

## Building Retail Advocacy in Fmcg Industry

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**Abstract:** The purpose of this study is to provide guidelines for Fast Moving Consumer Goods (FMCG) companies to implement the concept of retail advocacy for attaining desired business results. A comprehensive overview about those factors that provide solid foundation for marketing strategy which will enhance retail advocacy is discussed in this paper. This will help companies to be more focused and make them able to communicate with retailers more effectively. Retail advocacy (RA) aims at communicating right message by interacting with target consumers inside a retail outlet. It brings closer the company and retailer so as to achieve a mutually beneficial business relationship. The study comprised three focus groups of retailers. One focus group for below average worth, one for average worth, one for above the average worth of retailers and one focus groups of consumers in Gujranwala. These focus groups are conducted to check either companies more rely on retail advocacy or advertisement as well as to understand the concept of retail advocacy that helps while writing literature. Every focus group consisted of five participants. Most of participants were male and their ages ranged from 18 to 44. Concept of retail advocacy is relatively new. This study investigated fifteen core elements that motivate retailers for advocacy.

**Key words:** Retail advocacy • Retailer management • Consumer resistance • Consumer relations • Brand message • Customer services

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### INTRODUCTION

Currently companies are facing strong challenges in terms of need for continuous growth and profit. The marketing environment is changing rapidly and expectations of both stakeholders and consumers are becoming more demanding. Nowadays consumers are becoming increasingly difficult to reach with any real impact and are demanding more from the brands they choose. In light of the ever-increasing expectation by the consumer to be engaged in one-to-one communication, it is evident that retail environment will play a vital role in communication to consumer.

For instance there are many companies which are in the business which is deemed as not socially acceptable or getting darker due to regulatory constraints e.g. tobacco companies. This had made it very difficult for these companies to communicate with their consumer in an effective manner. Consequently, one of the most important consumer touch point tool that can be used by companies is retailers. Same goes for other FMCG

consumers have lost trust and interest in advertising campaigns and rely more on communication of the retailer.

In today's competitive times, when there is fierce competition amongst different FMCG companies. It has become imperative to make retailer advocate of the brand so as to have competitive edge. Taming retailers to advocate company's brands with facts and information is a key element of retail advocacy. Key purpose will be having retailers engaged in communicating brand message of the company to consumer. This will enable companies to have better understanding of consumer needs that making marketing programs more effective. There is strategic importance to enhance the relationship with retailers in order to deliver brand message effectively through. Henceforth rudimentary purpose is transforming the retailer into company's ambassador.

Keeping in view highly competitive business environment, the need of the hour is to have competitive edge over competitors so as to achieve desired business results. Communication with the retailer is of utmost importance so as to communicate brand message because

most reliable and effective consumer touch point is now retailer. Therefore purpose is be to unearth aspects that would be helpful in creating brand advocacy.

**Importance of Research:** Although this is relatively new concept, but it will definitely help in achieving following benefits for the companies:

- *Achieving desired business results:* Retail Advocacy will be extremely helpful in generating sales volumes thus achieving sales and profitability results for the company.
- *Improve retail relationships:* When relations with the retailers improve, then retailers will give useful feedback for company products that helpful in achieving desired business results.
- *Address out of stock or brand availability issues:* Retail advocacy will also be supportive in eliminating any out of stock situation of the brand and resolve brand availability issues.
- *Implementation of a trade loyalty programs:* It helps in implementation of trade loyalty programs that making retailer relations with company more grow stronger.
- *Retailer education and training programs:* Retailers education and training programs is more effective if retailers are willing to participate in these programs and RA is a tool that helps in this kind of education and trainings.
- *Focus on right consumer with right product at a right place.*
- *Win consumer loyalty:* Although Retail Advocacy purely focuses on retailer but when message is communicated to consumer by retailer it will have a positive effective on his loyalty towards that specific brand.
- *Entry Barrier:* This will facilitate the companies to make entry barriers to new entrants in the business.
- *Placement of Merchandising Material:* Merchandising plays an integral role in communication of a brand message. So a loyal retailer will allow to place merchandising fixture to be place at a prominent place.

This enable companies to build their business based on communicating and engaging with target consumers, understanding their needs, being able to communicate appropriate messages in a manner and style that appeals to them. By building long-lasting relationships with

consumers, companies can meet their needs better than their competitors and that increase the likelihood of creating a loyal consumer base.

**Literature Review:** Retail advocacy is primarily enforce positive buying recommendations to the customers for certain products and services [1, 2]. It revolves around the retailers' skills and wills. Communicating positive word of mouth for suppliers of products or services is a unique area for investigation [3]. It is all about communication for the purpose of evaluation of products and services from supplier to customer in retail store settings [4, 5, 6]. The prominent result of advocacy is customer's loyalty and repurchases decision [7, 8]. It is essential where all consumers and manufacturers touch points are diminished except retailers. There are certain factors that predict the strength of retail advocacy including merchandising material, incentive schemes, consumers' resistance, customer services, retailer background and consumer retailer relationship.

First and foremost benefit of eye catching merchandising material is brand message communication and it is an indication that the product is available at the store. Merchandising material enhances the image of the retail outlet. Product and merchandising management plays a vital role for any retailer and has impact on the profitability of the retailer [9]. Nowadays companies are becoming more and more innovative in terms of display windows thus creating a win-win situation for both the company and the retailer. It also helps in improving image of merchandised outlet. Good display demonstrates that retailer is conscious about image of his outlet and side by side communicates the brand message to target consumers. Display also creates brand awareness and provides information about the brand. Effectively placed products generate incremental sales as they are helpful in creating consumer pull thus making consumers to go for alternative brands also [9].

Merchandising strategy for small grocery stores and big grocery stores is quite different in nature. For example in small groceries, counters are being placed at the entrance for the purpose of averting theft, reducing cost and wastage of space. So in general, the strategy is to provide low cost merchandising solutions to these stores. On the other hand, for large groceries, the solution may be more organized and sophisticated [9].

Consumer satisfaction is considered as important for survival and triumph of any company in prevailing competitive environment. Customer satisfaction is

positively associated with positive word of mouth communication. Managers should focus on making customers extremely satisfied rather than only satisfied. Moreover, a small increase in customer satisfaction boosted customer loyalty dramatically. Customer satisfaction is regarded as an integral factor for repeat shopping [10].

Competition amongst retailers is beneficial for both consumer and FMCG companies. If there is fierce competition amongst retailers then consumers will get best product quality and services whereas companies will be able find long term mutually beneficial business relations. Two types of competition are prevailed; inter type (two or more retailers compete with same types of products; most common in retailing) and intra type (two or more retailers different types but same merchandizing line) of competition. There are different theories to elaborate retail competition such as; wheel of retailing hypothesis (entry, trading-up and vulnerability phase), retail accordion and retail life cycle (introduction, growth, maturity and decline). Major four dimensions of retail competition i.e. price, location, services and product selection [11, 12].

Consumer resistance plays a vital role in brand message communication from retailer end. It is easier for retailer to communicate brand message more effectively when consumer is willing to listen message form them and vice versa. Sometimes consumers resist retail advocacy. When retailer wants to say something about product the consumer is not ready to listen anything due to many factors for instance time, brand loyalty, least interest, other competitive brands etc. Consumer resistance also depends on consumer education and awareness of competitive products. Retailer is less likely to advocate that particular product when resistance among consumers is more. Consumer resistance arises from certain factors including, usage barriers, value barriers, image barriers and traditional barriers. With these barriers consumers do not even think out of box to protect their individual stance [13].

Excellent customer services play a vital role in attracting and retaining customers. Customer service is the key element in building relationships. Providing quality customer services involve understanding of what customers want and value should be added to products or services so as to make customer more satisfied [9]. When customers are highly satisfied, they make repeat purchases and become loyal customers [14]. Loyal customers speaks positive about the company. For

instance, a satisfied retailer will definitely communicate positive remarks about the company. Customer satisfaction is a primary factor of brand success, if customers are satisfied with services then they become more satisfied, in turn do more advocacy of the brand [15]

Providing excellent customer services should be prime objective of every company. If customers are not being provided desired level of service then there are chances that they search for other alternatives [16]. Managers must always focus on satisfying customer. This will make less satisfied customers into more satisfied that ultimately become loyal customer [17]. A good customer service reputation is the result of lots of small improvements in how everyone does their job and not one sudden transformation [17]. Retailer communication skills are very important in delivering the message effectively. Consumers will actively listen to message and there is likelihood that they will act upon the message when retailer is able to communicate message effectively.

Training to retailer and his staff is very important in achieving desired business results. There are two major aims of providing training to retailers. One is to equip retailer with skills that help in providing better customer services and second is to improve his managerial skills [18]. This will make retailer more beneficial for the company. Retailer and his staff should be trained to improve and polish following skills; computer skills, management and leadership, customer services, retail apprenticeships, health and safety, selling skills, visual merchandising, marketing, security and financial skills [19]. Successful retailing involves making sure that stores are stocked with right products at right prices at the time the consumer wants them and this aim can be achieved by implementing ECR strategy. This strategy goal is provide consumers with products and services that they want, reduce inventory, eliminate paper transactions and streamline product flow. ECR allows companies to seek a competitive advantage by demonstrating their superior ability in working with trading partners to add value for consumers. Customer contact staff needs to be enabled to handle any problem that is thrown to them by customers. This means they must be given the skills, knowledge, authority, power and resources to solve customer problems [20].

Therefore companies should invest in retailer training so as to achieve their business objectives. That is why training program should be designed in a manner that they provide best return on investment. Training program should be tailored in a way that retailer become advocate

of the company. Retailer training will have very strong and positive impact on retail advocacy as training imparted will teach him how to maximize profitability, be customer oriented, better stock and category management.

Success of retailer is depending on how retailer communicates effectively, efficiently and clearly. If right message is communicated in the right way, there are better chance of engaging consumer than scatter gun approach to marketing in past. Consumer expects two ways relationship in which consumer can participate rather than one way flow of information.

There are number of objectives for which the retailer wants to communicate with his customers [9]. These objectives are;

- Increase sales.
- Increase customer flow.
- Build image of the store.
- Create positive word of mouth.

Consumer-retailer relationship is also in integral factor which helps retail advocacy. If there is friendly and loyal relation between retailer and consumer then it will be very easy for retailer to communicate brand message. Many organized retailer are convinced that consumer-retailer relationship is very important for growth of business. Quantity purchased by these consumers is also on higher side. These loyal consumers speak positive about the retailer that brings new customers.

To make a retailer advocate of the brand, it is imperative to provide retailers with incentive schemes. Incentive schemes give very quick and positive results in all aspects. In developing countries, where there is large number of grocery store, incentive schemes are instrumental in achieving desired business results. Incentive scheme is a vital way to involve retailers as well as to give competitive edge to company. Incentives should be tailored so as to serve need of retailer as well as achieving company's business results.

It is the role of brand managers to identify that what kind of scheme should be offered on what brand, what media should be used [21]. Incentive schemes are also helpful in providing eye-level display to a product that in return brand awareness and trial generation. Incentive schemes are momentous stimulator for sales push in retail settings. It enforces the retailers to give brand message on primacy basis. Financial incentives motivate retailer behavior and intentions to push sales up [22].

Retail advocacy will be helpful in generating consumer pull. There are positive chances that consumers will demand product that creating pull from consumer end when retailer is able to communicate message. Consumer pull is beneficial for companies as it reduces cost of advertisement and other promotional activities. Positive word of mouth communication is vital for both retailer and company. Positive word of mouth from retailer end will be helpful in building the image of company. Positive communication from consumer about retailer will help in increased traffic and more loyal consumers. Generally people tend to purchase the grocery from one specific retailer. There are different reasons like: trust, quality, credit, ease of access, behavior and discounts.

## DISCUSSION

The main aim of retail advocacy is to make advocate of company's brands. In today's competitive times, when clutter of advertisement has forced consumers not to believe the advertisement campaigns, one of the best reliable consumer touch point available is retailer. Retail advocacy is a two way communication process that involves interaction between retailer and consumer in a retail store. The purpose is to communicate brand message through retailer to consumer. Retail advocacy will help in better understanding of target consumers through effective communication to consumers through retailer.

Once retailer is able to communicate the message in an effective manner then following results can be achieved;

- **Brand Availability/ Visibility:** Retail advocacy will help in brand availability and visibility that giving a product proper shelf space as well as visible place in store.
- **Trial Generation:** As retailer can influence the consumers in their buying decision so it will help in trial generation of existing as well as new products.
- **Business Results:** Retail advocacy will be helpful in generating sales that ultimately adding towards achievement of business results.
- **Loyal Relations:** Retail advocacy will help building loyal business relation for the company as well as for retailers.
- **Competitive Edge:** When retailer is able to communicate the message in an appropriate manner it will give competitive edge to companies.

- **Brand Awareness:** RA can be effectively used for creating brand awareness of new brands.
- **Entry Barriers:** RA will be helpful in placing entry barriers to new entrants by using excellent relations with the trade.

## CONCLUSION

Attracting, developing and retaining retailers as business partners is a prime agenda for almost all FMCG companies. In order to make retailer more profitable for the company as well as for communicating brand message retail advocacy is of utmost importance. Understanding the concept of retail advocacy is in its infancy stage and there lot more can be done on this concept. Key objective for any company is to win customer loyalty and if retail environment is effectively used desired business results can be achieved. As consumer visits retail outlets quite frequently so it will also help companies to tailor their marketing programs as per the needs of consumer by getting feedback from the retailer. Retail advocacy will help in placing the right product at right place and side by side effectively communicating the brand message to target consumers. Consequently, keeping in view the importance of retail advocacy it is now of paramount importance for companies to implement the concept of retail advocacy in order to remain competitive and to gain market leadership.

**Research Implications:** Retail Advocacy will help managers to communicate brand message to consumers through retailers in most effective way. As far as academic implications are concerned, this study will be helpful for those scholars who want to do research in the field of retailing. This is relatively new concept that will help them in discovering new horizons of research in this area. Researchers will not only get the benefit on retail advocacy rather they will get an insight into other variables, that identified through this study which are significant for retail advocacy. Research scholars can also take any one of the dependent or independent variables and further explore their implications for professionals and academicians.

Retail Advocacy will help managers to communicate brand message to consumers through retailers in most effective way. Companies which will improve retail relations definitely get competitive advantage that improves profitability of the company. Apart from the above mentioned, companies will be able to win loyal

consumers as a result of positive word of mouth from retailer. They will also be able to place their merchandising material at a prominent place which will help in brand availability and visibility.

**Limitations and Future Research:** Future researchers can do this research empirically so as to further validate the concept. There are some other variables that can also be added to make this study more refined. This research can be industry specific like food, beverages or tobacco industry. Another limitation of this study is that focus is only on retailer for communicating the brand message but did not take into account the consumer who is actual recipient of the message. Subsequently, future studies can also include consumers in this model to make it more effective. Retail advocacy can be investigated empirically in which antecedents and outcomes of retail advocacy should be discussed. Moreover, this study is only focused on FMCG sector/retailers but the retail advocacy and its antecedents would be investigated on non-FMCG retailers.

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