

Repositioning Of Koutons through Pricing Strategy

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Abstract: My project was to find out whether Koutons should reposition its “discounted stores” to “non-discounted” ones and what will be the after effects of it on the buying behaviour of the consumers.

Gurgaon was selected for this study where there are three Exclusive outlets of Koutons. The survey was conducted using questionnaire and observation technique. There were in all 50 questionnaires which were made to be filled by the respondents. The information about various attributes and factors was collected.

After all the data collection, primary data was filtered, tabulated, calculated and finally analysed. Secondary data was also used in company profile etc. On the basis of analysis of data the findings and conclusion was drawn. The survey gave knowledge about the customers buying perception, that whether they will still buy from Koutons if the products are not available at discount.

Keywords: Retailing, Pricing strategy, Repositioning, Emerging trends in retailing.

I. Introduction

Retailing consists of the sale of goods or merchandise, from a fixed location such as a department store or kiosk, in small or individual lots for direct consumption by the purchaser. Retailing is a well-recognized business function which promises making available desired product in the desired quantity at the desired time. This creates a time, place and form utility for the consumer. The success of retailing is highly dependent on an efficient supply chain management. A well-developed supply chain reduces wastages and transaction cost thereby reducing the cost of inventories to be maintained by the producers and the traders. A reduction in the cost of inventory management leads to a reduction in the final price to the consumer. Retailing has been identified as a thrust area for promotion of textiles, processed foods, agricultural and horticultural produce. Retail Sector can be divided into organised and unorganised sectors: Unorganised retailing is characterized by a distorted real-estate market, poor infrastructure and inefficient upstream processes, lack of modern technology, inadequate funding and absence of skilled manpower. Therefore, there is a need to promote organised retailing. Organised Retail refers to a form of retailing whereby customers can buy goods in a similar purchase environment across more than one physical location for verticals from food, grocery, apparel, consumer durables, jewellery, footwear, beauty care, etc.

Store Strategy Mix

Retailers can be classified by retail store strategy mix, which is an integrated combination of hours, location, assortment, service, advertising, and prices etc. The various categories are:

(A) Convenience Store: Is generally a well situated, food oriented store with long operating hours and a limited number of items. Consumers use a convenience store; for fill in items such as bread, milk, eggs, chocolates and candy etc.

(B) Super markets: Is a diversified store which sells a broad range of food and non-food items. A supermarket typically carries small household appliances, some apparel items, bakery, etc. The Govt. run Super bazaar, and Kendriya Bhandar in Delhi are good examples of a super market. Similarly in Mumbai, we have Apna Bazar and Sahakari Bhandar.

(C) Department Stores: A department store usually sells a general line of apparel for the family, household linens, home furnishings and appliances. Large format apparel department stores include Pantaloon, Ebony and Pyramid. Others in this category are: Shoppers Stop and Westside.

(D) Speciality Store: Concentrates on the sale of a single line of products or services, such as Audio equipment, Jewellery, Beauty and Health Care, etc. Consumers are not confronted with racks of unrelated merchandise. Successful speciality stores in India include, Music World for audio needs, Tanishq for jewellery and McDonalds, Pizza Hut and Nirula's for food services.

(E) Hyper Markets: Is a special kind of combination store which integrates an economy super market with a discount department store. A hyper market generally has an ambience which attracts the family as a whole.

Pricing Strategies

Pricing is one of the most important elements of the marketing mix, as it is the only mix, which generates a turnover for the organisation. The remaining 3p's are the variable cost for the organisation. It costs to produce and design a product, it costs to distribute a product and costs to promote it. Price must support these elements of the mix. Pricing is difficult and must reflect supply and demand relationship. Pricing a product too high or too low could mean a loss of sales for the organisation. Pricing should take into account the following factors:

- Fixed and variable costs.
- Competition
- Objectives
- Proposed positioning strategies.
- Target group and willingness to pay.

Types of Pricing Strategies:

An organisation can adopt a number of pricing strategies(Dr.R.L.Varshney, chapter 25).

- **Penetration pricing:** Where the organisation sets a low price to increase sales and market share.
- **Skimming pricing:** The organisation sets an initial high price and then slowly lowers the price to make the product available to a wider market. The objective is to skim profits of the market layer by layer.
- **Competition pricing:** Setting a price in comparison with competitors.
- **Product Line Pricing:** Pricing different products within the same product range at different price points. An example would be a video manufacturer offering different video recorders with different features at different prices. The greater the features and the benefit obtained the greater the consumer will pay. This form of price discrimination assists in maximising turnover and profits.
- **Bundle Pricing:** The organisation bundles a group of products at a reduced price.
- **Psychological pricing:** The seller here will consider the psychology of price and the positioning of price within the market place. The seller will therefore charge Rs.99 instead Rs.100 or Rs.199 instead of Rs.200.
- **Premium pricing:** The price set is high to reflect the exclusiveness of the product. An example of products using this strategy would be Harrods, first class airline services, Porsche etc.
- **Optional pricing:** The organisation sells optional extras along with the product to maximise its turnover. This strategy is used commonly within the car industry.

Koutons uses **psychological pricing**, it gives discounts all year around in order to attract the customers.

Brand repositioning

The rapid pace of change and intense competitive pressure in today's market place demand that brands continuously innovate and reinvent themselves to maintain their relevance and market position. In this context, brand repositioning and other revitalization strategies have become a business imperative for battling brand erosion. Brand repositioning has received little attention in the marketing literature and has mostly been treated as a variation of brand positioning. Brand positioning is defined as "building (or rebuilding) an image for a brand"(Biel). The goal of positioning and repositioning strategies relates to the management of consumers' perceptions. However, positioning focuses on the creation of brand associations - consumers' perceptions of the attributes that differentiate the brand from competitive offers – while repositioning also implies managing existing brand associations. The unique challenge of a repositioning strategy, thus, lies in rejuvenating the brand image to make it relevant in an evolving environment, while honoring the brand equity heritage.

Repositioning can be required as the market changes and new opportunities occur. Through repositioning the company can reach customers they not intended to reach in the first place. If a brand has been established at the market for some time and wish to change their image they can consider repositioning, although one of the hardest actions in marketing is to reposition a familiar brand.

Emerging Trends in Retailing

- 1) In recent years the nature of retailing has changed dramatically, as firms try to protect their positions in the market place. Many customers are no longer willing to spend as much time on shopping as they once did. Some sectors of retailing have become saturated, several retailers are operating under high levels of debt and number of retailers after running frequent "sales", have found it difficult to maintain regular prices.
- 2) Retailers are adapting to the shopping needs and time constraints of working women, dual earner households and the increased customer interest in quality and customer service.
- 3) **Shopping Malls:** A growing number of shopping malls are coming up all over the country. In north India; there seems to be a proliferation of such malls surrounding Delhi, in places like Gurgaon and Noida. In general they target higher income customers, with their prestigious specialty shops, restaurants and department stores.

- 4) **Factory Outlets:** Manufacturers are opening factory outlets to sell off surplus inventories and outdated merchandise. This forward vertical integration gives manufacturers greater control over distribution, than selling the merchandise to off price retailers. Mohini knitwear of Ludhiana (Punjab) and number of woolen and hosiery manufacturers set up their outlets in Delhi during winters.
- 5) **Non Store Retailing:** Non store retailing is accelerating at a faster rate than in store retailing. This includes direct marketing. In Home shopping TV shopping and e-tailing etc.
- 6) **Diversification of Offerings:** Scrambled (unrelated products or services) merchandising is taking on a broader meaning and inter type competition among retailers is growing. For instance Citibank is organizing tourist trips and sending mail order catalogues to its credit card customers.
- 7) **Impact of Technology on Shopping Behaviors:** The way retailers present their merchandise and conduct their transactions are changing. Cable TV Channels are used to present merchandise, Videos have replaced catalogues and computer linkages to acquire information and make purchases are on the increase. Virtual shopping through PDA's is another possibility.

II. Profile Of The Company

Koutons Retail India Limited is a Gurgaon based apparels enterprise which was established in 1993 with a seed capital of just RS 400 thousand. Company was established by Devinder Pal Singh Kohli and present chairman of the company. The 51 year old chairman of the 1046crore company, who had once dreamed of making Koutons a 100 crores brand some day, has beaten his own expectation by becoming a serious competitor to the many established brands in the country. Main theme of the company is “value to money, but high on fashion”

Koutons Retail India Ltd. is the leading retailer of readymade and fashion wear brand in the country today. With more than 1400 outlets across India, it has a wide range of apparel designs suited for all segments including corporate, formal and casual dressings. Koutons aptly creates the conducive environment for a family outing, making family shopping the best experience at an affordable price - all at one place.

Koutons was born in 1991 as Charlie Creations and are now Koutons Retail India Ltd. Koutons started primarily as a denim brand but are today manufacturing and selling complete men, women and kids wardrobe under the brand name Koutons, Les Femme and Koutons Junior respectively. Another brand from the stable of Koutons is Charlie Outlaw, which caters to the teens of the country with apparels including jeans, T- shirts, jackets etc. Koutons Brand is catering to the Upper Middle Class of Society with a vast target age group between 18-60 years.

III. Research Methodology

Objectives of the study

To study the “repositioning” of Koutons through pricing strategy:

- To study the impact of repositioning through pricing strategy on brand acceptance and consumer perception from discounted to non -discounted structure.
- To study the preferences and expectations of the consumers.

Type of Research and Research Design

The type of research design is “**Explorative research**” where the study is concerned with describing the characteristics of a particular company. The design in this study is very flexible.

Data Collection Method

The research includes both **Primary** and **Secondary** data. The primary data was collected by getting the **questionnaires** filled by the customers and by **observing** them. The questionnaires were given to those who had come to Koutons for shopping. Research uses Explorative with Convenience to get more idea how the Koutons is performing in the industry. Secondary data such as company journals were used as reference.

Sample Size: The no. of samples taken in this research was 50.

Area of sampling: The area of sampling of this research was Gurgaon, India.

Limitations of the Study:

1. The Research is based on a sample size of only 50 respondents.
2. Time and budget limitations made it impractical to assess how narrative-based processing might have influenced participants’ long-term thinking over multiple months or years.
3. As the study is based Questionnaires & Observation of the human behavior, the extent of reliability and validity of findings of the study may not be accurate because of their biased attitude.

4. The generalisability of these survey findings is limited because they were generated in an exploratory quantitative inquiry. The research design was not intended to produce results that account for or predict the behaviour of a wide classification of people as most experimental, hypothesis-testing studies are.
5. Size and specificity in test groups- One way of solving the human variation problem is to attain a large test group which could be representative of everyone. However, this research has had a very small test group which is not sufficient.

IV. Data Analysis

1) General place for shopping of the respondents:

Particulars	frequency	Per cent	Valid per cent	Cumulative per cent
a)Mall	22	44	44	44
b)high street market	8	16	16	60
c)street markets	6	12	12	72
d)not fixed	14	28	28	100
total	50	100	100	

Table no.4.3: General place for shopping (n=50)



Fig. no. 4.3: general place for shopping

In the survey it was found out that 44% of the people generally went for shopping in malls. The other 28% people said that the place for shopping was not fixed. Out of the survey only 12% shopped in street markets.

2) brand consciousness of the respondents:

Particulars	Frequency	Percent	Valid percent	Cumulative percent
a) Yes	38	76	76	76
b) No	12	24	24	100
Total	50	100	100	

Table 4.4: brand consciousness (n=50)

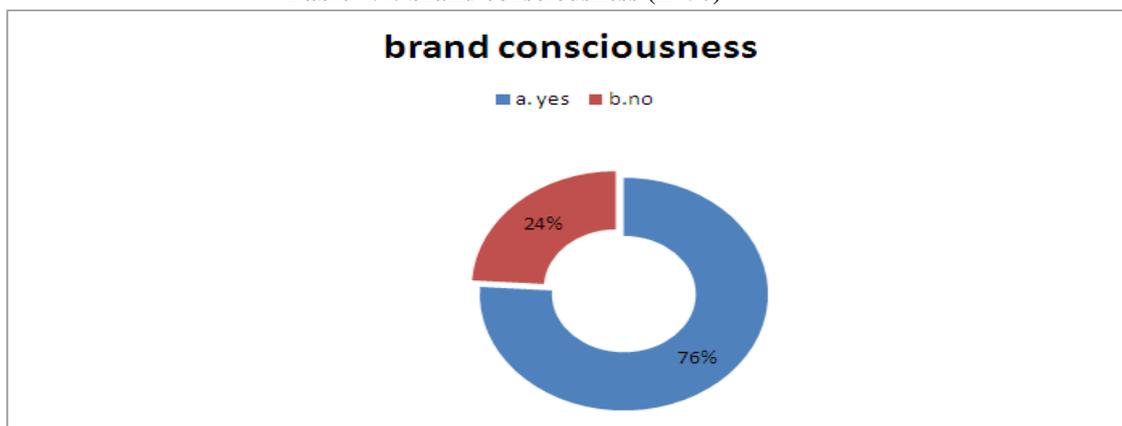


Fig. no. 4.4: brand consciousness

This question suggested that weather the people were brand conscious or not. Out of the survey it was found that 76% of the people were brand conscious while only 24% of the people were not brand conscious.

3) The Brand which is most preferred by the respondents:

Particulars	Frequency	Percent	Valid percent	Cumulative percent
a)Koutons	14	28	28	28
b)cantabil	2	4	4	32
c)john players	8	16	16	48
d)other	26	52	52	100
Total	50	100	100	

Table no.4.6: brand preference

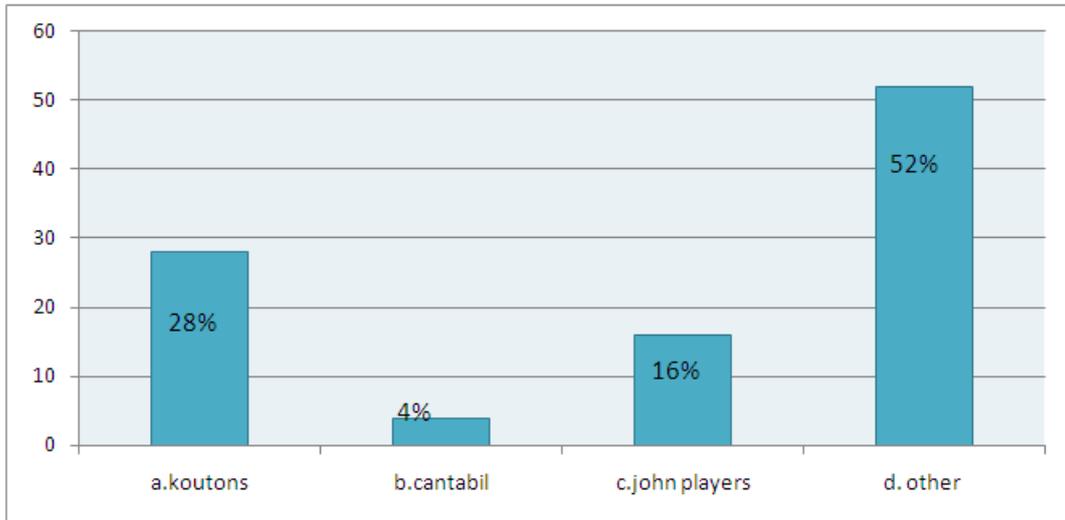


Fig. no. 4.6: brand preference

It is very important to find out which of the brand which is in completion with Koutons is preferred by the people. It was found that 28% of the people preferred “Koutons” and 52% of the people preferred some other brand.

4) Liking of pricing structure /discounts of Koutons:

Particulars	Frequency	Percent	Valid percent	Cumulative percent
a)very much	14	28	28	28
b)not so much	33	66	66	94
c)least bothered	3	6	6	100
Total	50	100	100	

Table 4.12: Liking of Price structure (n=50)

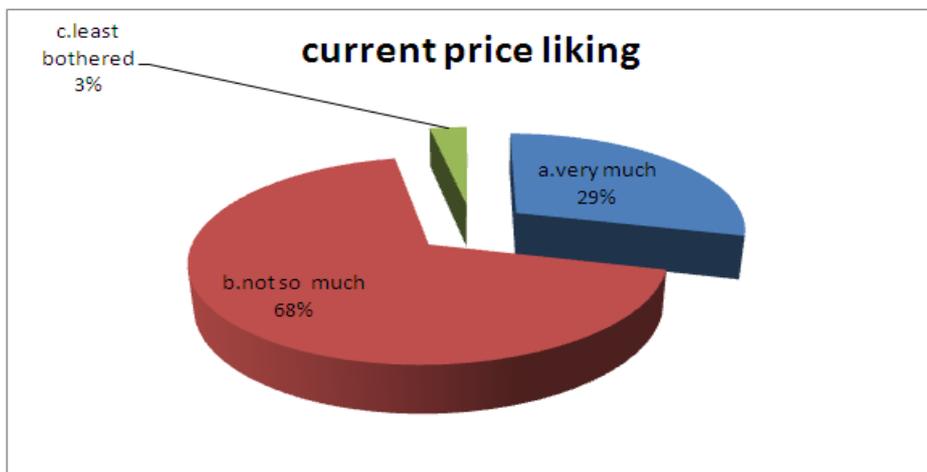


Fig. no. 4.12: Liking of pricing structure

According to the survey 68% of the people did “not like much” of the pricing structure /discounts of Koutons. only 29% of the people liked the pricing and discounts “very much”.

5) The idea of Koutons “repositioning” itself into non-discounted store is:

Particulars	Frequency	Percent	Valid percent	Cumulative percent
a)excellent idea	8	16	16	16
b)O.K	31	62	62	78
c)Not at all a good idea.	11	22	22	100
d)I have no idea.	0	0	0	
Total	50	100	100	

Table 4.14: Repositioning into non-discounted store (n=50)

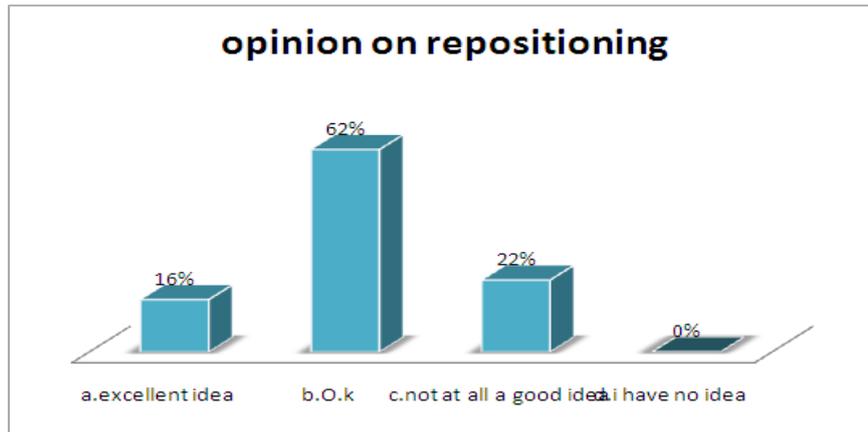


Fig. no. 4.14: Repositioning into non-discounted store

The idea of Repositioning the store into “Non-discounted” one was asked to the respondents.62% of the respondents said that this idea was “O.K” and the company should go forward with this idea. While 22% said that the products would not be sold if they are given without discount.

V. Findings

- 1) People now days prefer to shop from malls rather than any other store as the “variety and quality” available to them in malls is much more than any other place of shopping.
- 2) People are more brand –conscious than before because they feel wearing branded clothes improves their personality and they feel much confident.
- 3) When asked about the liking of the pricing structure/ discounts of Koutons maximum respondents felt that they did “not like it” as the discounts are just given to attract the customers and the price at which the products are sold after discount is the original price.
- 4) Maximum respondents also felt that Koutons should “not” continue with the same Pricing structure. The discounts should only be given in the appropriate seasons and not all year around.
- 5) The idea of Koutons “Repositioning into non-dicounted” stores was given thumbs up by the people as the current price which is marked too high is then sold at discount giving a negative impression. The people would be willing to buy the non-discounted products.

VI. Conclusion

Gurgaon is a city of malls and brand consciousness is in the minds of most people. Koutons should change its pricing structure from discounted to non-discounted one. The price should be kept reasonable and the discounts should be given only in seasons. The quality and variety of the products can be improved. By doing this the company will have a better image in the minds of the customers.

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