

## **Importance of the Application of Marketing Strategies for Small Grocery Shops in Bangladesh**

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### **Abstract:**

*Marketing strategy is a business' overall game plan for reaching people and turning them into customers of the product or service that the business provides. This paper has tried to show how marketing strategy affects the profitability of small business organization. Marketing strategy must focus on delivering greater value to customers and the firm at a lower cost. This article has tried to the impact of various marketing strategies on groceries' sales. We have taken three groceries shop who has taken various marketing strategies to increase their sales as well as profit. We have shown the cost-benefit analysis of various marketing strategies taken by grocery shops. An empirical research has been conducted by collected data through structure questionnaire. Finally, this paper concludes the importance of marketing strategies for grocery shops in Bangladesh.*

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**Key Words:** *Marketing, Strategies, Small, Grocery, Shop, Importance.*

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### **Introduction**

A marketing strategy is a process or model to allow a company or organization to focus limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage. The distinction between "strategic" and "managerial" marketing is used to distinguish "two phases having different goals and based on different conceptual tools. Strategic marketing concerns the choice of policies aiming at improving the competitive position of the firm, taking account of challenges and opportunities proposed by the competitive environment. On the other hand, managerial marketing is focused on the implementation of specific targets." Marketing strategy is about "lofty visions translated into less lofty and practical goals [while marketing management] is where we start to get our hands dirty and make plans for things to happen." Cant and Brink (1999) indicate that the process of acculturation has resulted in the development of subcultures in the townships, characterized by unique belief systems, dress codes and language patterns. In the black communities they appear to be distinctive social classes which manifested in several ways. The social structure is clearly reflected in the areas where black people choose to live in.

There are up market areas, middle of the road areas and then the really poverty stricken. Black consumers are also very conscious of their choice of products reflecting the “right” social class in which they wish to be categorized by their friends and peers. The more sophisticated black consumers would buy products such as clothing and furniture at up market stores in traditionally white areas while those who are less privileged and thus from a lower social class, would buy from the townships be-cause of their lack of access to the malls, low income and consumption.

According to Solomon (2009), an elementary marketing concept states that organizations exist to satisfy consumers’ wants and needs. These wants and needs can only be satisfied by understanding the consumers that will use the product. What, when, why, where and how a consumer decides to acquire, use and dispose the product are essential questions for understanding consumer behavior. For marketing strategies, companies look for segmentation of its consumers, provision of successful goods and services for each consumer segment and also employment of right promotional tools and pricing strategies to accomplish the company’s objectives (Walker, Mullins & Larreche 2008).

Marketing strategy is a procedure by which companies react to situations of competitive market and forces of market or react to environment forces and internal forces to enable the firms to achieve its objective in the target market (Lee & Griffith, 2004; Slater, Hult, & Olson, 2010). Only product innovation had a positive effect on economic performance of firm, and so they emphasized that in today’s international markets, in which major role is played by product innovation to increase economic performance (Lages et al., 2009). The connections between the individuals represent one individual’s attention to the other. Some actors selectively pay attention to other actors, while in some cases everybody pays attention to one person’s opinion, for instance, a strong public figure (Lazer 2003). Commitment from senior management analysing the success stories of large companies and brands today are the leaders, in most cases is the figure of some business leaders who were able to turn their vision, their dream a reality business. The leader's role is crucial in a hotel regardless of the size it is. Now when this is starting or when it is still small, is when the role of the highest level of management is most important. Morelia Hotels rarely have this commitment to address because they are smaller hotels run by individual owners and not qualified to run a business (Root, F.R. 1994).

Brodrechtova, (2008) explained that marketing strategy is a roadmap of how a firm assigns its resource and relates to its environment and achieves a corporate objective in order to generate economic value and keep the firm ahead of its competitors. The art of marketing entails carrying the correct amount and quality of product or service to meet the need of customers at the right place and time, and ensuring that customers benefit from its activities (Arto and Sample, 2005). On the branding strategy, in most cases is limited to the design process of the formal elements of the brand. They have neglected phases needed branding process as defining identity platform, the development of the value proposition and the definition of the desired positioning (Olsen, M.; Zhao, J.L. 1997).

The implications for positive social change include business development for small businesses, such as small, independent restaurants, to help elevate economic growth. A direct contribution to positive social change may be to open up resource centers in the community that offer information on marketing techniques, factor analysis, advertising effectiveness, and marketing research for entrepreneurs and those seeking business investments. Resource centers are institutions with a source of new external knowledge for the community

(Shaijumon, 2014). Internationalization is an economic phenomenon that has attracted the interest of a large number of researchers. For internationalization means a set of operations that facilitate the establishment of more or less stable ties between the company and international markets along a process of increasing involvement and internationally (Welch, L; Luostarinen, R. 1988).

The major objective of this study is to importance of the various marketing strategies of grocery shops in Bangladesh. The specific objectives are given below:

- (i) To focus the importance of marketing strategies of different grocery shops in Bangladesh.
- (ii) To show the effect of each marketing strategy of groceries' sales.
- (iii) To focus the cost –benefits analysis of each strategy.

### **Methodology of the Study:**

Methodology is the systematic, theoretical analysis of the methods applied to a field of study, or the theoretical analysis of the body of methods and principles associated with a branch of knowledge. It, typically, encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques. (<http://en.wikipedia.org/wiki/Methodology>)

**Sample Size:** Three grocery shops have taken for the analysis.

**Sample Technique:** Three grocery shops have selected randomly.

**Data Collection:** Data has been collected both primary and secondary sources. For primary data, interview method has been conducted and for secondary data shops financial statements and other record has been used.

**Data Analysis:** Collected data has been analyzed various statistical tools like, mean, standard deviation and coefficient of variation. Cost-benefit analysis method has also conducted to show the effectiveness of each marketing strategy.

### **Conceptual Framework:**

#### **Marketing strategy:**

Marketing strategy is the way you make sure you're getting the maximum impact from your limited marketing budget and time.



The picture on the left is the simplest way to think about it, starting at the bottom:

- Start with your *business goals*: these are the highest-level objectives of the business, or mission statement.
- Next come the *marketing strategy*: the high-level rules that will govern what marketing efforts you focus on.

- After you've defined your marketing strategy, you will define the *marketing mix*: plans for Product, Pricing, Place (Distribution), and Promotion.
- Then the final step is writing a *marketing plan*, which will describe the specific, detailed marketing activities that you plan on engaging in to achieve the marketing strategies and business goals.

Your first step in developing a marketing strategy that drives significant business results is to make sure you fully understand your market by doing some research: market size and growth, competitors, complementors, and customers.

#### **Advantages of marketing strategy:**

There are differing advantages of marketing strategies depending on chosen medium. But there are also general advantages of marketing strategies across every spectrum which are given below:

- Promotion of business:** Through better marketing strategy one can promote his/her business.
- Enhanced brand recognition:** Over time potential customers and members of the public will begin to associate with logo and brand of products.
- Improve the businesses profits:** When one can implement strong marketing strategy then his/her sales of product will increase and as a result the profit of business will improved.
- Improved efficiency:** When one's activities are spelled out in a marketing plan, he/she will be able to identify shared opportunities as you're developing the projects.
- Preferred pricing:** By establishing well marketing strategy company can set preferred pricing policy.
- Measurable results:** By investing the time to create a marketing plan, you'll have a roadmap for your activities that will help keep your brand intact, your messaging on target, and your goals within reach.
- Focus on Customers:** Though it's important to have a clear idea of your company's vision and your products, agile marketing has challenged marketing teams to work harder at developing customer profiles in order to effectively reach them.

#### **Disadvantages of marketing strategy:**

There are differing disadvantages of marketing strategies depending on chosen medium. But there are also general disadvantages of marketing strategies across every spectrum which are given below:

- Cost:** Wasting marketing efforts by targeting the wrong audience using an inappropriate medium would be a serious and costly mistake.
- Time:** A potential disadvantage of marketing strategy is the risk of time wasted for an unsuccessful campaign.
- Competition:** Competition in the marketing space may be another disadvantage. If competitor takes better strategy then one cannot be success in the marketplace.
- Temporary:** Some strategies are taken on temporary basis as a result customer may not rely on that strategy.
- Decreased Value:** The longer a sales promotion lasts, the more likely one will decrease the perceived value of his/her product or service.
- Bargain Hunters:** One might abandon the company's product as soon as the promotion is over and continue to hunt for bargains.

### **Different Marketing Strategies:**

Marketing focuses on the planning aspects of bringing products to market, more so than the actual implementation of selling them.

### **Pricing Strategies:**

A company can set best pricing strategy to maximize profits. If the company can set best pricing policy then the company will be able to capture maximum market share in the market place. The firm's decision on the price of the product and the pricing strategy impacts the consumer's decision on whether or not to purchase the product. Lee and Griffith, (2004) in their study about the marketing strategy in Korea concluded that adjustment of prices to market situation have positive influence on the market share and adaption of pricing strategy would increase the market share. Ogunmokun and Ng, (2004) in their research about Australian firms concluded that market skimming pricing strategy was the second major factor in discriminating between high and low export performing companies. Grocery shops in Bangladesh do not take constant pricing policy as a result different customers may purchase the same commodity within little time of each other at a different price. To show the effect of pricing strategies we have conducted our survey on three (03) different grocery shops in Bangladesh and the result is summarized below:

**Table 01: Showing the effect of various pricing strategies on the sales of Grocery shops**

Variable	KP Grocery Shops ( Sales in Tk) (in lacs)			M & M Supermarket ( Sales in Tk) (in lacs)			Nayan Groceries ( Sales in Tk) (in lacs)		
	Before	After	Increase (Decrease)	Before	After	Increase (Decrease)	Before	After	Increase (Decrease)
Penetration Pricing	5.25	5.87	0.62	6.38	6.82	0.44	5.15	5.3	0.15
Economy Pricing	4.36	4.48	0.12	4.58	5.1	0.52	5.12	5.19	0.07
Psychological Pricing	5.26	5.78	0.52	5.68	5.8	0.12	6.58	6.9	0.32
Creaming or skimming	4.89	5.8	0.91	6.12	6.78	0.66	5.65	6.24	0.59
Decoy pricing	5.36	5.81	0.45	6.87	6.98	0.11	6.32	6.84	0.52
Keystone pricing	6.23	6.78	0.55	5.81	6.3	0.49	6.7	6.9	0.2
Odd pricing	6.32	6.81	0.49	6.2	6.87	0.67	5.9	6.27	0.37
<b>Mean Value</b>	5.38	5.9	0.52	5.95	6.37	0.43	5.91	6.23	0.317
<b>Standard Deviation</b>	0.697	0.78	0.234	0.717	0.699	0.231	0.646	0.732	0.191
<b>Coefficient of Variation (CV)</b>	0.129	0.132	0.45	0.12	0.109	0.537	0.109	0.117	0.602

Source: Field Survey

From the above table we can conclude that sales have been increased by each pricing strategy. We have shown the two sales position (i) One before strategy taken and (ii) Other after strategy taken. We have also shown the individual effect of each strategy taken the grocery shop. Mean value has also increased by taking pricing strategy.

**Product Strategy:**

The road map of a product is defined as product strategy. It is also called the foundation of a product lifecycle. Product strategy is comprised of three parts: vision, goals, and initiatives. A well-defined vision describes who the customers, what customers need, are and how you plan to deliver a unique offering. Goals define what you want to achieve in the next specific time duration. Initiatives are the maximum-level efforts that will help you achieve your goals.

To show the effect of pricing strategies we have conducted our survey on three (03) different grocery shops in Bangladesh and the result is summarized below:

**Table 02: Showing the effect of various product strategies on the sales of Grocery shops**

Variable	KP Grocery Shops ( Sales in Tk) (in lacs)			M & M Supermarket ( Sales in Tk) (in lacs)			Nayan Groceries ( Sales in Tk) (in lacs)		
	Before	After	Increase (Decrease)	Before	After	Increase (Decrease)	Before	After	Increase (Decrease)
Better design	5.23	5.87	0.64	6.82	6.95	0.13	5.68	6.21	0.53
Features development	5.56	6.35	0.79	5.69	6.32	0.63	6.35	6.84	0.49
Improved quality	6.78	6.97	0.19	6.28	6.98	0.7	5.91	6.32	0.41
Positioning	5.89	6.25	0.36	5.21	6.32	1.11	6.87	7.21	0.34
<b>Mean Value</b>	5.87	6.36	0.495	6	6.64	0.642	6.2	6.65	0.442
<b>Standard Deviation</b>	0.667	0.456	0.27	0.7	0.372	0.402	0.525	0.466	0.085
<b>Coefficient of Variation (CV)</b>	0.113	0.07	0.545	0.117	0.056	0.626	0.85	0.07	0.192

Source: Field Survey

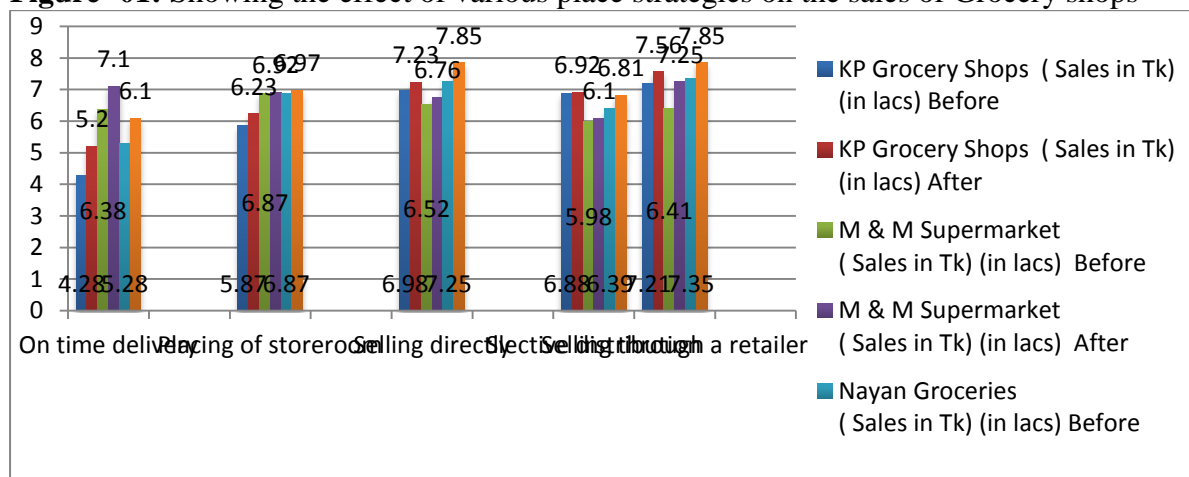


From the above table we can conclude that sales have been increased by each product strategy. We have shown the two sales position (i) One before strategy taken and (ii) Other after strategy taken. We have also shown the individual effect of each strategy taken the grocery shop. Mean value has also increased by taking product strategy.

**Place Strategy:**

This strategy behind how you sell and distribute your product is a very important element of your marketing mix. Today, in the competitive market availability and on-time delivery are very important and firm with better distribution method are more successful. Fizebakhsh, (2002) in his study about the impressive factors on a marketing mix, revealed that on-time delivery, sufficient seaport, having safety stock in export market, transportation costs in seaport, seaway and road for delivery of product were effective factors for export performance. To show the effect of place strategies we have conducted our survey on three (03) different grocery shops in Bangladesh and the result is summarized below:

**Figure -01:** Showing the effect of various place strategies on the sales of Grocery shops



Source: Field Survey

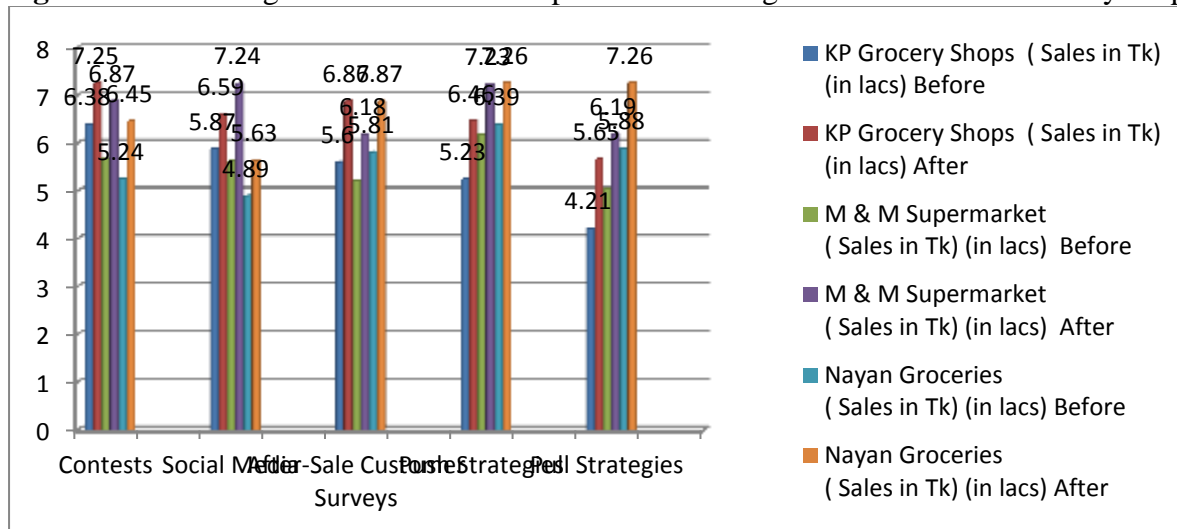
From the above graph we can conclude that sales have been increased by each place strategy. We have shown the two sales position (i) One before strategy taken and (ii) Other after strategy taken. We have also shown the individual effect of each strategy taken the grocery shop.

**Promotion Strategy:**

Product promotion is one of the necessities to attract the present customers and potential customers. There are various types of ways to promote a product or service. Some companies use more than one method, while others may use different methods for different marketing purposes. Promotion is one of the marketing mixes that many researchers assessed its relationship with a market share to find whether sound promotion would increase sales and profit. Promotion is relatively effective to the campaigns of competitors (Thirkell & Dau, 1998).

To show the effect of promotion strategies we have conducted our survey on three (03) different grocery shops in Bangladesh and the result is summarized below:

**Figure -02:** Showing the effect of various promotion strategies on the sales of Grocery shops



**Source:** Field Survey

From the above graph we can conclude that sales have been increased by each promotion strategy. We have shown the two sales position (i) One before strategy taken and (ii) Other after strategy taken. We have also shown the individual effect of each strategy taken the grocery shop.

**Cost-Benefit Analysis:**

Each business owner should examine each marketing strategies benefits against the costs. Successful marketing might depend upon using different strategies to produce the best overall result.

<b>Cost</b>	<b>Benefit</b>
Any negative effect on an organization resulting from the implementation of the project.	A benefit is any positive effect on the organization resulting from the implementation of the project.
<u>Examples:</u>	<u>Examples:</u>
(i) Maintenance costs	(i) Increase in productivity
(ii) Environment	(ii) Reduction in costs
(iii) Research and development	(iii) Saving time
(iv) Labour costs	

To show the effect of the cost of different marketing strategies on the groceries shops' revenue or benefits we have shown three grocery shops individually which is shown below:

**KP Grocery Shops**

**Table-03:** Showing the effect of the cost of different strategies on benefits of KP Grocery Shops

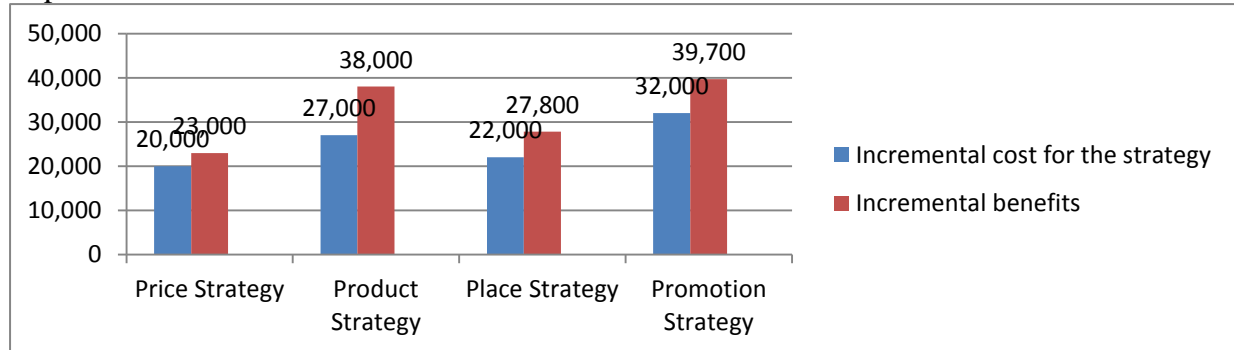
Particulars	Price Strategy	Product Strategy	Place Strategy	Promotion Strategy
Incremental benefits	Tk.52,000	Tk.49,500	Tk.58,000	Tk.53,000
Incremental cost for the strategy	32,000	48,000	46,500	47,500
Net incremental benefits	20,000	1,500	11,500	5,500

**Source:** Financial Statements

From the above table we can conclude that each strategy has shown positive effect on the grocery's benefits.

### M & M Supermarket

**Figure-03:** Showing the effect of the cost of different strategies on benefits of M & M Supermarket

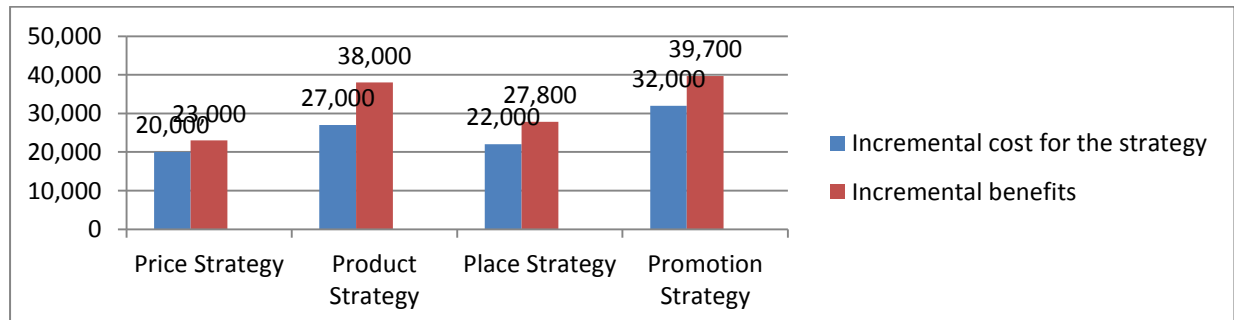


**Source: Financial Statements**

From the above table we can conclude that each strategy has shown positive effect on the grocery's benefits.

### Nayan Groceries

**Figure-04:** Showing the effect of the cost of different strategies on benefits of Nayan Groceries



**Source: Financial Statements**

From the above table we can conclude that each strategy has shown positive effect on the grocery's benefits.

### Conclusion and Recommendation:

In the competitive market, it is very important for a firm to be looking forward to the determinants of market share. The owners of grocery attempt to differentiate themselves from other businesses offering similar products. This implies that grocery shops in Bangladesh do compete primarily on product differentiation and henceforth, they offer a variety of products. According to the analysis and result we can conclude that there is a positive impact of each marketing strategy on grocery's sale as well as net profit. We can also conclude that there is a significant positive relationship of marketing strategy to advance the goals of the grocery shops in Bangladesh. Proposals such as increasing profits, inventory and facilities offered to customers should be so cheap so that they can attract more to the grocery shop. Possible time of distribution of goods should be short and other benefits to customers should be increased as a result grocery shop will be able to make more profits with keeping more satisfaction of

the customer.

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