

# Disruptive Innovation in Advertising & Branding - Customer Retention for Sustaining Growth

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## Abstract

Corporate Business & Industry are revisiting their own business processes and technology approaches as competitors and partners start to employ 'digitalised' business processes and exploit the increasing convergence between operational technology and information technology in the Corporate World. Technology solution providers are using concepts such as Internet of Things (IoT) to reach customers' visibility and effectively at Point of Purchase (PoP) to sustain growth. Companies are creating and implementing the IoT solutions as alternative solutions to traditional technology solutions. Emerging business models allow Corporates to rethink or even outsource. Visibility by Advertising & Branding, Customer Retention by Intelligent connected systems along with network communications, software, and analytics now enable companies to improve and Turnaround Time (TAT) to optimise operating performance.

**Keywords:** Customer Relationship Management (CRM), Customer Retention by Visibility, Disruptive Innovation, Supply Chain Management (SCM), Digital Visual Merchandising, Stock Keeping Units (SKUs), Point of Purchase (PoP), Point of Sale (PoS), Turnaround Time (TAT), and Internet of Things (IoT).

## Introduction

In Business & Industry, innovation may be linked to positive changes in efficiency, productivity, quality,

competitiveness, and market share. The present business scenario calls for a transformation in organisational culture in enabling organisations to translate innovative activity into tangible performance improvements. The Corporates could also improve profits and performances by providing work groups with opportunities and resources to innovate, in addition to employee's core job tasks.

*Peter Drucker says:*

*"Innovation is the specific function of entrepreneurship, whether in an existing business, a public service institution, or a new venture started by a lone individual in the family kitchen. It is how the entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth."*

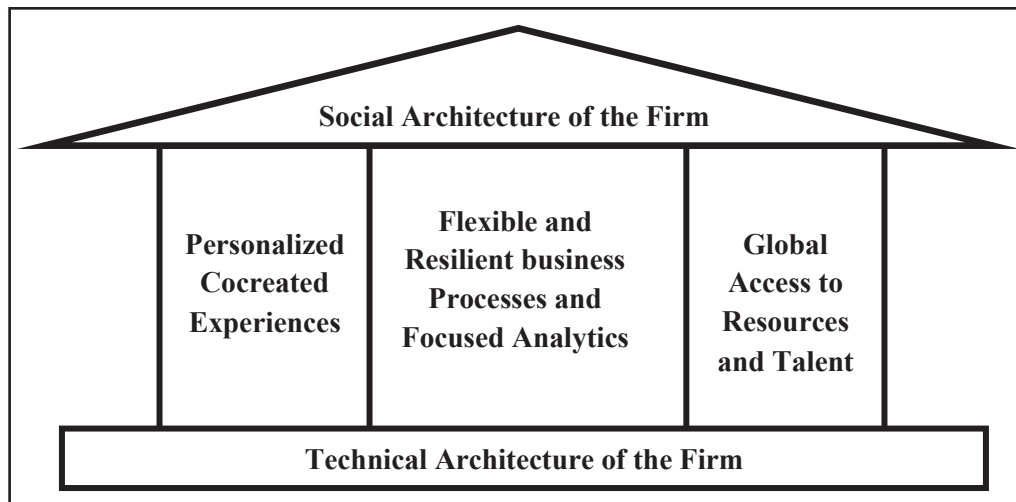
## Types of Innovation

- *Incremental Innovation:* It is the most common form of innovation.
- *Disruptive Innovation:* This, also known as stealth innovation, involves applying new technology or processes to the company's current market.
- *Architectural Innovation:* Innovation in the architecture of a product that modifies or changes the way different components of the systems interact or link with each other.

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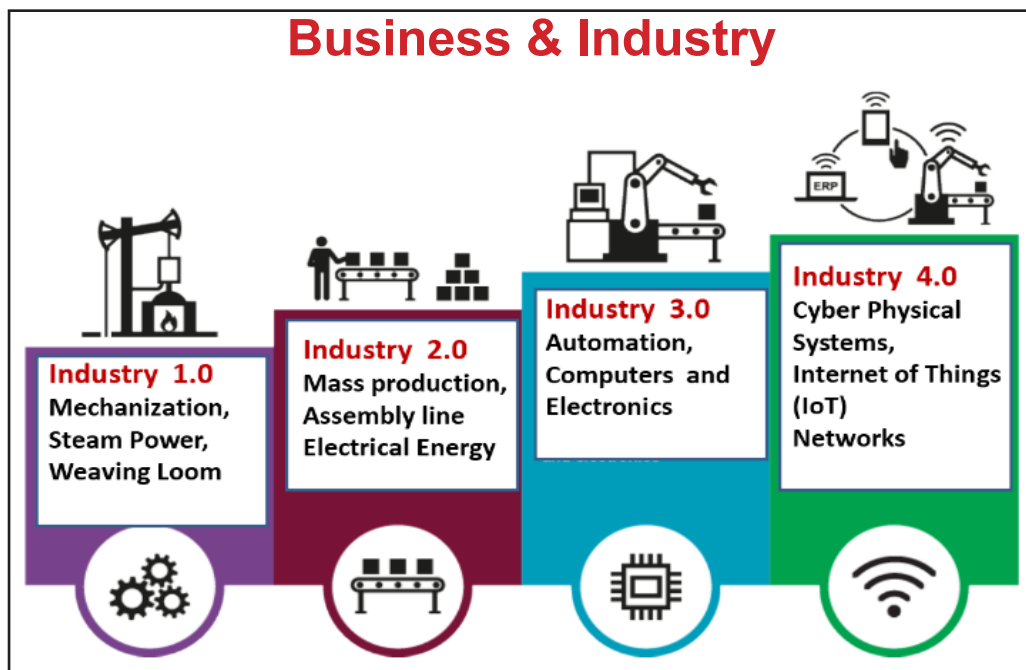
**Fig. 1: The New House of Innovation<sup>1</sup>**

C.K. Prahalad & M.S. Krishnan<sup>1</sup>: “We view innovation as shaping customer expectations as well as responding continually to the changing demands, behaviours, and experiences of consumers. We must do this by accessing the best talent and the resources available in the world. These two ideas must be connected - the resources of many to satisfy the needs of one. We suggest that this is possible only if we pay attention to the glue that enables ideas to be transformed into operations. We will focus on business processes and analytics as to the glue.” However, business

processes must be connected to the skills, attitudes and orientations of managers. The Social Architecture - the organisation structure, performance measurements, training, skills and values of the organisation - must reflect the new competitive imperatives. So the Technical architecture of the firm - its information technology backbone.”

Types of Innovation in Business are Product Innovation, Process Innovation, and Business Model Innovation for the business sustenance to enable inclusive growth.

<sup>1</sup> The Age of Innovation- driving Co-created Value through Global Networks by C.K. Prahalad, M.S. Krishnan page 5, 6.



**Fig. 2: Business & Industry**

We have witnessed the power of mechanisation in the early nineteenth century, automation in the seventies, information and the internet in the last decades. But now, the adaptation of connected intelligence into the business

and corporate social responsibility is advancing at the speed of light, which will completely change the way we conduct business.

**Table 1: Types of Innovation<sup>1</sup>**

Radical Innovation	Incremental Innovation	Innovation by Reapplication
<ul style="list-style-type: none"> <li>• Fundamental change or Fundamentally new categories of system, process, concept, Device</li> <li>• Disruptive, Radical, Discontinuous.</li> </ul>	<ul style="list-style-type: none"> <li>• Incremental improvement in existing system, process, concept, device.</li> </ul>	<ul style="list-style-type: none"> <li>• Application of existing system, process, concept, device in a new domain.</li> </ul>

<sup>1</sup> *The Age of Innovation- driving Co-created Value Through Global Networks* by C.K. Prahalad, M.S. Krishnan page 6,7.

Disruptive innovation is the key to future success in business. The organisations are required to restructure themselves to retain a competitive advantage. It is necessary to create and nurture an environment of innovation.

Executives and managers need to break away from traditional ways of thinking and utilise change management to their advantage. It is a time of risk for greater opportunity. The world of work is changing with the increase in the use of technology, and both companies and businesses are becoming increasingly competitive. Companies will have to downsize and re-engineer their operations to remain competitive.

Disruptive Innovation and Transformation may be brought about by the extensive use of digital intelligence, which will be available on mobile, internet and pervasive computing as homes, offices and factories become a well-knitted cyber-physical system.

Enabling tools such as Cloud Computing, Internet of Things (IoT) and Cyber-Physical Systems are introduced. Artificial Intelligence, Machine Learning and collaborations are to be considered with a particular reference to smart manufacturing, smart products/services and smart cities, and their opportunities and challenges.

The Business & Industry focus is on organisational readiness, skills gaps and competencies for knowledge workers to fully leverage the power of Industry 4.0. Suitable for learners from all disciplines and interested

in Disruptive Innovation, Transformation and in the mega changes to our society.

Fast-Moving Consumer Goods (FMCG) Companies initiated Customer Relationship Management (CRM) with Sales Force Automation, which resulted in integration of Supply Chain Management & Logistics using Cloud Computing solutions & services for last-mile (retail stores/kirana shops) connectivity using IoT solutions provided by companies namely Snapbizz, B partner, SaraoPOS, Wondersoft, Vanigam, Marg, Peel works, and Nukkad; also, other companies' initiatives such as data warehousing and data mining have made it possible for the businesses to maintain relationship with the customers.

## Objectives

The market survey to enable digital transaction process to showcase products to end-user and challenges prevailing in the FMCG market in India.

Operations and marketing objectives have to be made compatible with the overall corporate objectives of a digital marketing company to become the world's largest and best brand while ensuring that their company name is synonymous with the products of the highest quality.

- To find the effectiveness of digital visual merchandising tools encourage in the transformation to reach the customer by Visuals like pictures, banners and videos.

- To minimise the costs of POP (Point of Purchase) advertisement by digital sales campaigns.
- To reach last mile-consumers with effective digital display with short turnaround time (TAT) to create & display visuals in kirana stores for FMCG business.
- To stimulate customer buying pattern through contextual advertisements for both regular and festive offers in time.

The cost of TV media advertisements and print media is very high, compared to advertising using a digital visual merchandising tool, i.e., Point of Sale (PoS) machine, which has the features of the display from the cloud server and pictures taken from the PoS machine's camera. The display screen unit which displays the banners, pictures and videos are transmitted from the cloud server to kirana stores' LED Display Unit connected with Mobile Data Card.

Apart from transmission of banners, pictures and videos by FMCG companies with very short TAT for creating and displaying the banners, pictures and videos using IT and the cloud server, the kirana stores' POS machine's camera enables the store owners' to take pictures of store's discounts and offers to sell their slow-moving and/or non-moving items and such other Stock Keeping Units (SKUs).

The technology has enabled the FMCG companies to run the various types of advertisements and sales campaigns (banner, text and videos) for regular offers which help them during seasonal sales and festivals in India. This may minimise and slowly, in the future to eliminate the print media advertisements such as Point of Purchase (PoP) banners, pamphlets, leaflets and such others.

Independence from display space limitation in retail stores. The display screen unit, which displays the banners, pictures, and videos, has enabled the FMCG companies to display their products and services live at every kirana store or modern retail stores, resulting in eliminating dependency on limited shelf space in the store, for revenue generation. Stores are also getting a facelift as modern stores.

Digital pictures, texting and videos that are created and displayed are of high-quality media content. They are immune to damage overtime and could be transmitted in very short TAT. Hence, a number of pictures, scrolling texts and videos enable the FMCG companies to advertise faster.

## Need of the Survey

The survey is done to analyse the effectiveness of campaigns through real-time data. A brand's display content and control the following parameters:

First, the display Content Type - Image/Video or combination of image and video and how long content stays on the screen. Second, sales campaign Start date and the duration of campaign. Third, the display content is ensured to display at least once in every 4 minutes. Fourth, detailed reports on how long the campaign was displayed in each store daily. Fifth, detailed reports on the daily reach of the campaign in each store to be generated.

## Research Methodology

**Descriptive Research:** This provides perfect characteristics of a finicky entity or a grouping. This deals with everything that can be counted and studied, which has an impact on the lives of the people it deals with.

**Casual:** A nature of conclusive research where the main objective is which obtains evidence concerning reason and result relationships.

A descriptive observational study has been carried out to find out the customer satisfaction process and its effectiveness to gather necessary data; the survey has been conducted by interviews in the various retail/kirana stores.

In this research, we used about 550 retail stores for sampling with a team of nine persons to gather information and data. It means that the data are collected according to the convenience of the sellers and customers as well as the researcher.

It is the number of questions that are made to ask the sellers and customers or the target audience from where we are trying to collect the information. It is a face-to-face interaction with a client.

## Personal Interview

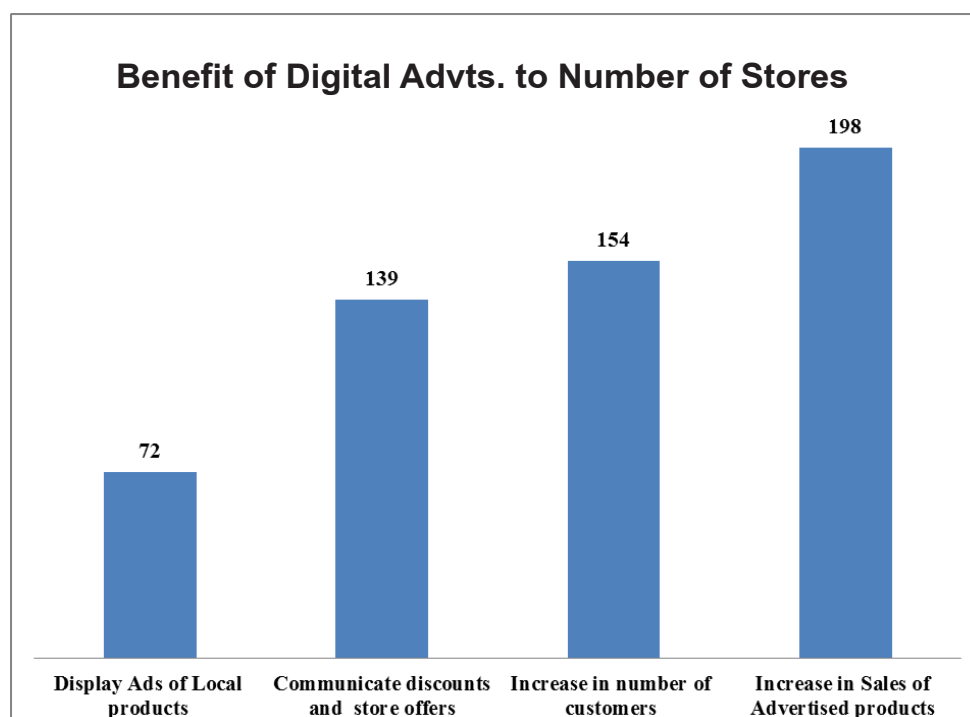
It means having a face-to-face interaction with the sellers or customers/clients. The data are collected through the questionnaire. This is to elicit information that was left out in the questionnaire. We took opinions and suggestions for the betterment of the project.

The sellers of these FMCG could be said as the significance of the company brand that has been the accepted name/s, which will not be similar to others. They can make the brand equity by making their visuals, display ads unforgettable. The brand should be simply identifiable, and greater in value and trustworthiness. Collection of promotional activities also helps the FMCG companies to retain the brand value. A general example of a situation is, if any company wants to launch new products and if they have optimistic brand significance, they could survive in the market and increase their sellers' satisfaction. It is a key pointer of the company's potential and act, exclusively in the open markets. Frequently, companies in the similar industry sector compete on service of sellers. Seller-based brand name evaluates the seller's answer or opinion to a business name.

A descriptive study has been carried out to find out the advertisement campaign process in line with FMCG sector and its effectiveness to gather necessary data a survey has been conducted by interviews in the various kirana stores and Modern Retail stores.

In this research, we used to convince sampling - that the data are collected according to the convenience of the sellers and customers as well as the researcher.

## Research Findings



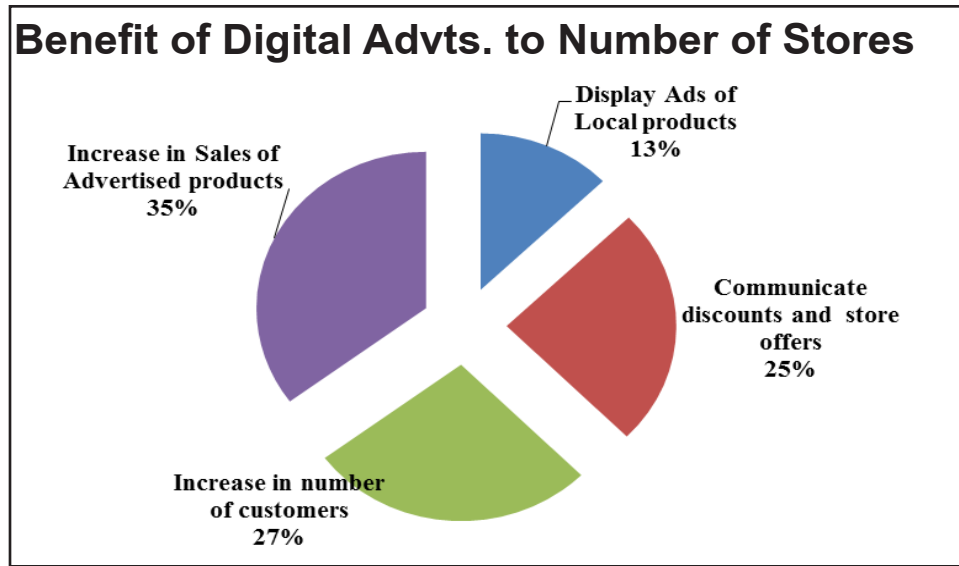
**Graph 1: Benefit of Digital Advertisement to Number of Stores**

## Personal Interview

Having a face-to-face interaction with the sellers or customers/clients. The data are collected through a questionnaire. We also took opinions and suggestions for the betterment of the project.

## Benefits Offered to the Retailer

First, create and display advertisement of high margin/slow-moving stocks and communicate all store offers and product promotions to customers in a short span of 2 to 3 days. Second, display the sales offer at a retail store and Influence Impulsive purchase behaviour of consumers and increase sales. Third, enable to achieve 20-25% sales growth on displayed products. Fourth, enable the retail stores to Sell Display Picture, Scrolling Texts and Video time slots to local brands to showcase their products/service and increase revenue. Fifth, engage customers during billing time, i.e., they watch the Visual Display on LED screen/s about sales offers when they wait to get the bill for products they have selected.



**Graph 2: Benefit of Digital Advertisement to Number of Stores**

**Cost Benefits to the Retailer**

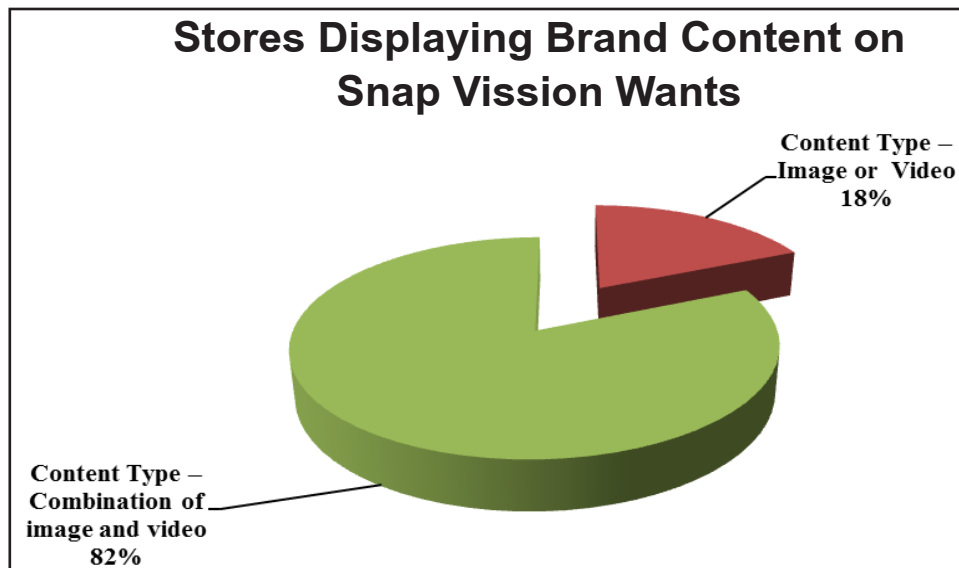
During the survey, it was found that the retail store owners

also informed that the Investment Cost of Hardware could be recovered in about 4 to 5 months.

The following is an example to explain cost benefits:

**Table 2**

Description	Amount
<b>Investment Made by Retailer for PoS LED Screen</b>	INR 10,000
The retailer can earn by selling display slots to the local brands. He can earn INR 150 to INR 300 per month per slot Assuming he sells 5 slots to local brands @ INR 200 per slot earns INR 1,000/ per month	INR 1,000 per month
<b>Assuming Average Daily Revenue of Store INR 15000</b>	
Assuming sales revenue from high margin products to be 10% i.e. INR 1,500. <ul style="list-style-type: none"> <li>Profit on those calculated at 20% will be INR 300</li> <li>Displaying 30% of these products on LED can earn additional daily profits of INR 90 /- i.e. INR 2700/ per month</li> </ul>	INR 2,700 per month
Retailer can achieve break-even on investment (of INR 10,000 for buying LED screen) by 3 months {3X(1000+2700)}	INR 11,100



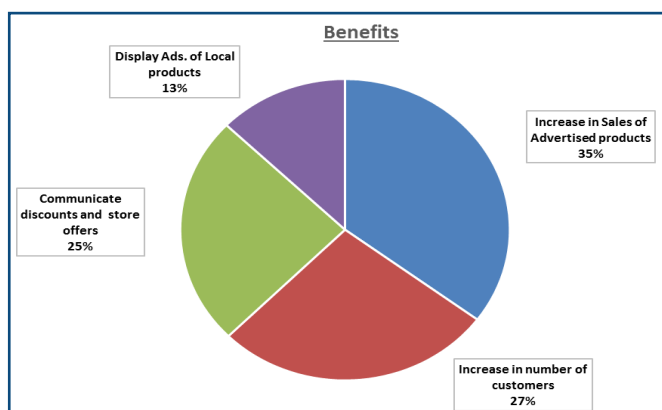
**Graph 3: Store Displaying Brand Content on Snapvision Wants**

## Benefits Realized by Retailers

The survey carried out in kirana stores revealed the following information:

**Table 3**

Benefits	Number of Stores
Increase in Sales of Advertised products	198
Increase in number of customers	154
Communicate discounts and store offers	139
Display Ads. of Local products	72
Total	563



**Graph 4: Benefits**

## Analysis of Survey

The companies should concentrate on their post-sale support facility extended for the products sold. The SKU's/products on sales offer should be available in the retail stores. Improve the supply chain and logistics management. Also, the companies should extend new offers to retail stores. The Wi-Fi connectivity should be continuous without any issues.

The effectiveness of digital visual merchandising tool has encouraged in transformation to reach the customer by visuals like pictures, banners and videos which has resulted in a) increase in sales of advertised products, which is 35.16% in 198 stores; b) increase in the number of customers, which is 27.3% in 154 stores; c) communicate discounts and store offers is 24.6% in 139 stores; and d) increase in display Ads of local products, which is 12.7% in 72 stores of the total 563 stores surveyed.

The digital display Ads have minimised costs of POP print media advertisement by digital sales campaigns; during

the survey, it was evident that the numbers of printed leaflets, brochures are minimum numbers.

The survey revealed that the reach to last mile-consumers with effective digital display with short TAT of about 3 days for developing the Ads creative & display visuals in kirana stores for FMCG business. The display content type of a) image or video is 18% and b) the content type is a combination of image & video is 82%.

The visuals at POS have initiated to stimulate customer buying pattern through contextual advertisements for both regular and festive offers in-time.

## Suggestions

The companies should focus on the retail store's satisfaction by extending better monetary incentives. The companies should ensure the improvements on a continuous basis, and also periodically measure the benefits & costs of carrying out the sales revenues and expenses. Periodically, the feedback should be processed as suggested by the retail sellers. The company should ensure that the executives improve the relationship by interacting more with the retail sellers. The customer or seller issues need to be addressed to recover the brand by the company's processes with quick TAT. The incentives offered to the retail sellers must be reviewed and revised periodically.

## Conclusion

This project, carried out by IIBS Incubation Centre, is essentially to know about effectiveness of Digital Advertisement and transmission of banners, pictures and videos by FMCG companies with very short TAT for creating and display banners, pictures and videos using IT, Mobile Computing and the cloud server, the kirana stores' PoS machine's camera enables the store owners' to take pictures of store's discounts and offers to sell their slow-moving and/or non-moving items & such other SKUs.

Ratan Tata-backed Snapbizz, a retail technology start-up, has successfully developed disruptive innovation technology solution, implemented in more than 5000 kirana stores in a short period. It helps maintain brands to come up with personalised promotional offers at these last-mile kirana stores/retail outlets.

The technology has enabled the FMCG companies to run the various types of advertisement campaigns (banner, text and videos) for regular offers and it has helped them during seasonal and festivals sales in India. Digital advertisement and transmission of banners, pictures, leaflets and pamphlets would minimise and slowly, in future, eliminate the print media advertisements such as PoP banners, pamphlets, leaflets, etc.

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