Apple and Bose store thrills and invite people into Forum Mall, Bangalore.

Sign Boards:
In the earliest Malls of the country, we would not find any sign boards or convenience assistance to guide us, but now they are an integral part of any shopping center as they help customers and provide them extra convenience to make their experience better with the Shopping Mall. Some time these small things matter a lot, mostly to women and elder people who do not want to roam in search of the retail stores. These sign boards give them the extra help.

Baby care corners:
As the number of working ladies is increasing in India and in cities particularly, a new concept of Baby care corners has come up in Shopping Malls and big department stores. Shopping Malls have a corner, where mothers of new born, who need any assistance they will get it from the personnel or if they want to do shopping they can leave their babies in that baby care with baby sitters and do their shopping without worrying about their children. This concept actually targets new mothers and by giving them the feeling of care, Malls are trying to make them loyal.

Seating Facility:
As most of the Malls are targeting to youth, they are forgetting about aged people or new mothers, who cannot roam in a Mall without taking rest like youngsters. They need some time for relaxing themselves to again start their shopping. Some Shopping Malls have started thinking and improving on this aspect like Garuda Mall, it
has chairs near lifts so that people do not need to stand while waiting for lift. This shows the concern for customer convenience and customer experience. But still this issue has not taken into consideration seriously, by majority of Shopping Mall developers.

Personal Attention:

In Malls like Globus which is more of like department store, a lot of personal attention is given to the customers. The salespeople help the shoppers with the shopping cart. Once the dress is finalized they send it to the billing counter. This reduces the weight of carrying the shopping bag with you. But in Shopping Malls this service could be very tricky to provide.

Innovative Suggestions:

Not Just another Card:

In India, the market has been full of loyalty cards and customers also expect loyalty cards and their tangible benefits. The call of the hour for Shopping Malls is not to develop yet another me-too card, but some different offerings or totally different concept of loyalty card. Differentiation is the only key available with the Shopping Malls to build customer loyalty.

Shopping Mall loyalty card:

One concept could be an introduction of Shopping Mall loyalty card with the coalition of tenants like Adidas, Sony etc. and service provider like Visa, MasterCard. The concept would work like this: Customers will get the bills separately from each retail stores as usual. They will earn some points based on their shopping in that particular mall in total, but the customer has to redeem certain percentage of earned points on the store where he had shopped and rest of the points he can redeem on other stores of the Shopping Malls. The system will tell the information about the point’s status for each customer as well as particular stores. For example: I shop from an Adidas store in Garuda Mall for 1000 Rs. and I earned let’s say 200 points. Now as per the loyalty program rules, I can spend 120 points in that Adidas store only and rest 80 points in other shops of that Mall.

College Savings Scheme:

Shopping Malls can also look at a “College Savings Scheme” exclusively wherein a certain percentage of sales is ploughed back and held in a fund to aid college expenses of the customer or his nominee at a future date. This scheme can have associates from family, friends who can also help by giving their shopping points to the same customer. It will also attract current college students for short term savings.

Mileage Program (MP):

Another concept can be developing a "Mileage Program (MP)" based on purchase in the Shopping Mall, the usual more you purchase the more you earn mile/points. This will be of two types. One MP is outlet/category specific (McDonalds fast food restaurants, Nike/Sportswear outlets) and the other MP is entire mall based. Any consumer purchasing worth XXXX amount in any category store of your mall will be in the MP1 and also in MP2 list. Based on certain slabs of points the consumers will get various prizes for MP1 or MP2 or both. For MP1, the ideal prizes will be discounts/coupons etc. as that are instant and attract consumers. But for MP2 the prizes can be status symbol things, i.e. Membership of exclusive Country Club, Return tickets for two for any holiday resort, Membership of any airlines Privilege Class, Tickets for Top end Fashion Shows (Versace, CK, etc)/concerts/Opera Shows etc. This card is basically to cater both kinds of customers together; customers who seek tangible benefits like discounts etc. as well as to customers for whom status is also important.

Differentiation:

Standardization in Interiors and Exteriors is one of the common phenomenons in Indian Shopping Malls. Shopping Mall can take a step forward to differentiate itself from others on these aspects. Example could be like Theme of Shopping Mall (on seasonal basis). Current Shopping Malls are not spending much effort on Environmental Friendliness; a Shopping Mall can differentiate itself by implementing and communicating the environmental friendly operations like Eco Trash Removal System etc.
Customized Loyalty Programs:

Today, every customer has a different need and every customer belongs to a different social class and hence forth the motivation and satisfaction levels are also different, it is not sufficient that customers are treated alike. Customized Loyalty program can overcome this issue and will be able to build strong belongingness among the customers.

Investment Commitment:

To design a leading loyalty program, Shopping Mall owner should always be willing to invest in the strategy, technology and processes to ensure maximization of potential. There is also a need to invest in sophisticated analytics to generate the insights that a Shopping Mall needs.

Enhancing the customer experience:

Conducting focus groups will ensure that the customers will come up with their requirements which can be included while designing the loyalty programs or strategies.

Conclusion :

The study gives an insight about the opportunity as well as the challenge of building customer loyalty for Shopping Malls in India as more and more Shopping Malls are opening up in the country especially in big cities and metros. To conclude, the increase in Shopping Mall retail space provide sufficient space for new brands but it also results in more options to the customers, which results in low customer loyalty towards a specific Shopping Mall. To retain customers, Shopping Malls are undertaking several strategies and tactics like extra services, better facilities etc. As the customer loyalty is becoming more crucial, differentiation in terms of consumption chain or the customer experience can help in building the desired loyal customer base to fight against the nearby Shopping Mall.

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