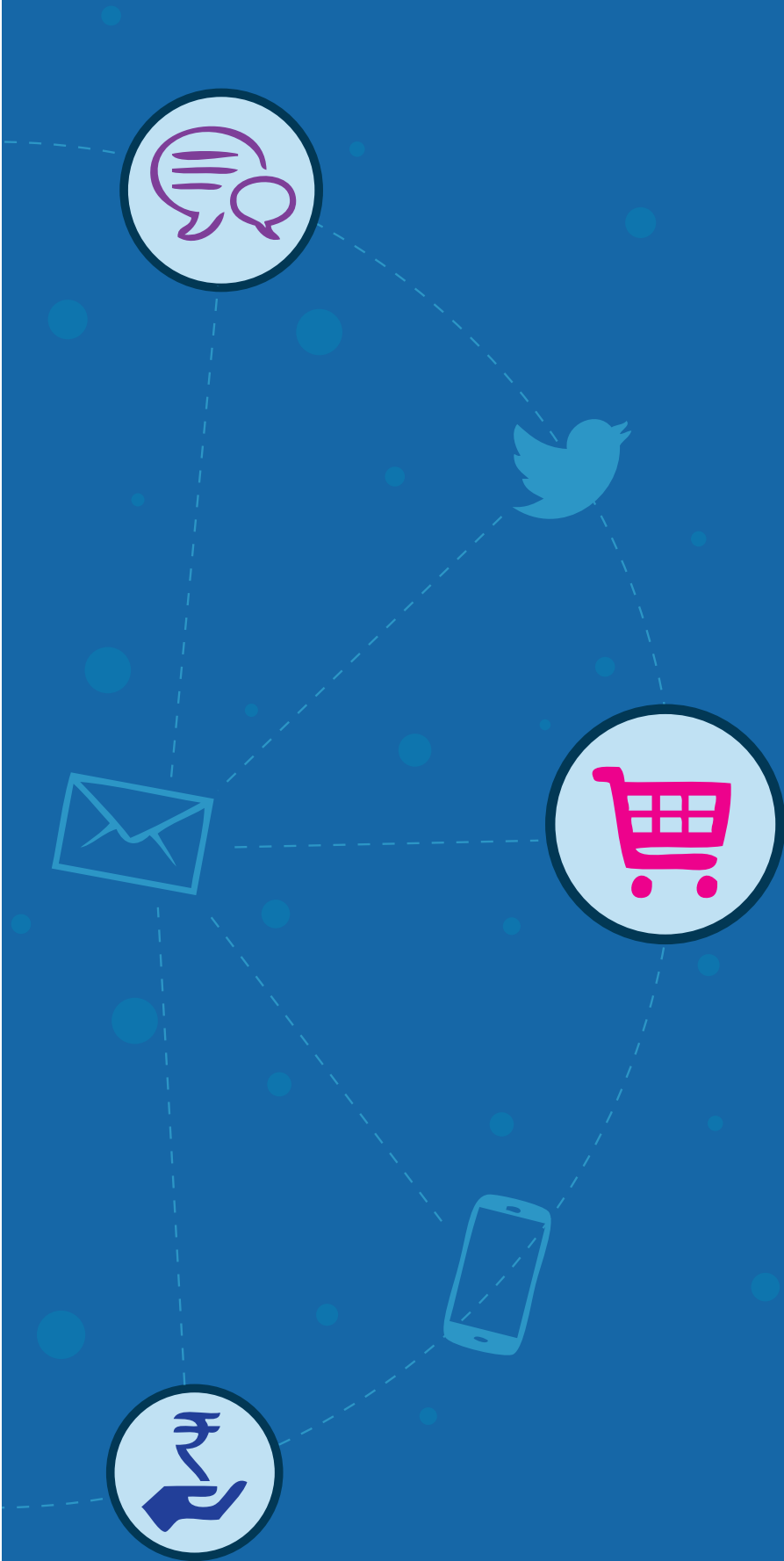


# India Retail e-Marketing Study 2014

Modern Retail Engagement - Instant. Disruptive. Smart.





# Introduction

Retail is one of the biggest and fastest growing sectors in India. The country is now the fifth largest preferred retail destination globally. According to the IAMAI Report 2014\*, it is estimated that online retail accounted for \$12.6 billion showing a CAGR of 34% since 2009. The figures are set to improve once the policy and FDI issues are addressed.

Customers are changing rapidly. They are more engaged than ever with access to internet and technology on their fingertips. They are more vocal about their opinions and also more selective than ever before. Consumers expect each point of engagement with a retailer to be connected, transparent, and consistent. Thriving in this new retail reality means retailers need to be more connected, more empowered and more proactive than ever before. One example of Customer Engagement is the GOSF i.e. Google Online Shopping Festival. Started in 2012, GOSF is 2 years old and has doubled customer visits and revenues for e-Tailers across brands in terms of the number of their daily shipments and unique visits on their portals.

Retailers are seeking ways to deliver high touch personalised experience to their customers or to provide them with Omni-channel experiences. But many retailers still rely on mass advertising and promotions that are not personalised and do not speak directly to the consumer. Understanding what your customer expects from you whether through an app on smartphones, via chat on websites or by putting the product in the cart will continue to challenge retailers well into 2014. Retailers can be successful at personalisation by developing meaningful insights about the consumer. According to our report 'CTR eTail 2014'\*\*\* only 44% of the online retailers are sending personalised emails and the rest 56% are still lacking. Personalisation drives additional revenue, but also sustains Customer Engagement and loyalty for an increasingly demanding multi-channel consumer.

A big challenge for the brick and mortar retailers is that the purely online players are trying to become more like the brick and mortars. Historically, the distinct advantage of the brick and mortar retailers over the purely online players has been their ability to provide product experience through touch and feel. However, the online retailers are trying to offset this instant gratification through flash sales, social shopping and near-real experience through augmented reality apps. Therefore, brick and mortar retailers need to leverage every opportunity to build engagement and loyalty with their customers that endures.

As per the 'India Retail e-Marketing Study 2013', Customer Acquisition is the primary marketing goal for more than 54% of retailers in India; a great example of continued growth of the industry. This 'India Retail e-Marketing 2014' builds upon insights, projections and thoughts of leaders of retail companies big and small in India, to establish the present state of affairs of the Indian retail landscape but also provides insights for retail marketers for the next year with special emphasis on Customer Engagement.

\* [http://articles.economictimes.indiatimes.com/2014-04-03/news/48834955\\_1\\_iamai-online-apparel](http://articles.economictimes.indiatimes.com/2014-04-03/news/48834955_1_iamai-online-apparel)

\*\* For a copy of the 'CTR eTail 2014 – State of Email Marketing in Retail Online in India' Report please visit [www.octaneresearch.in](http://www.octaneresearch.in).

## From the desk of: Kumar Rajagopalan, CEO, RAI



'Are retailers spoilt for choice or are the choices spoiling retailers' marketing strategy?'

With technology and social media changing with a blink of an eye, and the consumer base getting younger and more time starved; India is changing the marketing paradigm of retailers.

Many studies show a 25% - 30% growth every year since 2011 in terms of increase in social media users. Last year it was about the Facebook boom, however now Facebook users in India has become stagnant with the entry of newer and snappier social media platforms like Snapchat, Instagram and WhatsApp has taken India by storm. It's about images now – you can add, delete, view, like, dislike and comment on images in a touch of a button. Go to a shop click a picture in the dressing room, share with your friends and take an instant feedback on the clothes you want to buy. Retailers need to do now be present on these social media channels for the new image savvy consumer, who would first like to see clothes online and then try them out or buy them directly online.

According to the Octane's 'India e-Marketing Outlook 2014', Email Marketing is at par with Social Media in engaging customers. Therefore, marketers would need to generate relevant content and targeted messages for their customers by analysing their interests and online activity. Upgrading oneself according to the changing digital marketing need is relevant for both online and offline retailers.

RAI and Octane Marketing have collaborated to release this report, 'India Retail e-Marketing Study 2014'. I would like to thank all the participants as with their inputs this report has been implemented successfully.

This study by Octane is an attempt to understand the reality in marketing world of retailers. We hope that this report gets some retailers thinking and many acting on new ideas.

Best Regards,

A handwritten signature in black ink, appearing to be 'Kumar Rajagopalan', with a stylized, flowing script.

Kumar Rajagopalan  
**CEO**  
**Retailers Association of India (RAI)**

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



The digital world has been changing around us at an unprecedented pace. Each day a new technological advancement takes us to a level, which a day before we thought was impossible to achieve. For many, it's exhausting to keep pace with these radical changes around us.

The increasingly dynamic space of digital marketing is no different. In the past few years, it has transformed completely becoming an integral part of the global 'communication networks'. Today, a user's virtual life is far more complex than what it used to be even a decade back. Now, people in the digital space just, don't want to receive one way communication, they want to interact; and that adds equal parts excitement and complexity to a digital marketers job which is to reach out to the maximum number of people via digital platforms.

We have seen that Digital Marketing or e-Marketing as a channel for Customer Engagement is extremely effective. Email, Social Media, Web and Mobile are passages that can help you reach higher avenues of connect with your customer base. But the truth also is that e-Marketing channels today are not only under-utilised but under-optimised as well. Many marketers unfortunately are still hung up on the old and ineffective ways of using e-Marketing channels like Email and Social Media.

Platforms that have witnessed tremendous growth these past few years and are poised to grow even further in the future.

But what can give marketers the knowledge and the insights to do more and do better? Last year, we tried an initiative in the form of the collaborative RAI-Octane Report - 'India Retail e-Marketing Study 2013'. This report gave marketers an in-depth and data driven view of how e-Marketing works in the retail industry in India. With the first edition of this report we were also able to establish that e-Marketing is not only a beneficial marketing channel for online retailers, but showed that it can work wonders for offline retailers as well.

This year RAI and Octane joined hands once again to create the second edition of this comprehensive report that goes even deeper to showcase how e-Marketing helps in increasing Customer Engagement and potentially alter the face of marketing for retailers. We hope this report enhances your understanding of how to use digital marketing channels more creatively and more effectively. I would also like to take this opportunity to thank RAI for their tremendous support during the creation of this report and collaborating with us during the intensive data collection process.

We are truly excited about this report and would be happy to hear your feedback on the same, so please write to us at [research@octane.in](mailto:research@octane.in) with your thought and comments.

Best Regards,

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

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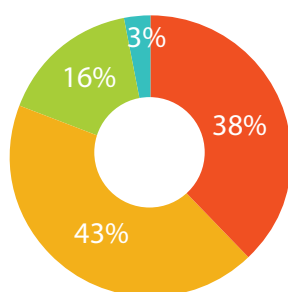




# 01 RESEARCH METHODOLOGY

The survey for this RAI-Octane India Retail e-Marketing Report 2014 saw an active and fervent response from leading retailers and marketers across India. A total of 80 retailers participated in this survey, which was run between 15th to 30th May 2014. The participants included well known industry heavy weights to ambitious start-ups.

Our research team solicited views and opinions of leading marketers and analysed feedback received from CXOs, Directors, Presidents, Vice Presidents, Business Heads and Marketing Managers. Reporting metrics were also analysed for the 900 million plus emails that go through the Octane platform per month.



SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

- Top Level
- Mid Level
- Junior Level
- Others

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

As with our previous edition, for this 2014 report too, our primary objective was to identify trends in marketing for single brand and multi-brand retailers across online and offline channels covering primary marketing goal, expansion plans, strategic plans, importance of email marketing etc. However, with the industry trends shifting more towards Customer Engagement, Customer Retention and increasing Loyalty; for this we focused upon things that effect Customer Engagement directly. Metrics like:

- Social Media Channels used to reach maximum customers
- Start up a Cart Abandonment program to acquire interested customers
- Importance of email marketing for marketing plans
- Importance of mobile (Smartphones/Tablets/Apps) for sales and marketing plan
- Marketing goals and aspirations of retail marketers in India in FY-2015
- Comparative study of the expenditure marketers do on online and offline activities
- Trending data on 2013 and 2014, how marketers' perception has changed in a year

The methodology to achieve such insights was very simple. An online survey was devised to unveil the desired insights and simultaneously face-to-face meetings and telephonic interviews were scheduled to ensure that we reach out to the maximum number of participants.

We sincerely hope that these insights will benefit you to understand Customer Engagement for your business and enables you to make informed decisions about your future marketing plans for 2014-15.



## 02 TOP 10 INSIGHTS & HIGHLIGHTS

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**1. Marketing Goals:** Although Customer Acquisition still remains the primary marketing goal for retail marketers this year as was last year, Customer Retention sees a huge drop of 13% from 22% to 9% this year. Brand Awareness, on the other hand, has grown in importance as a marketing agenda.

**2. Operations Type:** A massive 29% of our respondents are thinking ahead and are creating online presence with their existing offline presence. 14% of retailers know that how the 'look and feel' concept is prevalent when it comes to retail and therefore they are also stepping into brick and mortar store space.

**3. Expansion Plan:** Expansion plans for retailers are pretty much the same in 2014 as they were last year. 46% of our respondents want to increase their offline presence and 33% aiming to expand in the online domain.

**4. Strategic Plans:** Retail marketers today are focusing on Business Expansion/Brand Franchising and New Product Lines/Creating a private label or sub-brand the most amongst all the parameters like last year as well, with a slight increase in more of them doing so. But the biggest change comes in Business model transformation with 29% voting for it as compared to only 11% last year.

**5. Use of Technology:** The reliance on heavy usage of technology for marketing has only increased. A significant 12% more voting to do so. But retail marketers who have been using only some technology also see a major drop, with only 34% opting for this option as compared to 44% last year.

**6. Online Marketing v/s Offline Marketing:** Marketers who have been using offline till last year are changing trends and opting more for online channels. Whereas 46% wanted to do more offline last year, only 30% said they are doing so this time. Also, marketers opting for only online have increased from 3% to 8% this year.

**7. Importance of Email Marketing:** Marketers choosing email channel to be a part of their marketing plans sees a rise and more than half of them at 53% said they favour it. But those considering it to be the core marketing function are now less in number from 19% last year to 14% this year.

**8. Customer Engagement:** When it comes to Customer Engagement, offline retailers (brick and mortar stores) and online retailers (e-Commerce) think differently. While 100% of the online retailers feel Facebook offers them maximum Customer Engagement while 95% of the offline retailers feel the same. For 50% of the online retailers surveyed, LinkedIn is the more preferred platform for Customer Engagement.

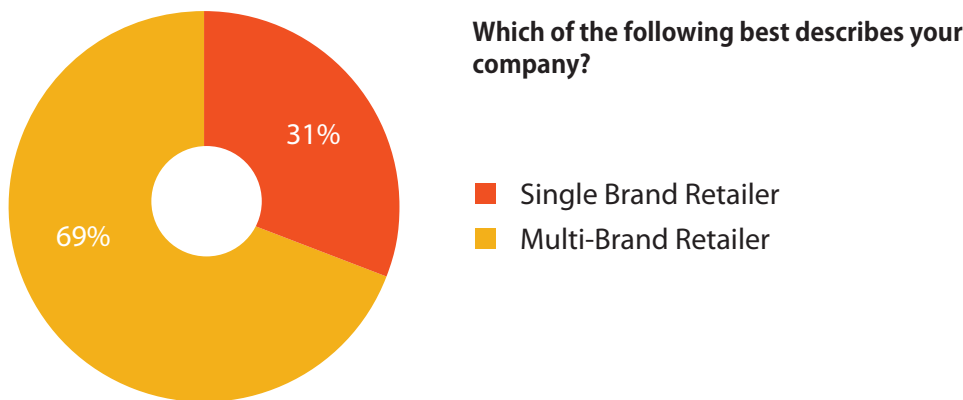
**9. Importance of Mobile Devices:** 67% respondents said that mobile devices are important for their marketing plans. 21% said that they use it, however it's not focussed and 12% haven't yet updated their marketing activities according to mobile platform.

**10. Cart Abandonment Program:** Shopping Cart Abandonment is an important issue for all retailers still only 11% of the retailers have implemented the Cart Abandonment Program, while 57% of the retailers don't have any such program and 16% of the retailers said that they plan to use this in the near future.

# 03 RETAIL MARKETING & OPERATIONS - A CLOSER LOOK

## 1. Company Type:

In our research we want to cover a broad sense of retail in India. In collaboration with RAI we approached many retailers with different operations; due to which we scored a good mix of Single Branded Retailers (31%) and Multi Branded Retailers (69%) for our research. This mix is similar to what we saw in the 'India Retail e-Marketing Study 2013' as well.

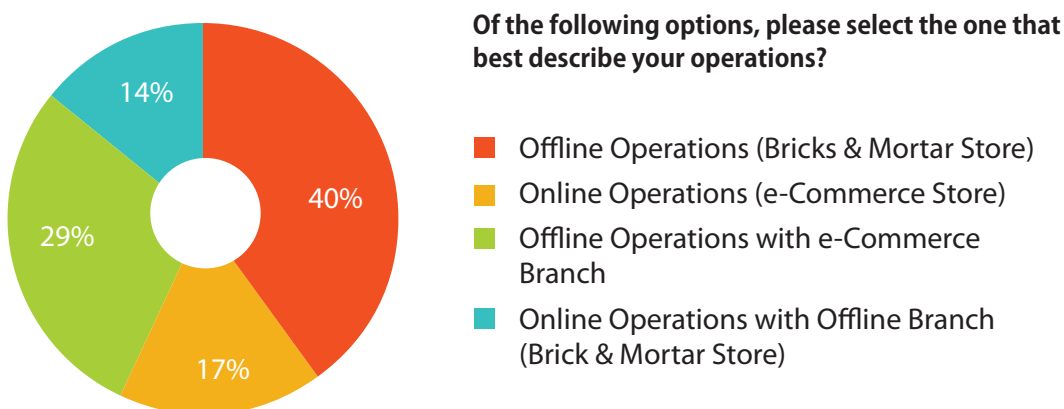


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

## 2. Operations Type:

We further asked our participants to segregate themselves as online (e-Commerce) retailers or offline (brick & mortar) retailers, as per their operations. 40% of our respondents were from purely offline operations and 17% from purely online operations. A massive 29% of our respondents are thinking ahead and are creating online presence with their existing offline presence. 14% of retailers know that how the 'look and feel' concept is prevalent when it comes to retail and therefore they are also stepping into the brick & mortar store space.

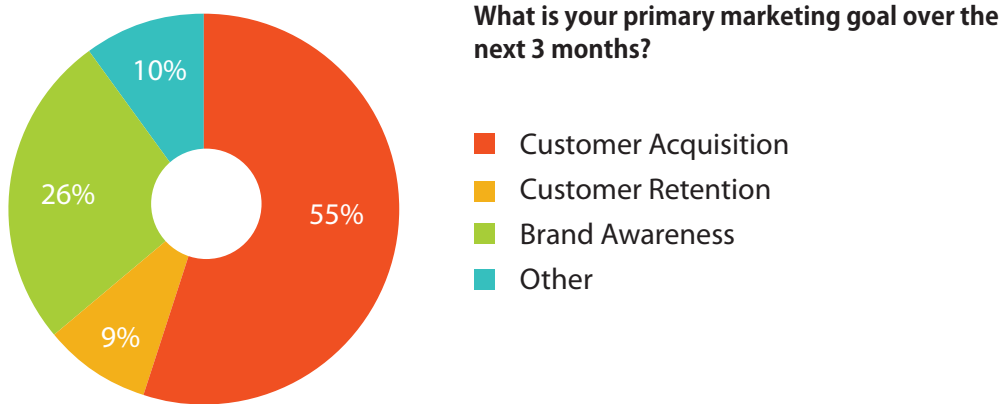


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

### 3. Primary Marketing Goals for Retailers:

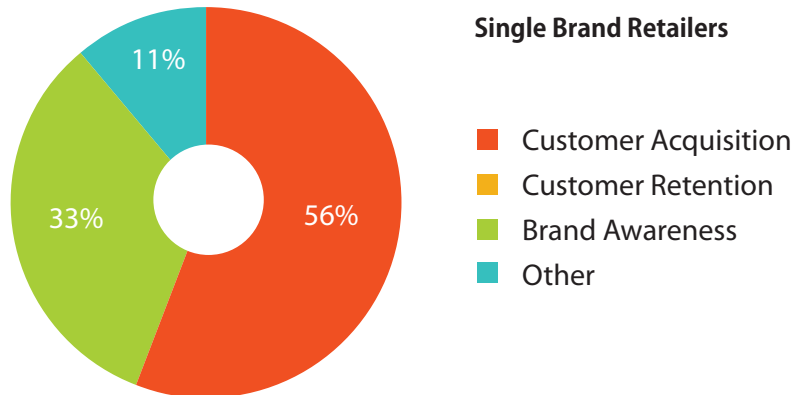
A massive 55% of marketers said that their primary goal for the next year is Customer Acquisition. Surprisingly, only a meagre 9% marketers voted for Customer Retention as their agenda. With the rising competition in the retail market and big brands like Myntra and Flipkart merging, 26% of marketers voted for Brand Awareness as their primary goal making it the 2nd most preferred marketing goal.



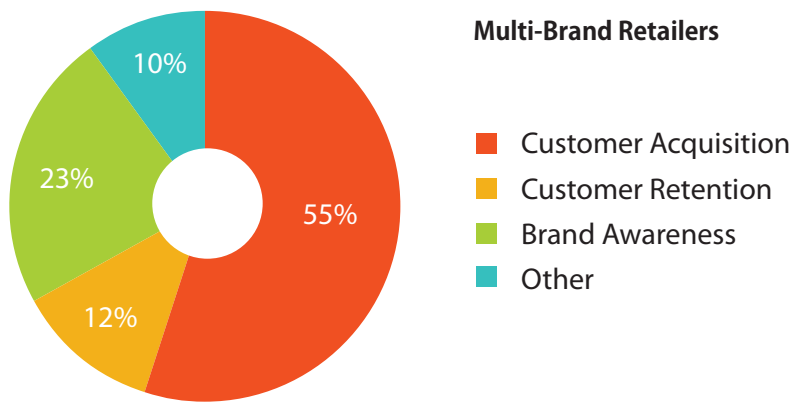
SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

For single brand retailers again Customer Acquisition wins as a primary goal with 56% votes, followed by Brand Awareness getting 33% votes.

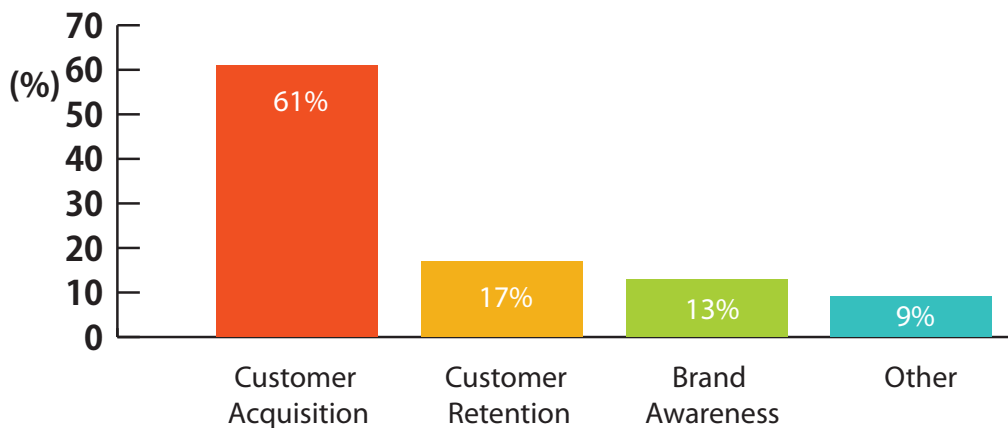


Yet again 55% multi-brand retailers voted for Customer Acquisition as their primary marketing goal. Single brand retailers don't have to fight with identity as their brand represents and speaks to a certain group of people, whereas for multi-brand retailers its necessary to retail customers as they pursue multiple brand identities under one store. Therefore, 12% marketers voted for Customer Retention as their primary marketing goal; followed by Brand Awareness with 23% votes.

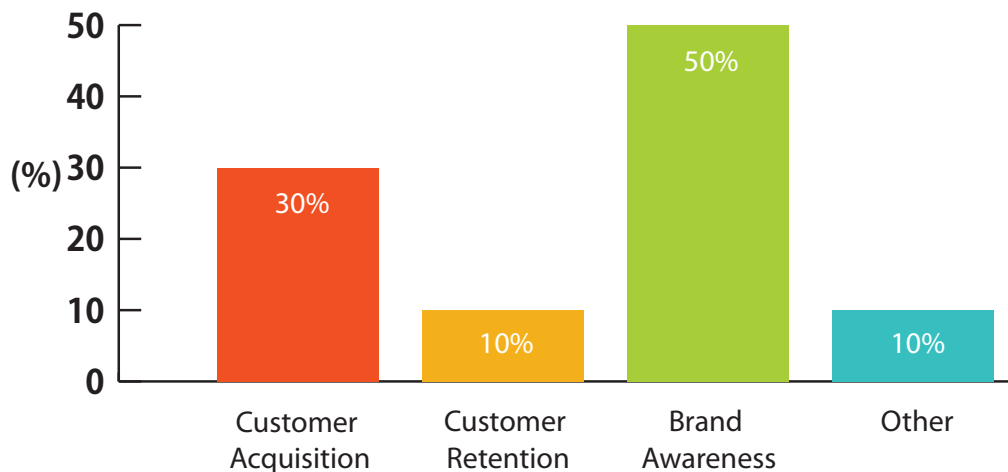


Since the competition is much more in the online space as compared to offline, it becomes imperative for retailers to focus on Brand Awareness apart from Customer Acquisition. So, unsurprisingly 50% of retailers focus on Brand Awareness online and only 30% on Customer Acquisition whereas offline retailers focus mainly on Customer Acquisition with 61% of them doing so.

**Offline Retailers (Brick & Mortar)**

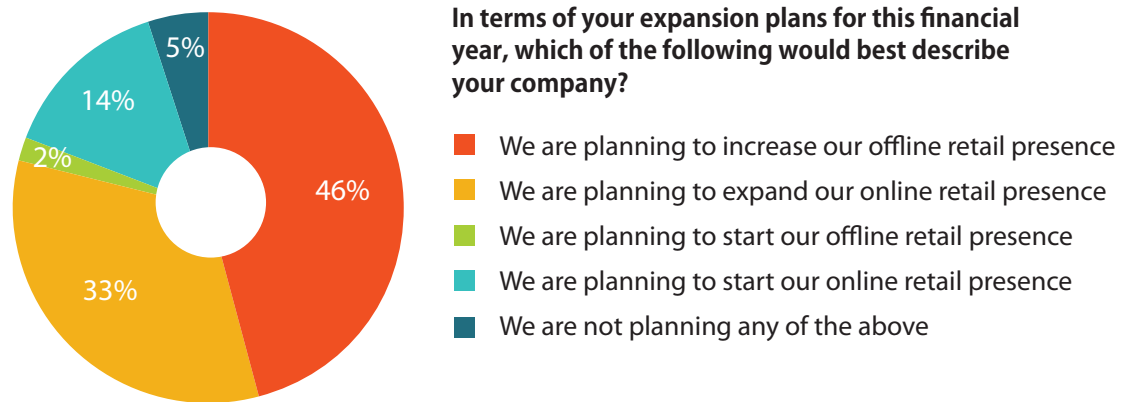


**Online Retailers (e-Commerce)**



## 4. Expansion Plans for this Financial Year:

Almost half of the marketers at 46% say that they are planning to increase their offline presence. More and more online retailers like Chumbak and Being Human, have gone from purely online businesses to open their stores/kiosks to increase their offline presence as well. A good 33% marketers voted for expanding their online retail presence as well 2% plan to start their offline stores, whereas 14% plan to start their online presence. Only, 5% marketers are not planning to make any expansion in the coming months.

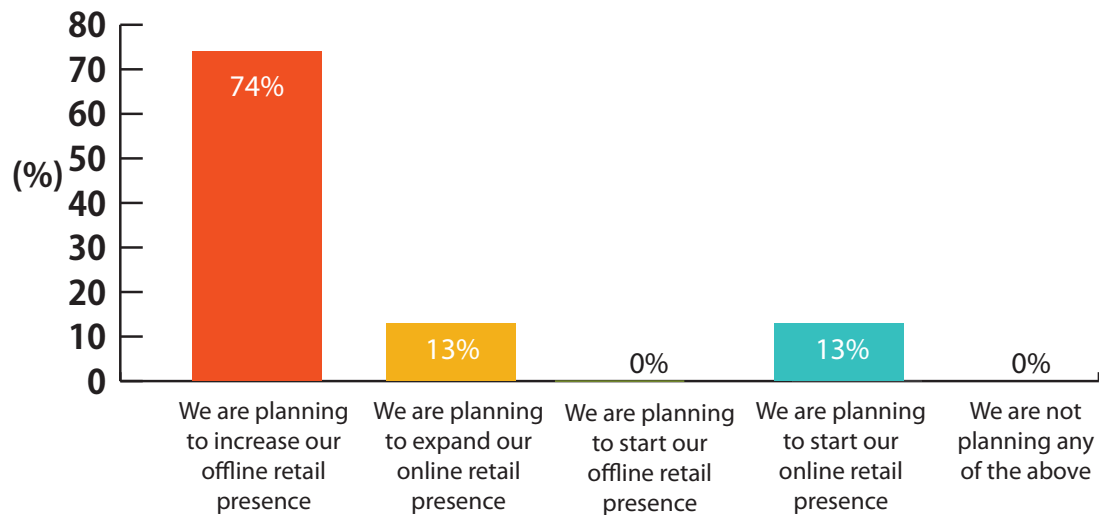


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

74% of offline retailers will further increase their offline presence with more stores in the pipeline for them this year. Both expanding online presence and planning to start online presence got 13% votes.

### Offline Retailers (Brick and Mortar)



#### Online Retailers (e-Commerce)

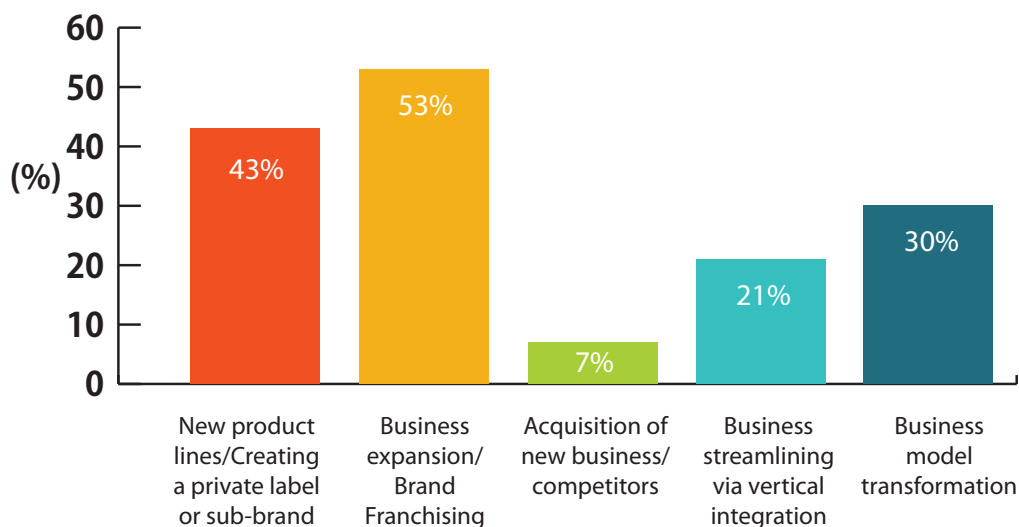


## 5. Strategic Plans in this Financial Year:

Brand Franchising and Business Expansion seems to be on the mind of retail marketers, with more than half (53%) voting for this option. 43% marketers want to create new product lines to try and acquire a larger customer base. 30% marketers want to transform their business models, in order to find new areas of growth as a core part of their strategic plans for 2014-2015.

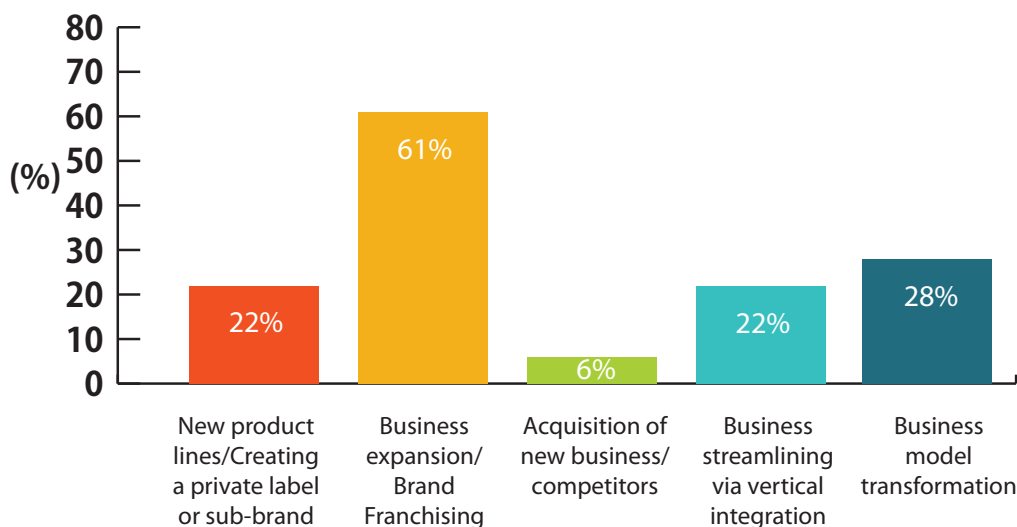
We saw accessory brands creating clothing lines and publishing companies foraying into stationery products; adding a new vertical to the current business helps to cater to more customers. With this thought in their mind 21% marketers think they will boom their business by adding a new vertical. 7% marketers talked about acquiring competitors.

**Of the following options, please select all the ones that would be a part of your strategic plans in this financial year?**



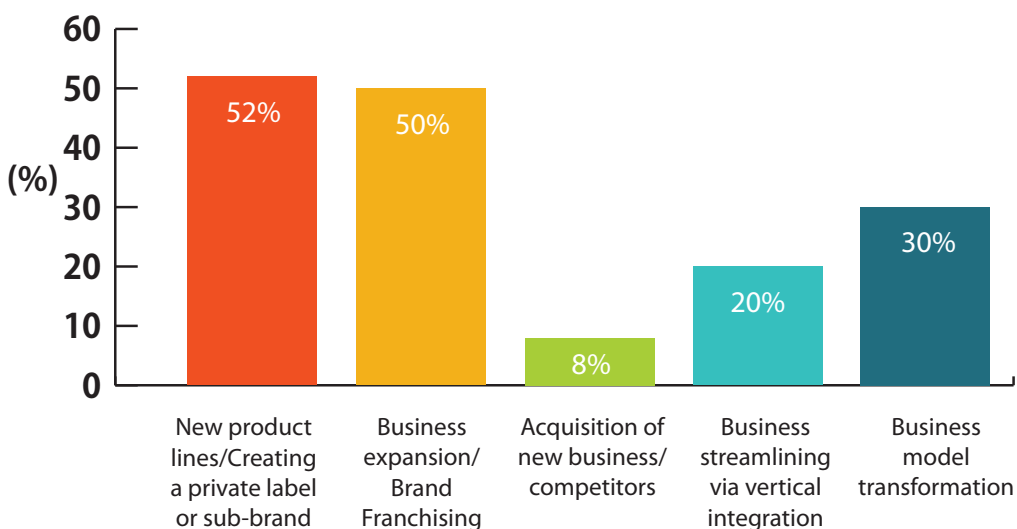
### Single Brand Retailer

For single brand retailers Brand Franchise and Business Expansion is at utmost importance with 61% marketers voting for the same. 28% retail marketers said that Business model transformation is important to them. This will help them create new ideas to market their product more effectively. Equal number of votes (22% each) went to New Product and New Vertical Integration, which goes in line with the primary goal of retail marketers i.e. 'Customer Acquisition'. New business and Competitor Acquisition is on the mind of 6% retailers.



### Multi-Brand Retailer

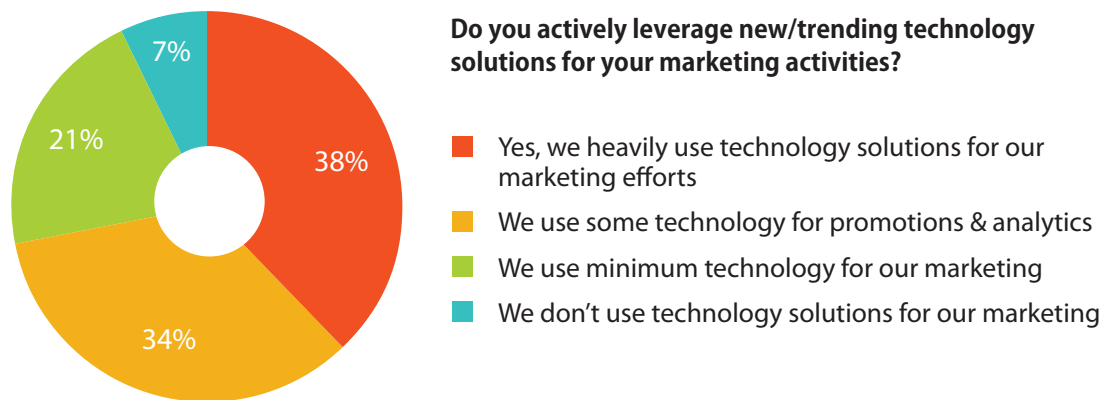
For 50% multi-brand retailers introducing New Product Lines and expanding with Franchising are options in their primary strategic plans. Followed by Business transformation (30%), Vertical Integration (20%) and Acquisition (8%).



## 6. Leveraging form New Technology for Retail Marketing:

Last month Amazon and Twitter came up with an innovative concept of acquiring customers with Amazon add to cart hashtag on twitter. Customers can now add products to cart with the #AmazonCart hashtag and finish shopping and payment later.

Technological innovations like these have taken retailers by storm and according to our research 38% of retail marketers are using technological tools to attain better ROI. 56% marketers said they somewhat use technology to profit in their business, whereas 7% marketers said that they don't use technology at all to leverage their business.

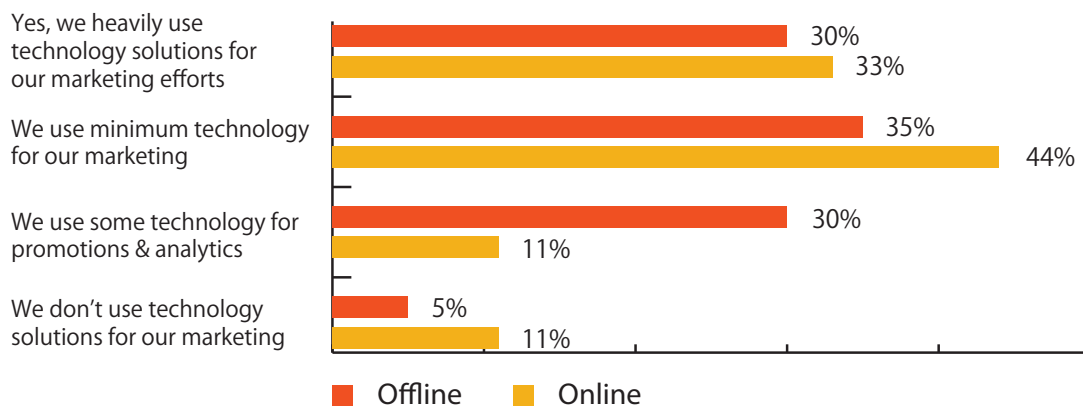


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

### Offline Retailers v/s Online retailers

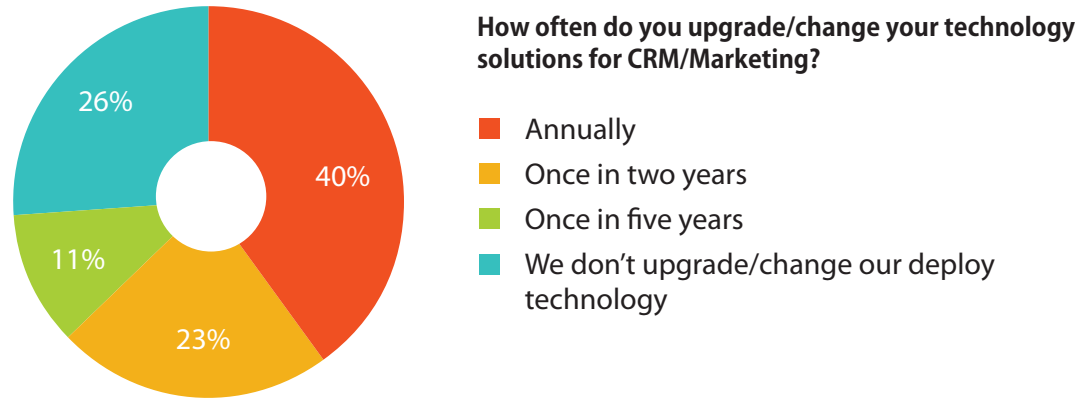
Comparing the two retail mediums on technological innovations, it's good to see how both offline (30%) and online (33%) retailers are putting technology to use for the development of their businesses. At an average 60% retailers for both mediums of retail use some kind of technology to leverage their businesses.





## 7. Upgrading Technology Solutions for CRM/Marketing:

A good number of marketers (63%) upgrade their technology for CRM and Marketing initiatives atleast once a year. 11% do it once in 5 years and a staggering 26% marketers said they don't deploy new technology or change existing technology, which might not be good for the growth of their business.

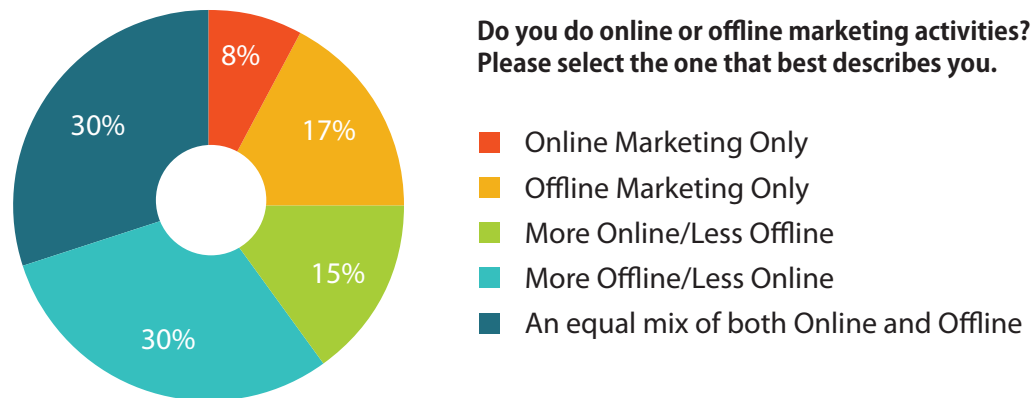


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

## 8. Using Online or Offline Marketing for your business:

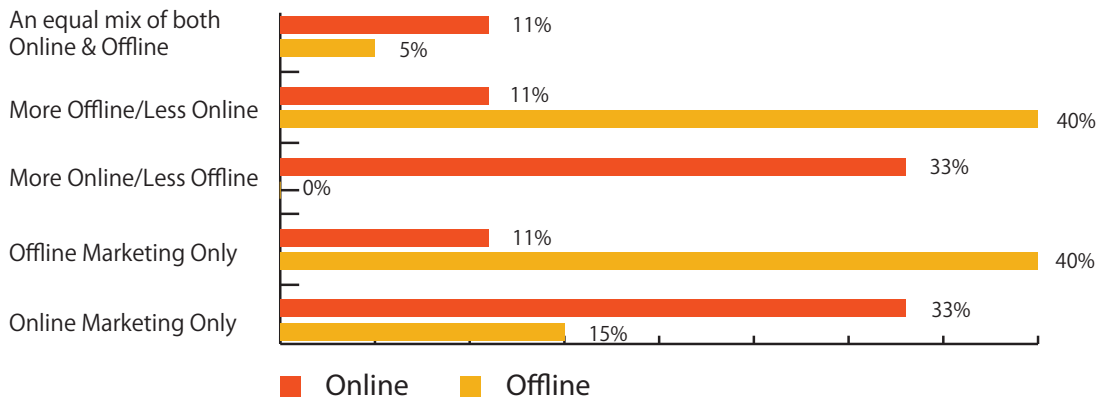
75% marketers who participated in the survey said that they use a mix of offline and online marketing initiatives for their business. Even after seeing how digital media is booming only 9% of marketers solely use online activities and 17% marketers use offline marketing as a channel.



SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

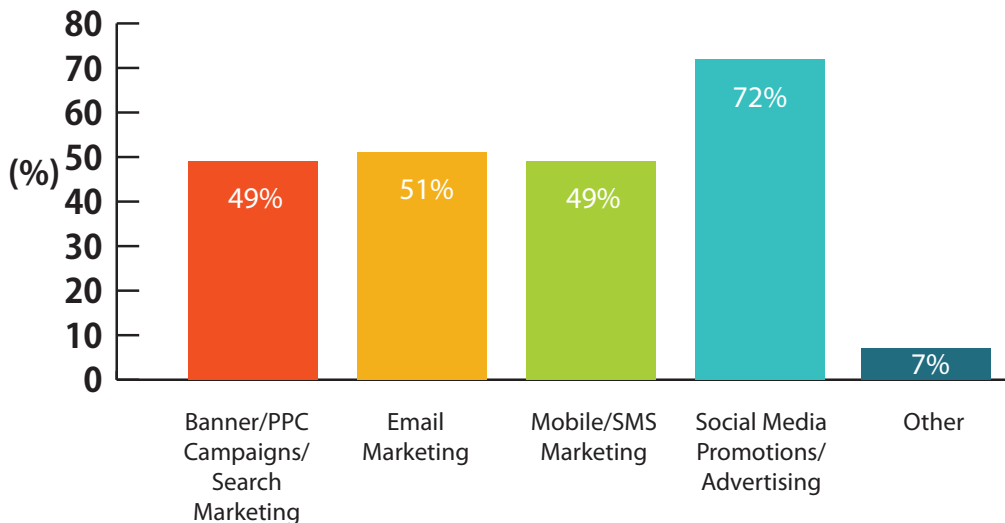
### Online v/s Offline retailers



## 9. A Closer Look at Online Marketing Initiatives:

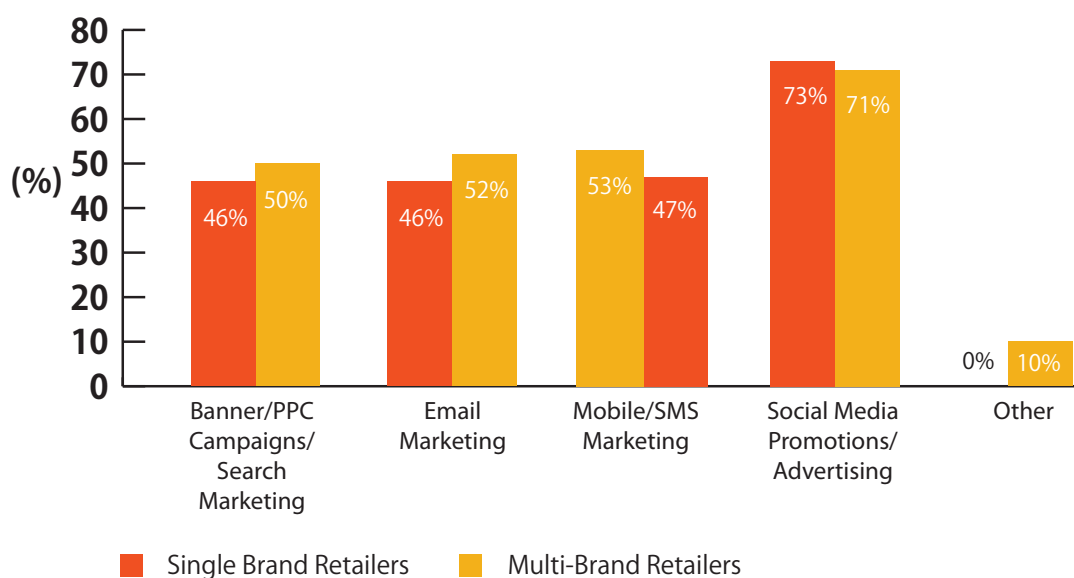
Amongst the various digital marketing channels, Social Media is the most popular channel with 72% marketers using it for their online activities. However other channels are not behind either, with Email Marketing (51%) and Mobile Marketing (49%) participating actively in the online marketing mix. Real time online advertising and Pay Per Click campaigns are also at par with the above mentioned marketing activities earning 49% votes from the survey respondents.

**Which of the following online marketing activities are employed by you? Please select all that apply.**



### Single Brand v/s Multi-Brand Retailers

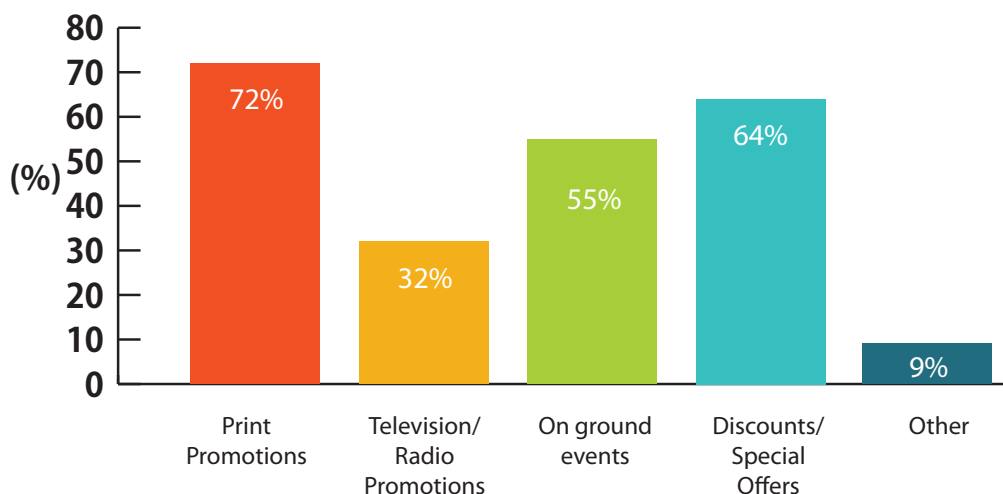
Further we pivoted data for multi-brand and single brand retailers, where we found out that Social Media is again the prevalent channel for retailers for engagement. However, for better ROI and transactions, Email Marketing works the best, with 52% (multi-brand) and 46% (single brand) retailers agreeing to this. We see that there is an equal mix of both Banner/PPC and Mobile Marketing activities for both multi-brand and single brand retailers, as both of them got almost 50% votes by marketers as effective channels for their marketing activities.



## 10. A Closer Look at Offline Marketing Initiatives:

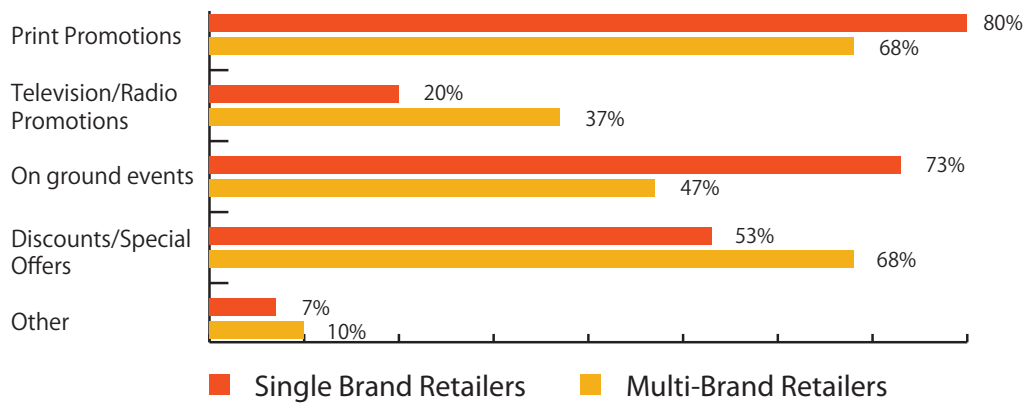
72% retail marketer use 'Print Promotions' as a massive part of their offline marketing activities. The second most practiced offline activity is 'Special Offers' (64%), followed by 'On ground events' (55%). About 32% of the participants responded that they use 'Radio and TV Promotions'. About 9% of the participants responded that they use 'Other'.

**Which of the following offline marketing activities are employed by you?**



### Single Brand Retailers v/s Multi Brand retailers

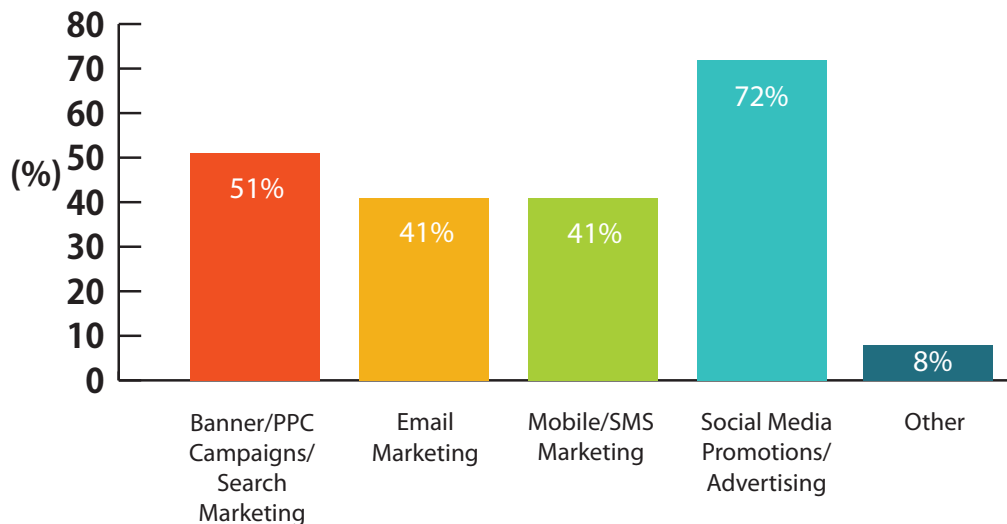
Like the comprehensive offline marketing activities by retailers, a segregation of multi-brand and single brand retailers also shows the same result. Print Promotions, Special offer and On ground events are the most prominent offline activity practiced by retail marketers. The only slight difference being multi-brand retailers showing bias towards Discounts/Special Offers whereas single brand retailers favouring On ground events apart from Print Promotions which is preferred by both.



## 11. Online Marketing Investments:

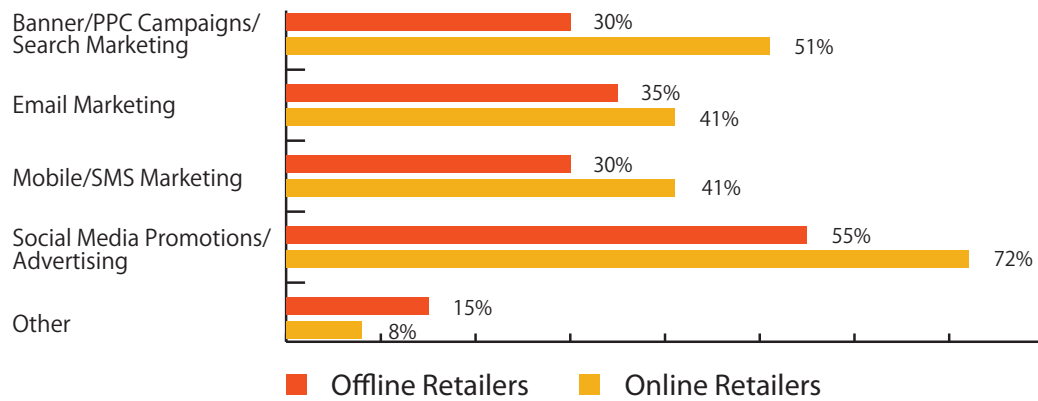
'Social Media' is the most popular media for retail marketers, with 72% marketers wanting to invest money in their social media channel campaigns. 51% of participants responded that they would invest more in 'PPC Campaigns'. A close run, with 41% votes each were Email Marketing and Mobile Marketing, the channels which show the maximum ROI.

**Which of the following online activities will see and increase in marketing investment by your company in this financial year?**



### Offline Retailers v/s Online Retailers

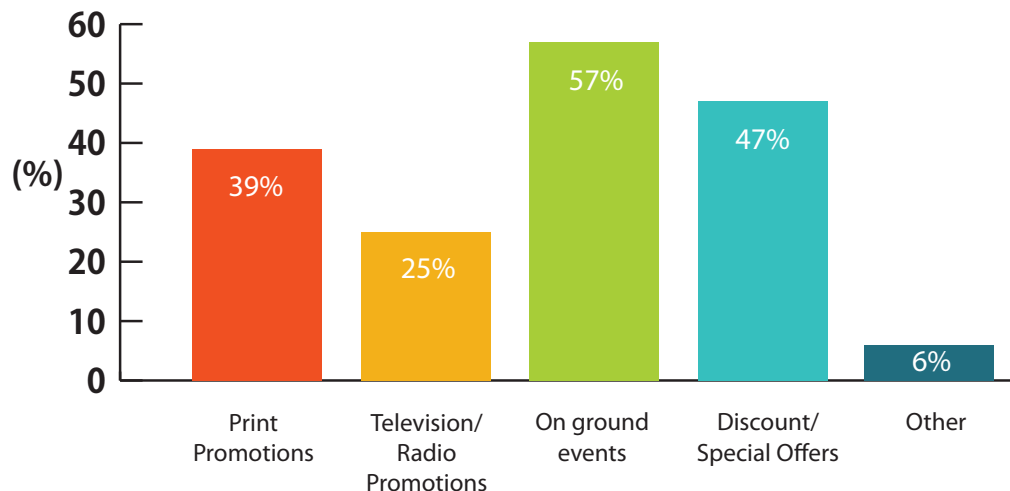
Comparing the data between online and offline retailers, we see that traditional retail is catching up on the online marketing front. 'Social Media' has the higher ground with 72% votes from online retailers and 55% by offline retailers. PPC marketing is 51% for online retailers and 30% for offline retailers, followed by Email Marketing and Mobile Marketing scoring 41% of votes each from online marketers and 35% and 30% respectively for offline marketers.



## 12. Offline Marketing Investments:

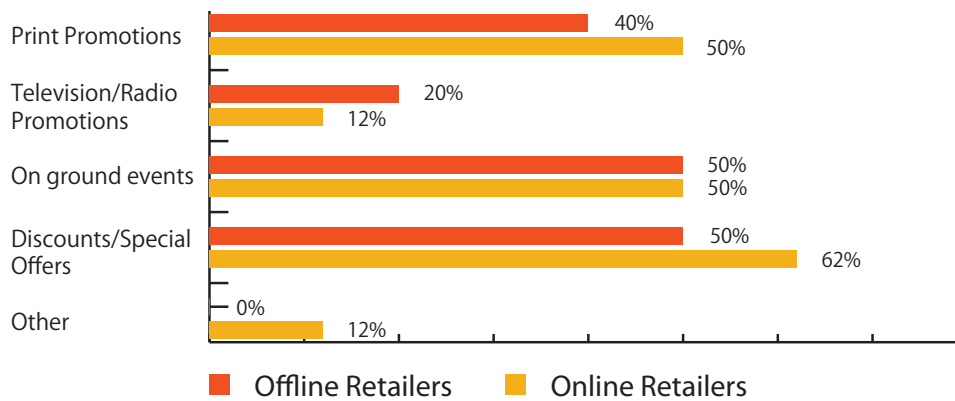
The touch and feel concept of offline retailers is unique and it can be tabbed only when you catch a customer in action at a market place. Keeping this in mind, 57% marketers invest in 'On ground events' as a part of their offline marketing activities. 47% of participants votes for 'Discounts/Special Offers'; Print Promotions scored 39% votes; whereas, TV and Radio Promotions also scored a decent 25% votes.

**Which of the following offline activities will see and increase in marketing investment by your company in this financial year?**



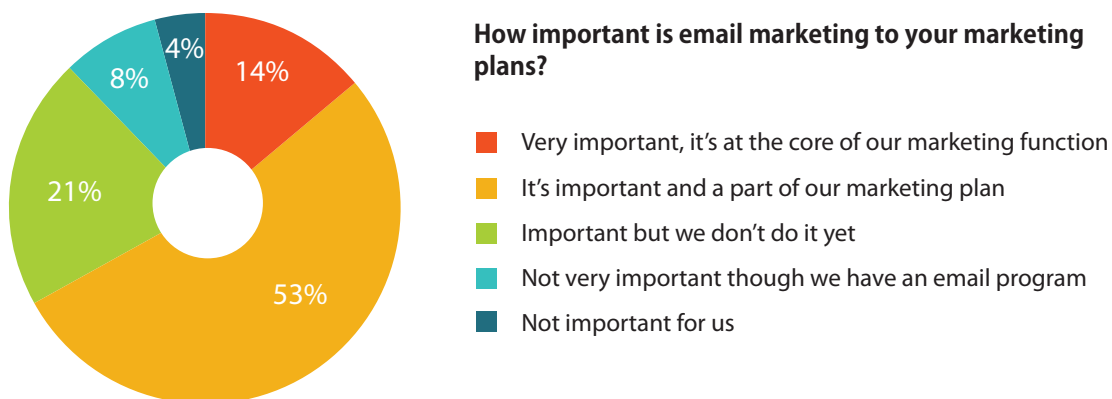
### Online v/s Offline Retailers

It's surprising to see how Print Promotions are done by online retailers (50%) more in comparison with offline retailers (40%). Discounts and Special offers are also practiced more by online retailer (62%) and not offline retailers (50%). On ground events are done by both (50% each) equally; followed by Radio and TV Promotions (online retailer: 12% and offline retailers: 20%).



### 13. Importance of Email Marketing:

A concrete 67% marketer said that they use the channel of Email Marketing and think it important for their ROI and Customer Engagement. This is a steady number when compared to last year. 21% know the importance of email in their marketing cycle and would start engaging with this channel soon. 12% of marketers don't use email effectively, out of which 8% respondents have email marketing program.

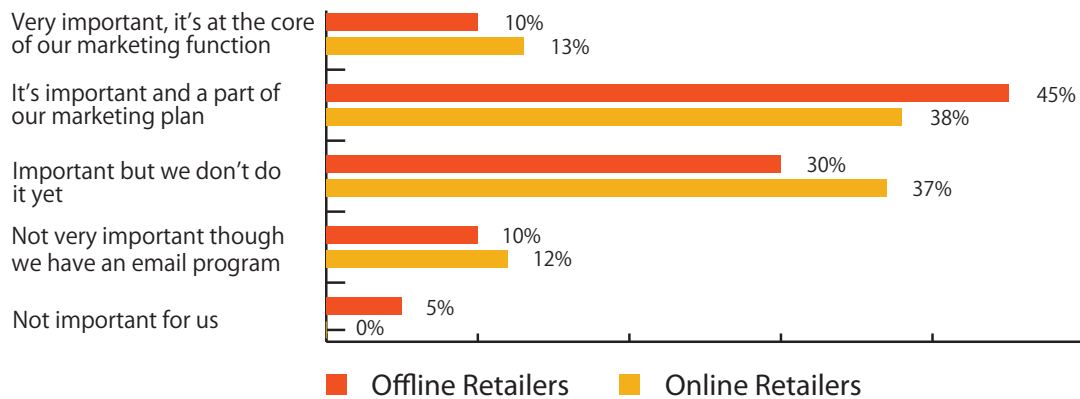


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

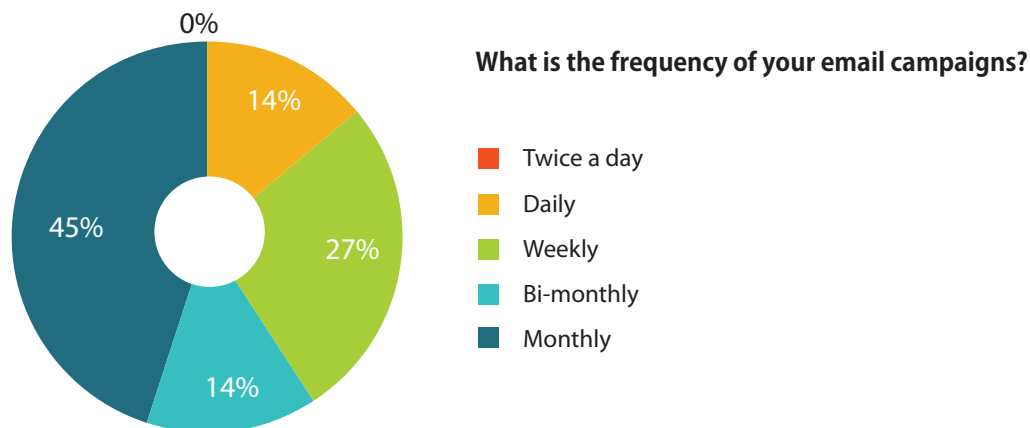
#### Online v/s Offline Retailers

All online marketers think that email marketing is important, out of which 55% use it efficiently and think it's a core part of their marketing strategy. The same is true with offline marketers as well. Only 5% say that they don't use email marketing channels and 50% said it is important of their business.



## 14. Frequency of Email Campaigns:

Email marketing remains one of the strongest ways for companies to stay in touch with their customers, keep their customers informed and to reach to right customer at the right time to sell their product. One of the issues for email marketing is the question of email campaign frequency. 45% of the retailers surveyed revealed that they send email campaigns on a Monthly basis, while 27% of the retailers do it Weekly. 14% of the retailers send email campaigns Daily and Bi-monthly.

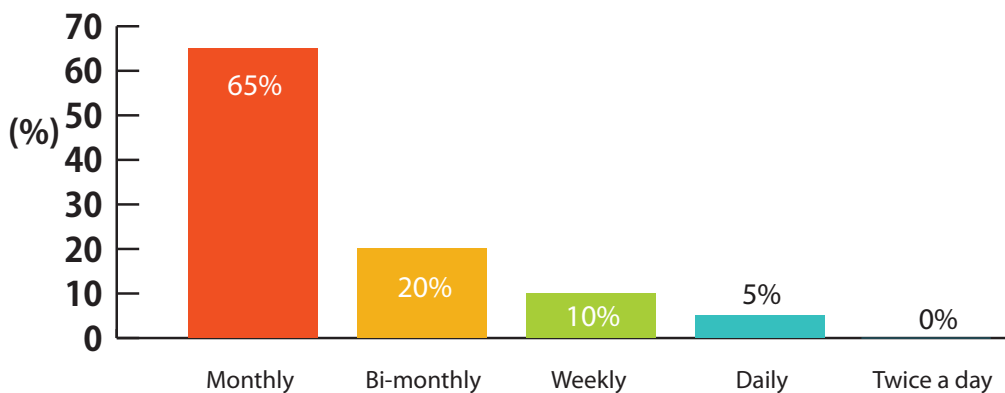


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

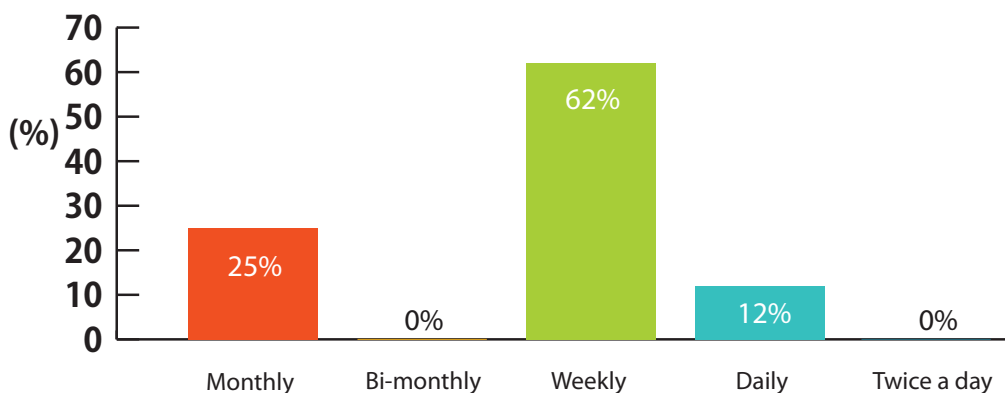
When we look at the offline retailers exclusively, a strong 65% of the retailers send their email campaigns Monthly while 20% of the retailers send Bi-monthly. 10% of the retailers send their email campaigns Weekly with 5% doing it on a Daily basis.

### Offline Retailers (Brick & Mortar Stores)



Simultaneously, when looking at online retailers exclusively, we see that 62% of the retailers send their email campaigns Weekly, while 25% of the retailers are sending it Monthly and 12% retailers doing it on a Daily basis.

### Online Retailer (e-Commerce)



## 15. Modern digital marketing techniques deployed:

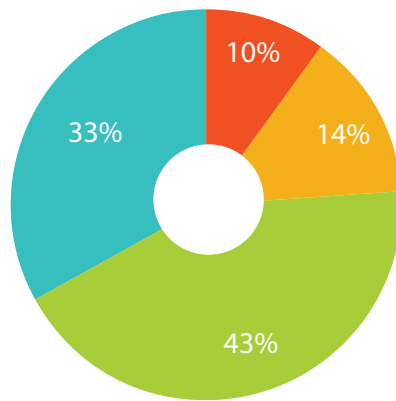
According to our report “Igniting Engagement -The State of E-Marketing in India 2014”, 45% of the marketers surveyed believe mobile devices are an important platform for Customer Engagement and are adapting to it well.

However, if the e-mailer and website isn’t optimized properly for mobile devices (users having to scroll horizontally or vertically), the users may not click through on your emails resulting in low CTR.

Creating a consistently usable experience even beyond the email is crucial to making conversions happen. Whether you’re displaying detailed information on your website, or trying to draw your users on the landing page, you have to ensure that the destination is optimized for mobile viewing; taking care of little details, like pasting a coupon code advertised in your email into a web form on a target page, also goes a long way.

Our research shows that only 10% of the respondents use only Responsive Emails and 14% of the respondents have only Responsive Websites. Additionally, 43% of the respondents use both Responsive Emails and Responsive Websites, while 33% of the respondents use none.





#### Which of the modern digital marketing techniques do you deploy?

- Responsive Emails
- Responsive Website
- Both
- None

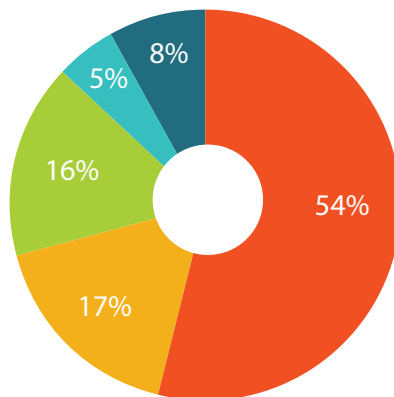
SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

If we look at the online retailers, then according to our report “CTR eTail 2014”, only 27% of the marketers use Responsive Design mailers and the rest 73% are still missing out on an important opportunity to raise their CTR percentage rates.

## 16. Social Media Platforms used for Engagement:

Nowadays, companies are focussing on effectively leveraging social media platforms to engage with customers, prospects, employees, and candidates. Facebook is a fast-growing platform with 54% of retailers using it. Twitter is also popular with 17% of the retailers using this platform. For its marketing initiatives, 16% of the retailers use LinkedIn as the social media platform, while 8% of the retailers are using Pinterest and 5% of the retailers are using Instagram to maximize their Customer Engagement.



#### Which social media platform you use for maximum customer engagement?

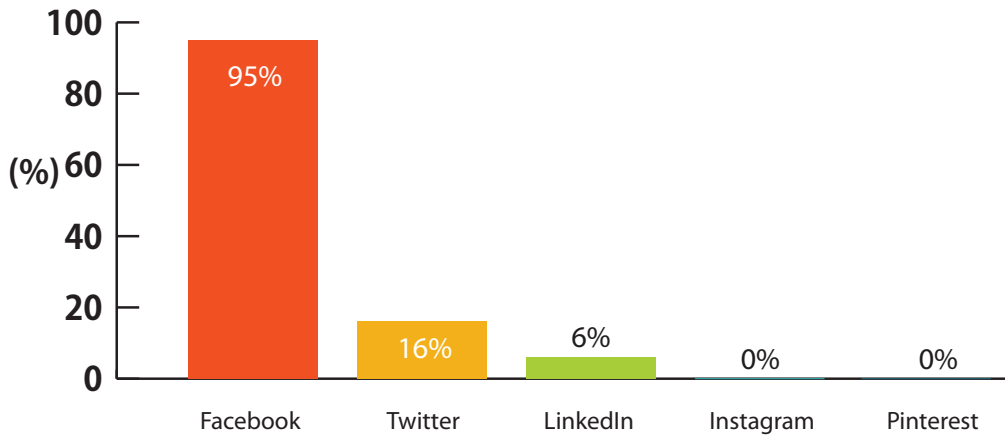
- Facebook
- Twitter
- LinkedIn
- Instagram
- Pinterest

SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

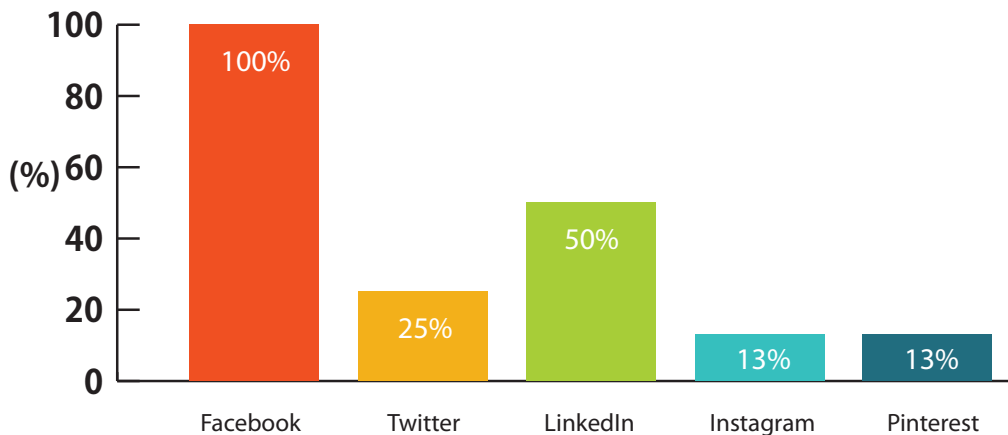
When we further separate the data for offline retailers, we see that retailers are not using Pinterest and Instagram for engaging with their customers. Facebook is used as the strongest platform with almost 95% of the retailers using the platform to increase their engagement with their existing and potential customers while, 16% of the retailers are using Twitter and near 6% of the retailers are using LinkedIn for maximizing their Customer Engagement.

### Offline Retailers (Brick & Mortar)



### Online Retailers (e-Commerce)

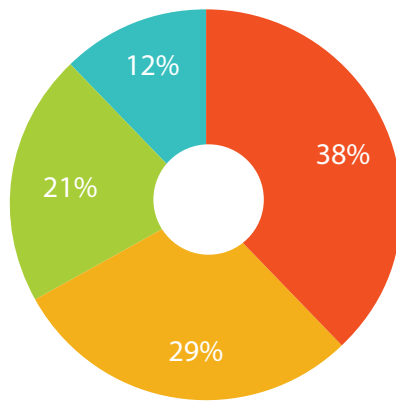
Talking about online retailer's, Facebook is used by everyone. 50% of the retailers are using LinkedIn, while 25% are using Twitter to engage with their customers. Almost 13% of the retailers are using both Pinterest and Instagram to increase their Customer Engagement, which is a good number for these two platforms as they are fairly new in the social media ecosystem.



## 17. Importance of Mobile Devices in your Marketing Plans:

According to Octane's 'Inbox Report, 2013-2014', there was a 100% rise in Android platform consumption in-terms of email opens. This data clearly showcases that mobile devices are here to stay and also grow.

This also showed in our current research, with 67% respondents saying that mobile devices are important for their marketing plans. 21% said that they use it, however it's not focused and 12% haven't yet updated their marketing activities according to mobile platform.



### How important is mobile(Smartphone/Tablets/Apps) to your sales & marketing plans?

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

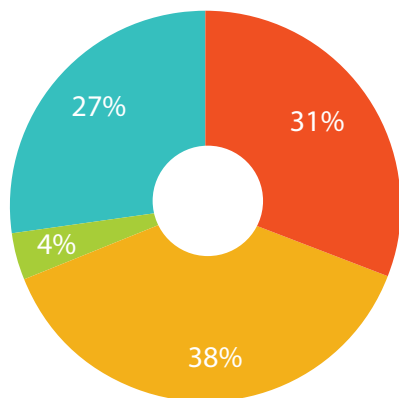
SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

## 18. Mobile App:

Since more and more people are using their smartphones to search for everything whilst on the go, mobile apps are the way forward. Nowadays, carrying out purchases and other transactions from PCs seems more like a constraint than liberation. It's the era of the 'commerce on the go'.

31% of the retailers surveyed revealed that they have mobile app, while 38% of the retailers surveyed said that they don't have any mobile app. However, 27% of the retailers are planning to introduce their mobile apps in the near future.



### Do you have a Mobile Application?

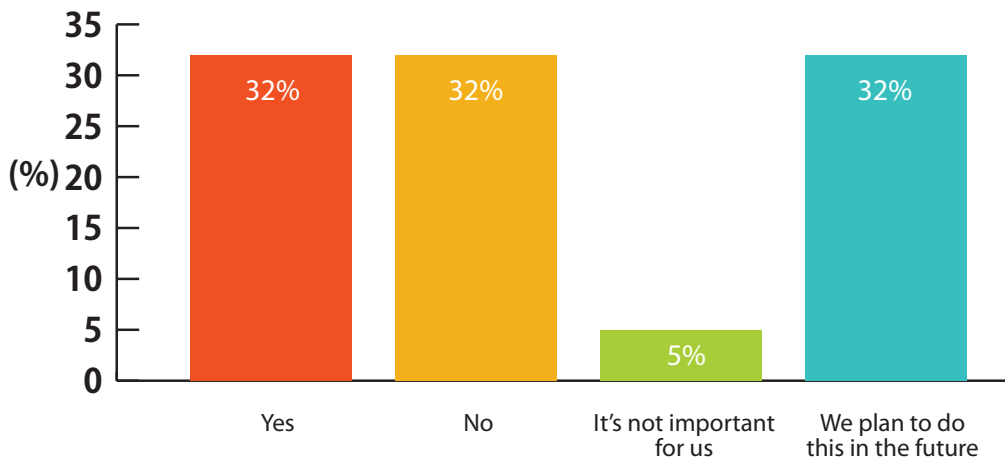
- Yes
- No
- It's not important for us
- We plan to do this in the future

SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

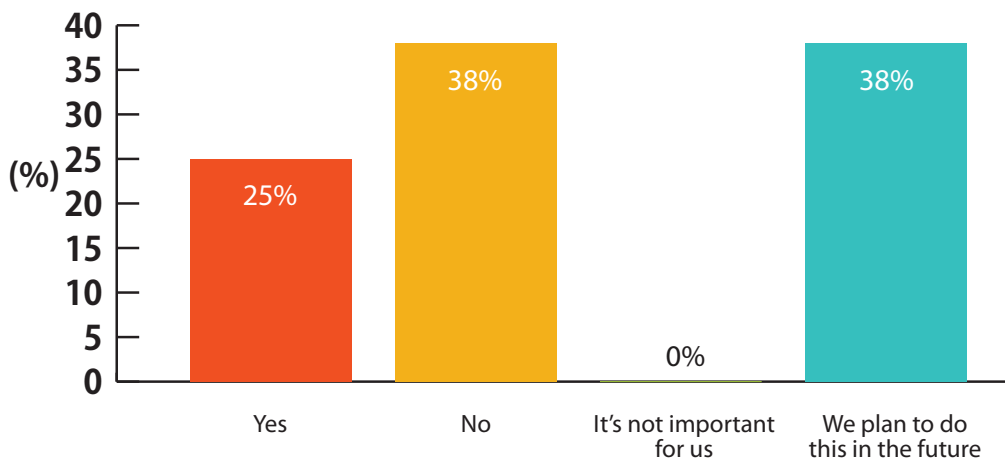
SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

Further, when we break down the data in terms of offline retailers and online retailers we see an interesting variation. More number of offline retailers (32%) have a mobile app as compared to online retailers (25%). But more online retailers are wanting to create a mobile app (38%) as compared to offline (32%).

#### Offline Retailers (Brick & Mortar)

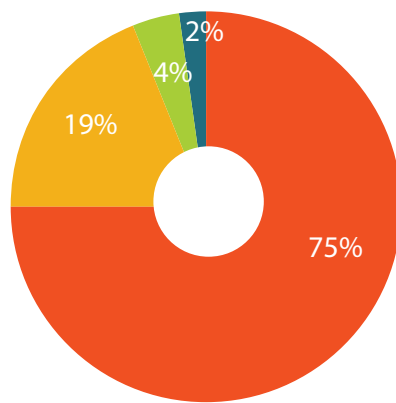


#### Online Retailers (e-Commerce)



### 19. Contribution of e-Marketing towards Revenue:

Indian retailers are still unaware of the potential of e-Marketing and the current figures showcase the same. Three-quarters (75%) of our surveyed retailers stated that e-Marketing accounts for only up to 10% of their total revenue. 19% shared that for them, e-Marketing activities contribute from 11% to 30% of their revenue and a very small group of 4% stated revenue contribution to be between 31% to 50%. About 2% of all retailers surveyed revealed that for them, e-Marketing contributes over 50% of their total sales revenue.



**In your overall sales revenue, approximately what percentage is contributed by e-Marketing (Email/Mobile/Social)?**

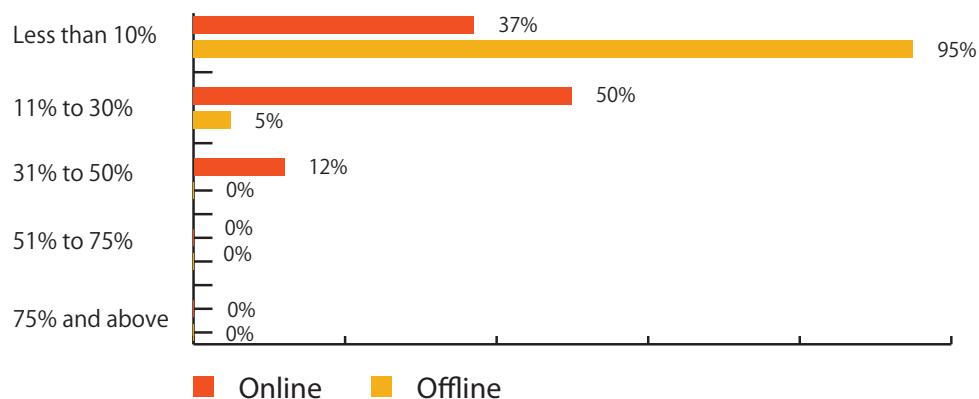
- Less than 10%
- 11% to 30%
- 31% to 50%
- 51% to 75%
- Over 75%

SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

Things are different when we segment the data for both online and offline retailers as shown below:

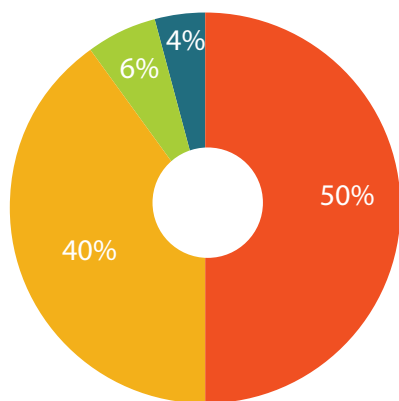
### Online v/s Offline Split



For almost all of the offline retailers (95%) revenue from e-Marketing is less than 10%. For half of the online retailers, revenue is between 11% to 30% and for 37% it is less than 10%.

## 20. Budget allocation for Online Marketing Activities:

e-Marketing is one of the channels that requires the least amount of investment and gives the most ROI to all marketers. Therefore, 50% of marketers voted that they invest less than 10% on their e-Marketing initiatives. 40% marketers invest 11% to 30% of their marketing investments on e-Marketing and 6% invest 31% to 50%. 4% of marketers said that they invest above 50% of their marketing budget on online marketing initiatives.



**For this financial year, approximately what percentage of the marketing budget is allocated to online marketing activities?**

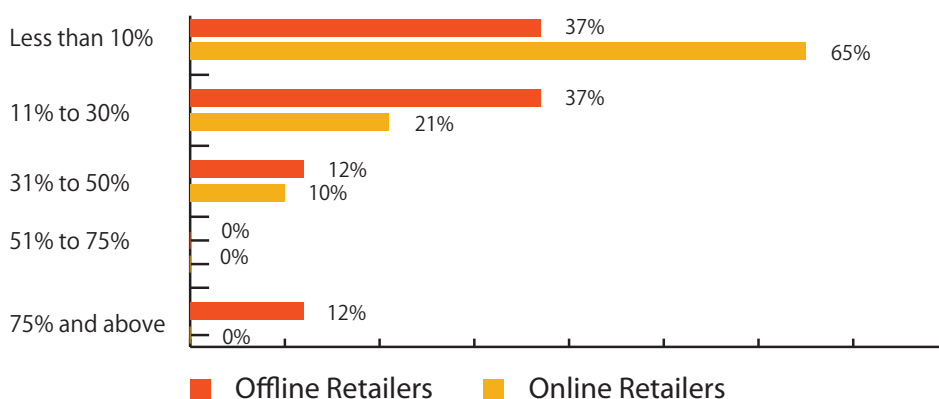
- Less than 10%
- 11% to 30%
- 31% to 50%
- 51% to 75%
- Over 75%

SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

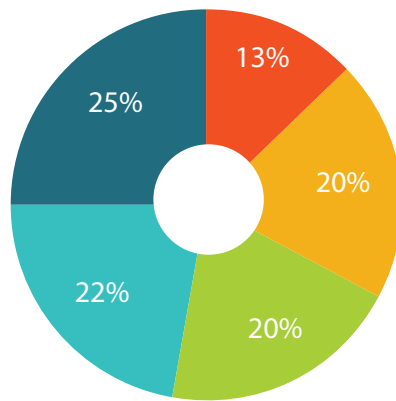
Here is a look on how online retailers and offline retailers divide their marketing budget of online marketing. Although most of the retailers spend less than 30% of their budgets on e-Marketing, a good 12% of offline retailers spend very heavily on it.

### Online Retailers v/s Offline Retailers

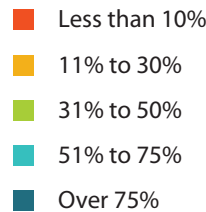


## 21. Budget allocation for Offline Marketing Activities:

For offline marketing budget, 13% participants said that they invest Less than 10% in offline marketing. 20% said they invest 11% to 30% of their marketing budget on offline activities. Same numbers goes for investment between 31% to 50%. A good percentage of 47% marketers invest over 50% on their offline marketing initiatives.



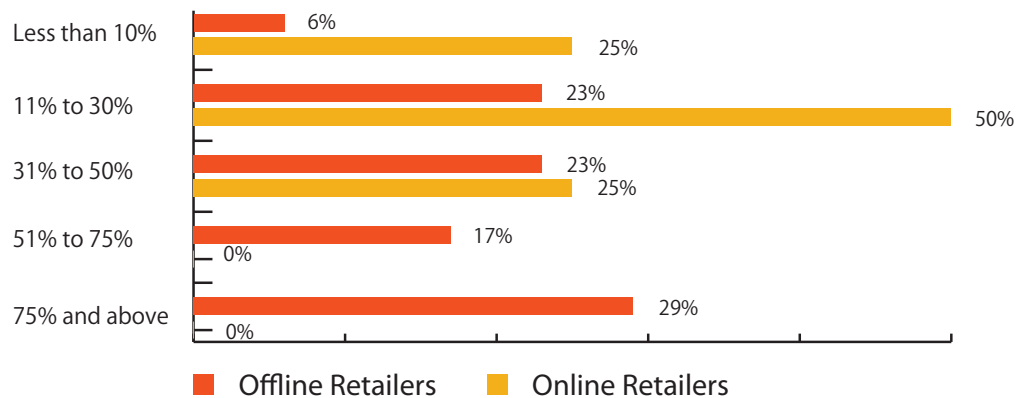
**For this financial year, approximately what percentage of the marketing budget is allocated to offline marketing activities?**



SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

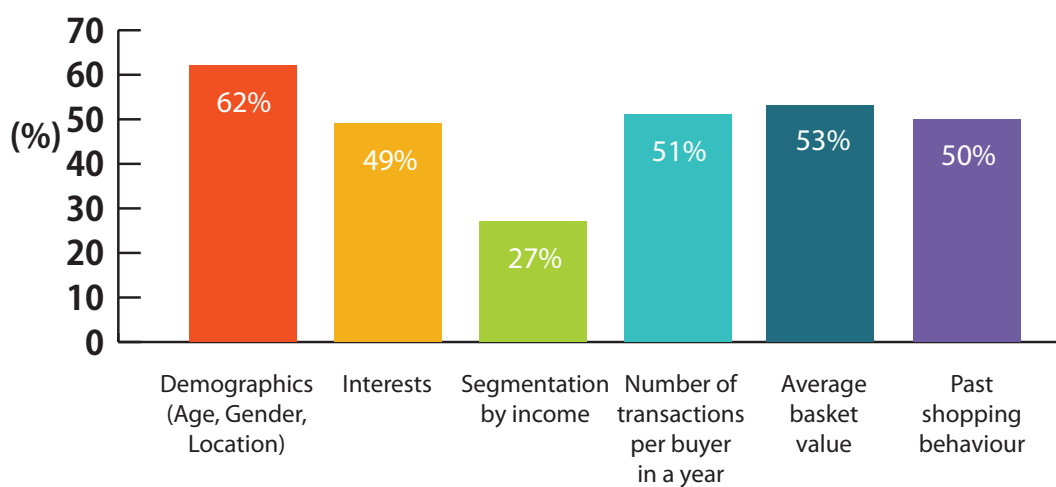
### Online Retailers v/s Offline Retailers



## 22. Using Metrics to Understand the Consumer Base:

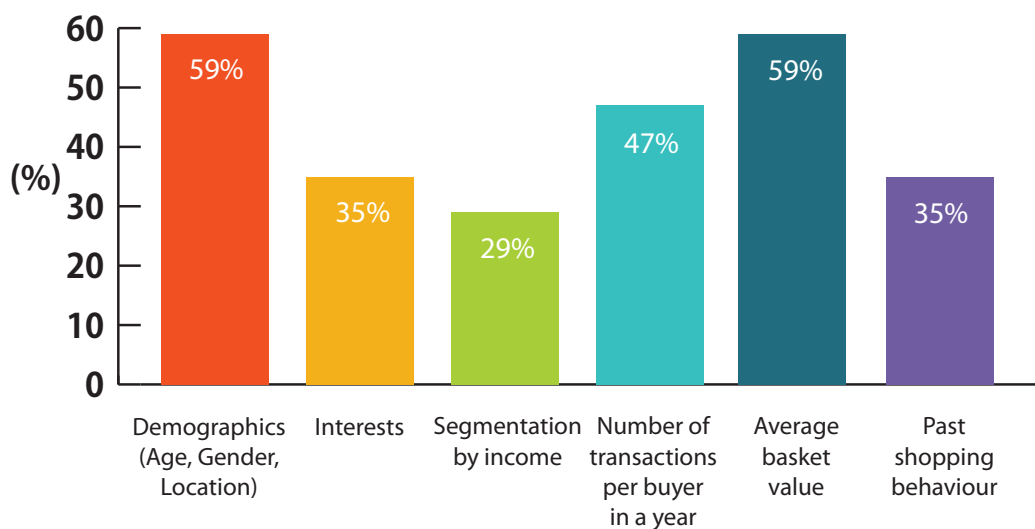
Knowing your customers can help improve customer satisfaction and can provide better Customer Engagement. Therefore, we collected data according to the preferred analytic metrics of Indian retailers to understand and analyse their customer segmentation activities. Studying consumer demographics was the popular choice with 62% of all the participating retailers choosing it as their top option. Almost half of the respondents favoured studying the interests of the customer and also the number of transactions per year per buyer. 53% of the respondents stated that they segment their customers based on the average basket value, while almost 50% of the respondents segment their customers according to the past shopping behaviour. Segmenting the customer by income was the least popular option with about 27% of retailers choosing the same.

### Which of the following metrics do you use to understand your customer base?



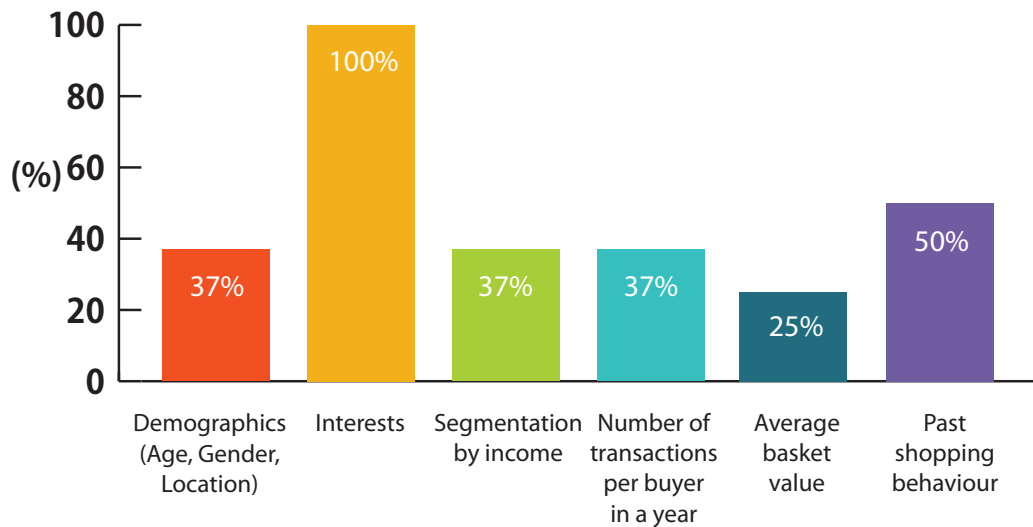
Further detailed analysis of how online and offline retailers segment their customer base is shown below:

#### Offline Retailers





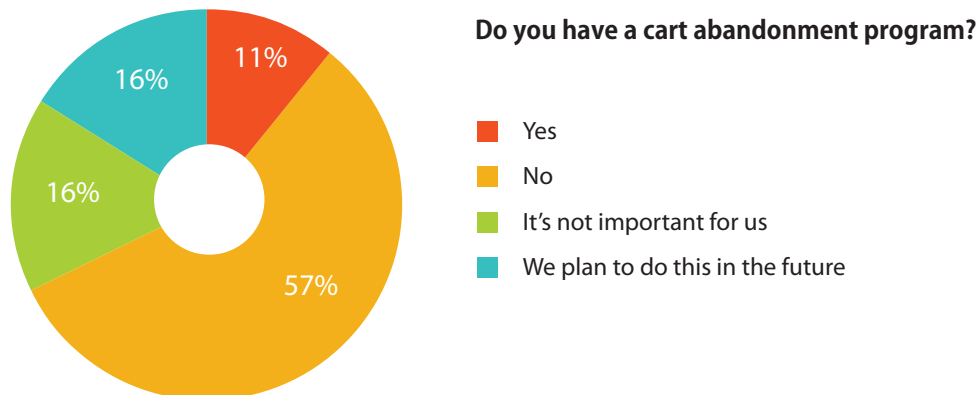
### Online Retailers



## 23. Cart Abandonment Program:

Shopping cart abandonment is an important issue for all retailers; a customer visits the website, views the product, adds that product in the shopping cart and leaves before completing the checkout process. Shopping cart abandonment suggests a loss of orders and in turn is a loss to the business.

According to our research only 11% of the retailers have implemented the cart abandonment program, while 57% of the retailers don't have any cart abandonment program and 16% of the retailers said that they plan to use this in the near future.

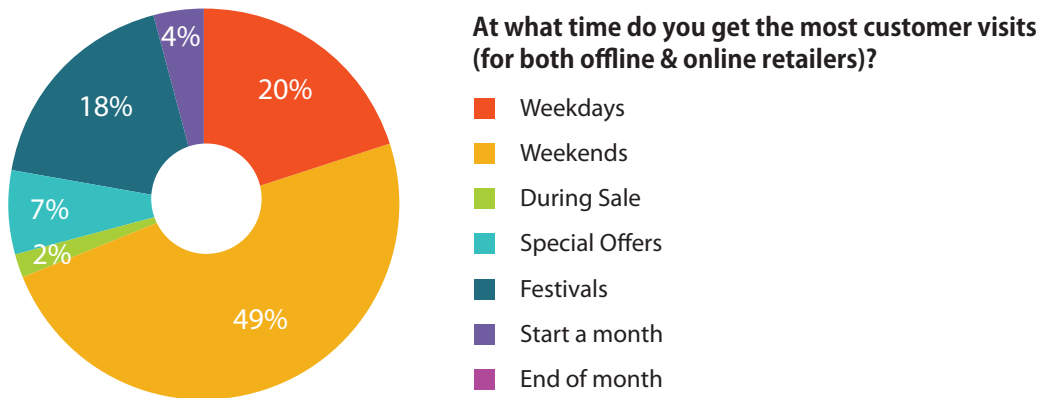


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

## 24. Most Customer Visits:

49% of the retailers surveyed revealed that they get the maximum customer visits during the Weekends, while 20% of the retailers shared that they have maximum customer visits on Weekdays. A further 18% of the retailers shared that they get their maximum customer visit during the Festival time. Surprisingly, only 7% and 2% of the retailers shared that customer visit at the time of Special Offers and Discounts.

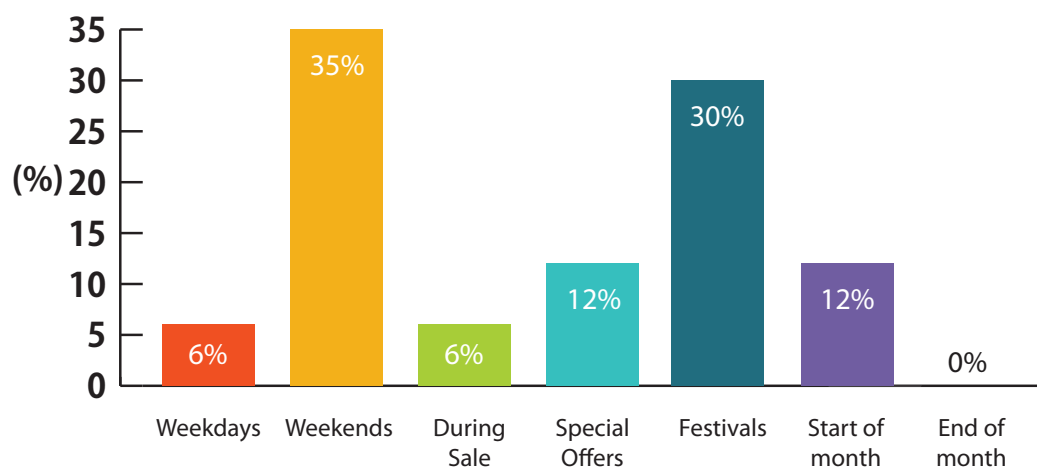


SAMPLE SIZE: 80 ONLINE & OFFLINE RETAILERS IN INDIA

SOURCE: RAI-OCTANE INDIA RETAIL E-MARKETING STUDY 2014

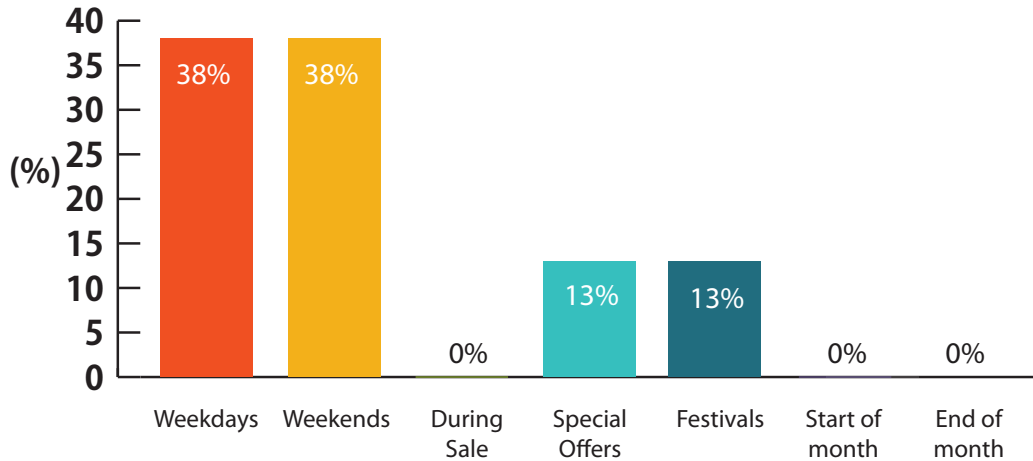
When we look at offline retailers exclusively, we see that maximum customer visits are during the Weekends and Festival season with almost 35% and 30% of the retailers indicating it. Further 12% of the retailers shared that customer visits are maximum during the Start of the month and during Special Offers going on while, 6% of the retailers shared that their visits are maximum during Sale and Weekdays.

### Offline (Brick & Mortar)



### Online Retailers (e-Commerce)

At the same time when looking at the data from online retailers in isolation, what stood out was that around 38% of the respondents shared that they get their customer visits equally during the Weekends as well as on the Weekdays. While, nearly 13% of the respondents shared that customers visit their website during Festivals and when Special Offers are going on.



## 25. Activities used for Customer Engagement:

Compelling and timely Customer Engagement is a challenge for almost every retailer and presents one of the largest opportunities for sales growth and increased Customer Satisfaction. Our research shows that retailers are deploying a good selection of Customer Engagement strategies to maximise their engagement with their customers.

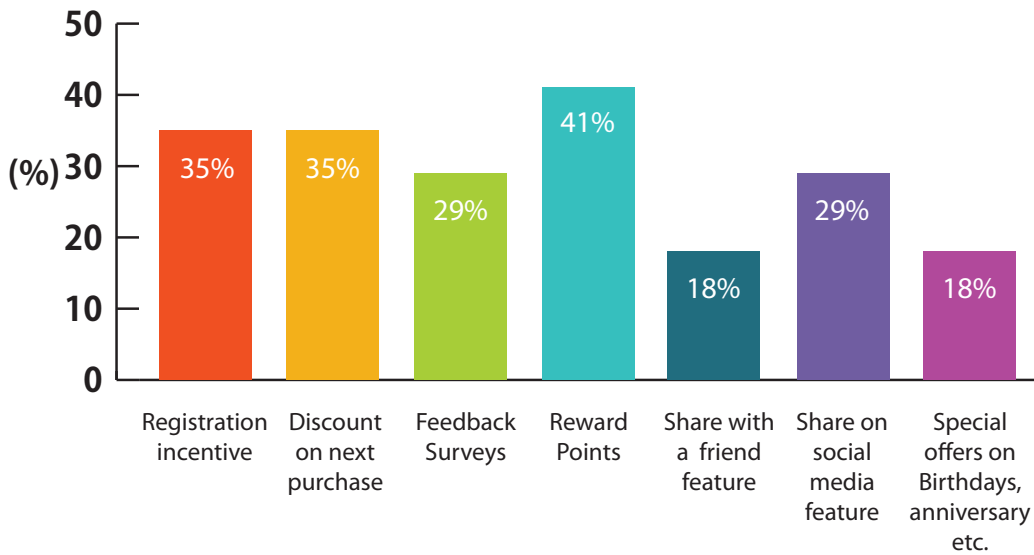
Leading by a long margin, discounts on next purchase and reward points were selected by 42% respondents as being responsible for maximum customer engagement. Almost 36% of the respondents shared that giving offers on registration acts as an engagement activity. Feedback surveys and share on social media feature come in at the third and fourth spot with 31% and 33% of the respondents choosing them for Customer Engagement. Share a feature with the friend and special offers on birthdays and anniversaries were the choice of only 25% and 22% of the survey participants respectively.

### Which of the following activities do you use for Customer Engagement?

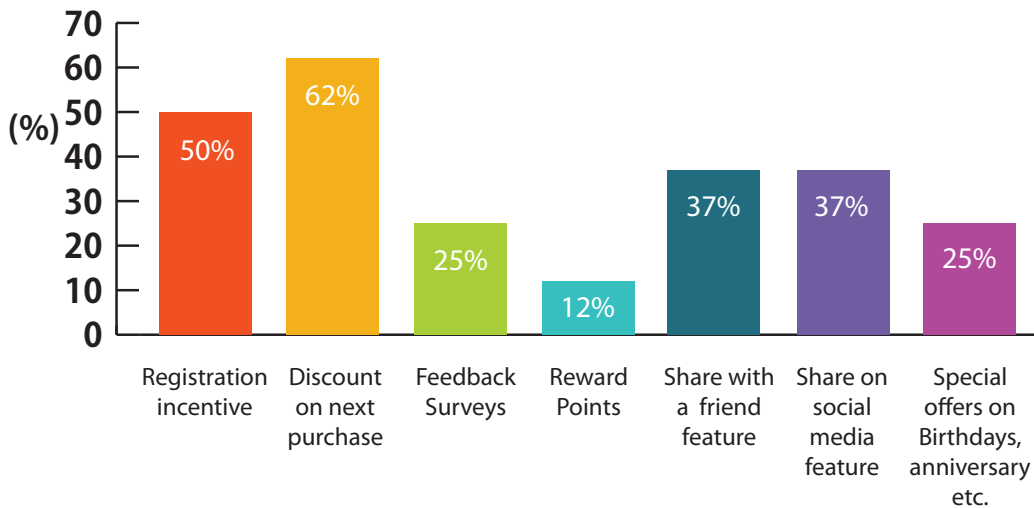


Interesting results were obtained further still by means of splitting the data on the basis of offline and online operations.

#### Offline Retailers (Brick & Mortar)



#### Online Retailers (e-Commerce)



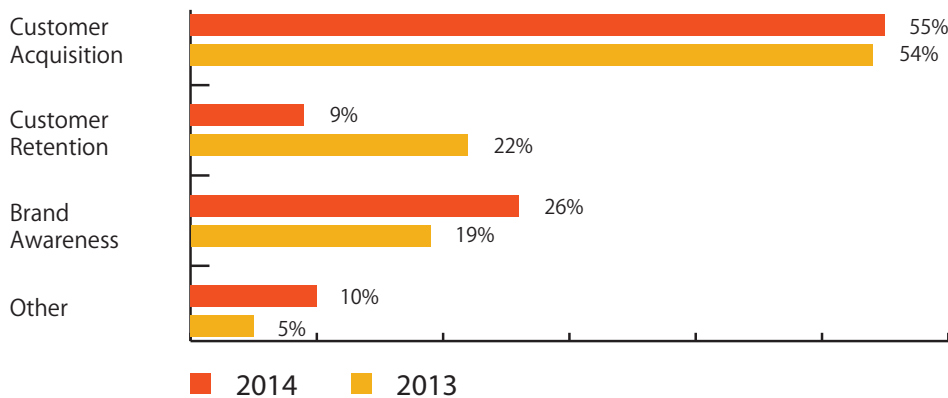
Discount on next purchase is favoured much more by customers of online retailers whereas Reward points work much more for offline than online retailers.

# 04 Data Analysis & Trends

## 1. Primary Marketing Goal:

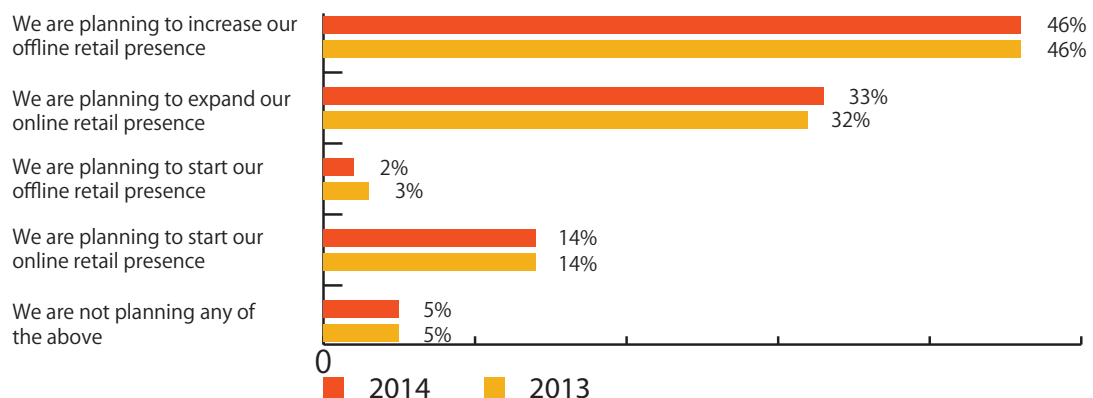
Customer Acquisition is still the top marketing goal for marketers in 2014 at 55%. With many new players entering the retail industry 'Brand Awareness' has become a crucial marketing agenda. Therefore, in comparison to last year's 19% we saw a 7% hike in marketers choosing the option of Brand Awareness as their primary marketing goal in 2014 (26%). But the biggest change is seen in Customer Retention, a drop of 13%, from 22% last year to 9% this year.

The number of retailers choosing 'Customer Retention' has dropped slightly since 2013, with 9% naming it as their primary marketing goal in 2014.



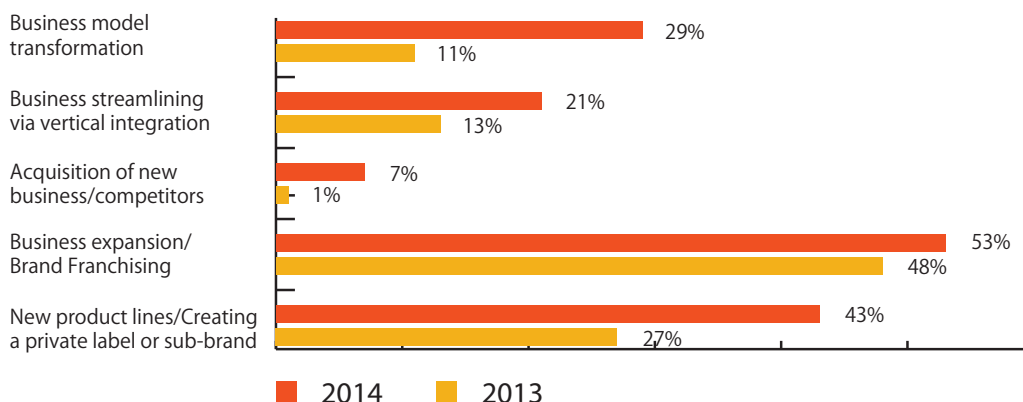
## 2. Retail Expansion Plans for 2014 - 2015:

Following the path from last year, this year (46%) marketers are keen towards building a stronger offline retail presence. A small hike of 1% from last year's data, 33% of marketers plan to increase online retail presence this year from 33% last year. Thus, when we see Retail Expansion plans, they are pretty much similar to what they were in the last year.



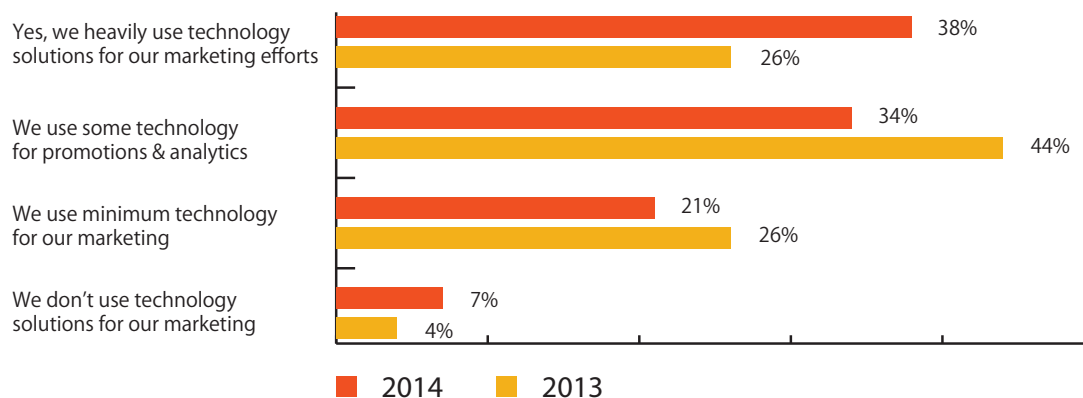
### 3. Retail Strategic Plans for 2014 - 2015:

Looking at the strategic plans of retailers, we see that this year retailers are planning to introduce New Product Lines in the market (43%) more than as compared to the previous year with 27%. There is a slight reduction of 5% since last year in the 'Business Expansion/Brand Franchising' category while there is a substantial increase in the 'Business Model Transformation' category (29% in 2014 vs 11% in 2013). This year retailers are also planning to acquire New Business/Competitors with 6% increase as compared to last year.



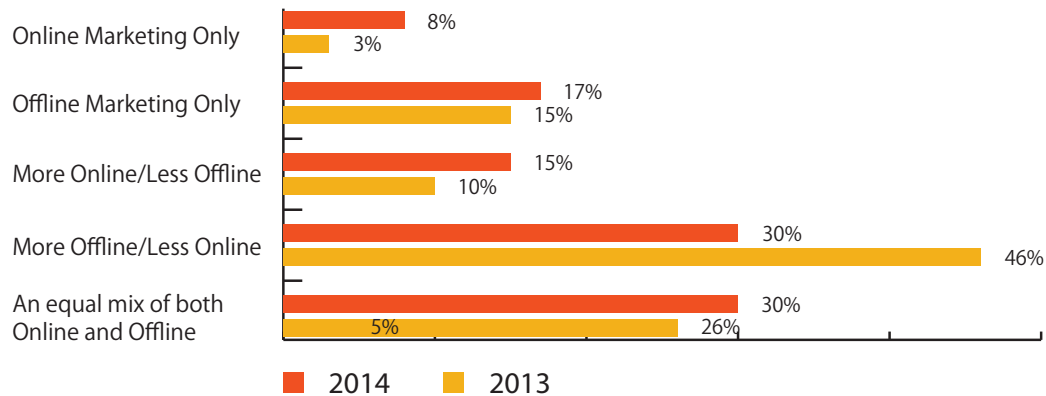
### 4. Using Technology Solutions for Retail Marketing:

Focussing on the technology perspective, 38% of the retailers said that they heavily use technology solutions for their marketing purpose as compared to 26% of retailers last year. We saw a significant reduction of 10% with retailers saying that they use some technology for promotions and analytics.



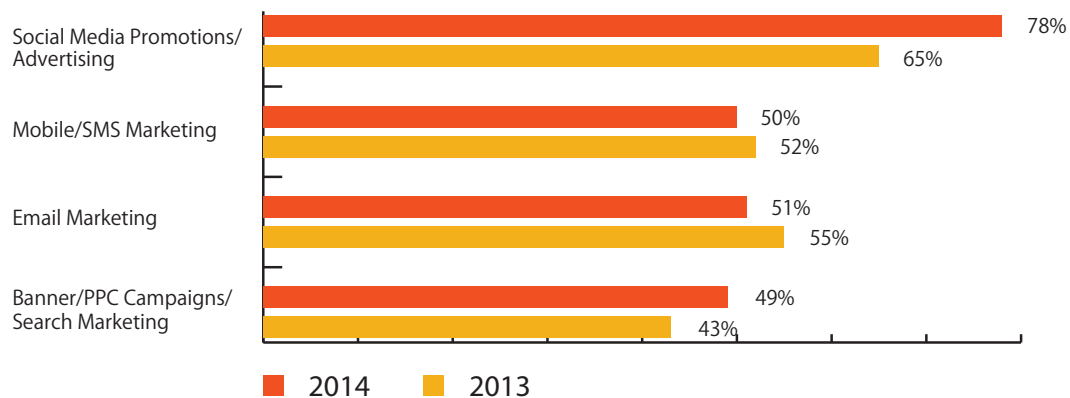
## 5. Online Marketing vs. Offline Marketing:

When we asked our participants to segregate their activities as online or offline; we saw an increase of 5% with retailers doing only online marketing. Meanwhile, there was only a small decrease of 2% with retailers only performing offline marketing activities. Retailers have started spending in online marketing activities more as compared to the offline marketing activities as it is clearly visible from the graph.



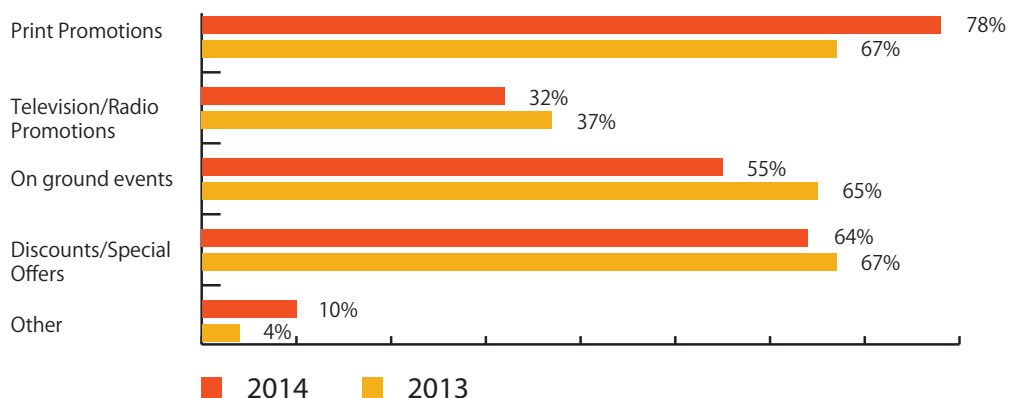
## 6. Online Marketing Initiatives:

'Social Media Promotions/Advertising' and 'Mobile/SMS Marketing' continue to dominate the minds of retailers even this year, when it comes to online marketing activities. Social Media Promotions is the top choice for the retailers with 78% as compared to 65% last year. Mobile/SMS marketing saw a drop of 2% this year (50% in 2014 vs. 52% in 2013); while Banner/PPC Campaigns saw an increase of 6% from 2013.



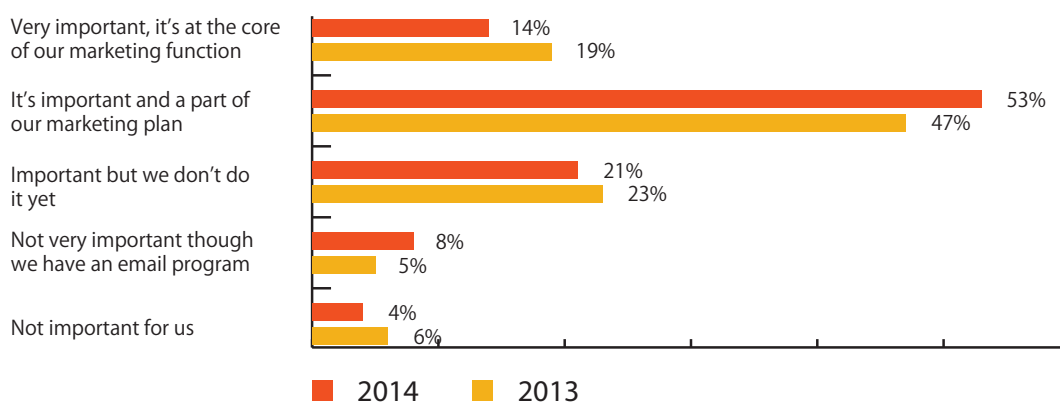
## 7. Offline Marketing Initiatives:

Over the last two years, Print Promotions showed an increase of 11% with 78% of the retailers (in 2014) choosing this option as compared to 67% (in 2013). On ground events saw a 10% decrease as compared to last year (55% in 2014 vs. 65% in 2013). TV/Radio Promotions were only the choice of 32% of the retailers in 2014 as compared to 37% in 2014.



## 8. Importance of Email Marketing:

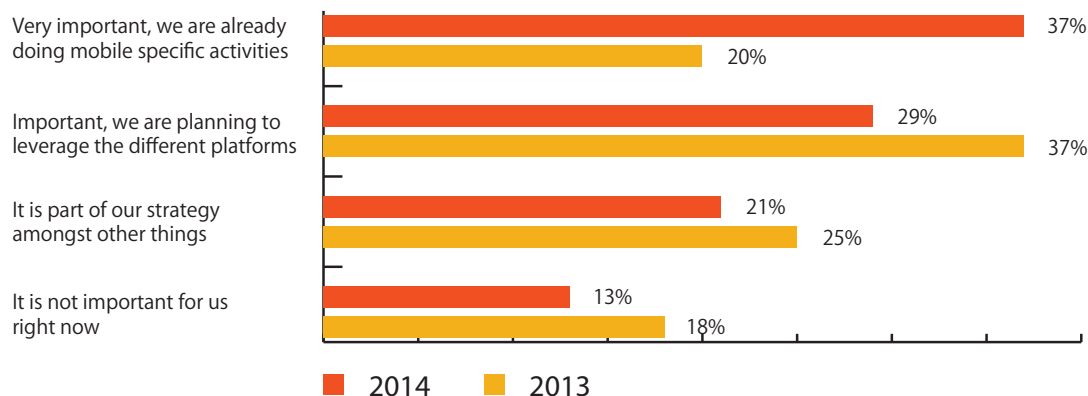
According to our report "Igniting Engagement- The State of E-Marketing in India", a massive 83% of marketers surveyed said that email marketing is a very important part of their marketing plan and they are actively sending email campaigns. When we compare the data for 2014 with 2013, a 6% hike was observed with 53% (in 2014) of the retailers stating that email marketing is important for them and is also a part of their marketing plan as compared to 47% (in 2013). At the same time, about 21% (in 2014) of the retailers stated that while they feel email marketing is important, they are currently not using it (compared to 23% in 2013). A low percentage of retailers feel that email marketing is not important for their companies ( 4% in 2014 vs. 6% in 2013).





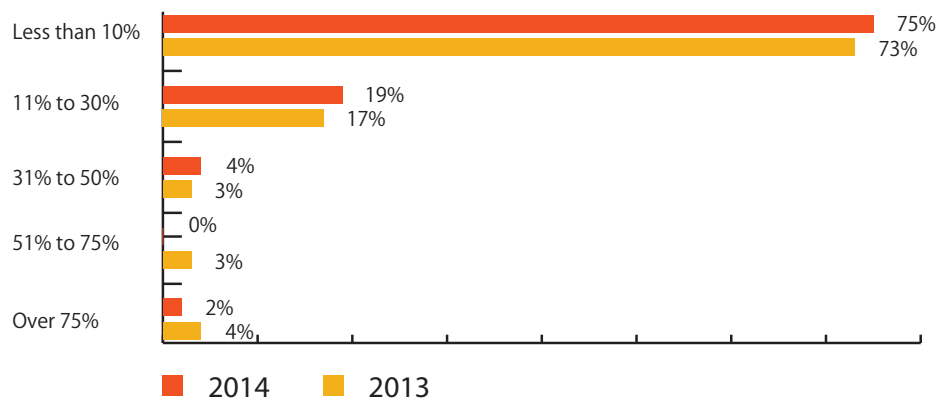
## 9. Importance of Mobile to Marketing Plans:

In the last couple of years witnessed, the “mobile” word shoot up the ranks of marketing buzzwords. It’s no longer the future of marketing, it is the present. We see a massive increase of 17% of the retailers stating that mobile is very important to them and they are already practising mobile specific activities (37% in 2014 to 20% in 2013). While 29% of the retailers in 2014 revealed that mobile is important to them and they are planning to leverage different platforms as compared to 37% in 2013. We saw a 5% decrease in the respondents who feel that Mobile is not important to their marketing plans.



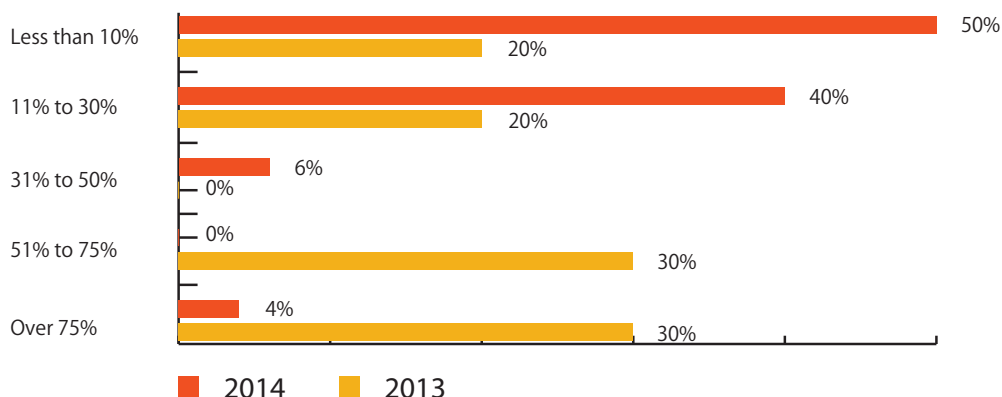
## 10. Contribution of e-Marketing Towards Revenue:

Even though many marketing honchos have gone on record talking about how e-Marketing has helped their organisation churn great ROI and build a brand name, still marketers stated that e-Marketing accounts for only up to 10% of their total revenue. However, this year we saw a 2% hike in the retailers sharing that their e-Marketing activities contribute from 11% to 30% of their revenue while a still lower 4% in 2014 stated revenue contribution to be between 31% to 50% as compared to 3% last year. About 2% of all retailers surveyed revealed that for them, e-Marketing contributes over 75% of their total sales revenue.



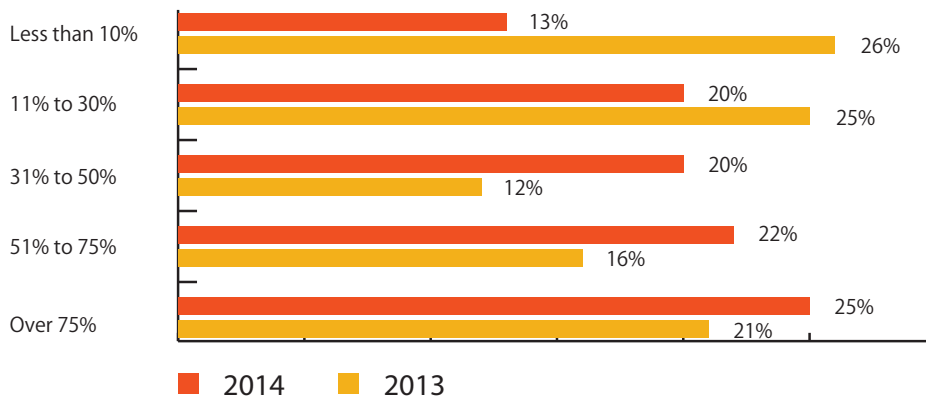
## 11. Budget Allocation to Online Marketing Activities:

As it can be seen from the graph below, many more retailers have less than 10% of budgets allocated to online activities (20% in 2013 to 50% in 2014). Similarly for allocations made in the range of 11% to 30% which saw an increase from 20% to 40%. A decrease of 26% was observed in the 'over 75%' category, while there have been a substantial increase of 30% in the '51% to 75%' category.



## 12. Budget Allocation for Offline Marketing Activities:

Medium to heavy investments in offline marketing activities (31% to 50% and more than 50%) saw a significant increase this year. There is a simultaneous drop in retailers investing less than 30% from last year.





# 05 SELECT LIST OF PARTICIPANTS

Some companies may be a part of a single group, but have participated in the survey independently of that group. The list below showcases some of our research participants from different segments of the retail industry.

Aptech Ltd.	Phillips India Ltd.
Arvind Lifestyle Brands Limited	PricewaterhouseCoopers (pwc)
Canon India Pvt. Ltd.	Reliance Retail
Deepam Silk Retail Pvt. Ltd.	Religare Enterprises Limited
Enrich Salons and Academy	Sharal Artworks Private Limited
Furtados Music India Pvt. Ltd.	Shoppers Stop Ltd.
Future Retail Limited	Sona School of Management
Garware Institute of Career Education and Development	Soulflower Co. Ltd.
Gitanjali Gems Ltd.	Star Bazaar
H & B Stores Limited	Toyota
Hasbro Clothing Pvt. Ltd.	Trent Hypermarket Ltd.
Hypercity Retail (India) Ltd.	UBS Securities India Pvt. Ltd.
Inorbit Malls India Pvt. Ltd.	Vels University
Inventis Retail India Pvt. Ltd.	VH Consulting
Komli Media	Vividha Home Fashions Pvt. Ltd.
Now Floats Technologies Pvt. Ltd.	

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# REPORT TEAM FOR THE INDIA RETAIL E-MARKETING STUDY 2014

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

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A collaborative report by The Retailers Association of India (RAI) and Octane Marketing Pvt. Ltd.

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Report Published: June 2014

Report Reference No: RAI OCT2014

Please quote this report reference no. for any queries or correspondence.

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