1.1 Introduction

The word retail is derived from the French word *retaillier*, which means to cut a piece off or to break bulk. Retailing encompasses the business activities involved in selling goods and services to consumers for their personal, family, or household use. It includes every sale to the *final* consumer – ranging from cars to apparels to meals at restaurants to theatre tickets. Retailing is the last stage in distribution process (Berman and Evans, 2008). Retailing also consist of the financial activities and steps needed to place the products in the hands of the ultimate consumer and (or) provide services to the consumer (Amuthan, 2004). Thus a retail sale is one in which the buyer is an ultimate consumer as opposed to a business or institutional purchaser. In contrast to wholesale sales (i.e. purchase for resale business, industrial or institutional use) the purchase motive of retail sale is always personal or family satisfaction by final consumption of the item being purchased.

**Definition of Retailing**: The sale of goods or commodities in small quantities directly to consumers for their personal or family consumption.

**Also Known As**: To sell at retail.

**Examples of Retailers**: One could began retailing business by selling a locally made product to the community; like neighborhood house selling ‘Agarbatti’ to families living around, a big business house selling many products under one roof to individuals who visit that physical facility usually called ‘store’ or a business house allowing individuals to order online through internet.
Although the distinction between “retail” and “wholesale” sales may seem to be negligible but academically it is very important, because as all good marketers know purchase motives are critical in segmenting markets. Companies that sell personal computers to students for use in doing their homework or for playing computer games at home are engaged in making retail sales. Companies that sell personal computer to their parents for use in a family business run out of a home office are engaged in making wholesale sales. Often the terms wholesale banking and retail banking used in banking industry exactly signifies the difference. Companies like HCL Infosystems Ltd., Home Town of Future group and publishers like S. Chand and Co. make both retail and wholesale sales. It is important that these companies understand the differences in serving these different markets, even though they are served out of the same office establishment.

Retailing consists of the sale of goods or merchandise from a fixed location, such as a department store, boutique, kiosk or by post in small individual lots for direct consumption by the purchaser.(www.wikpedia.com). Retailing may include subordinated services, such as delivery. In commerce, a "retailer" buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells smaller quantities to the end-user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy. The term "retailer" is also applied where a service provider services the needs of a large number of individuals, such as a public utility, like electric power, broadband connection (www.wikipedia.com). Many Authors (Levy & Weitz, 2003, Kotler & Keller et. al., 2009, Berman & Evans, 2008) include activities like mobile vending, Hawkers, Tele shopping also as kinds of retailing.

Shops may be on residential streets, shopping streets with few or no houses or in a shopping mall. Sometimes a shopping street has a partial or full roof to protect customers from precipitation. Online retailing, a type of electronic
commerce used for business-to-consumer (B2C) transactions and mail order are forms of non-store retailing (Levy & Weitz, 2003).

Shopping generally refers to the act of purchase products. Sometimes this is done to obtain necessities such as food and clothing; sometimes it is done as a recreational activity. Recreational shopping often involves window-shopping (just looking, not purchase) and browsing and does not always result in a purchase (Pradhan, 2007). But such shopping is an important stimulus for impulse purchase.

Levy and Weitz (2003) has given another significant dimension to retailing that is value addition it offers to the consumers, they described retailing as a set of business activities that add values to the products and services sold to consumers for their personal or family use.

According to Berman & Evans (2008) there are certain factors which mainly distinguish retailing from other type of business and put impact on retail strategy, these are Low value of purchase, Impulsive purchase and Popularity of Stores.

![Diagram](image)

Figure 1.1 Special Characteristics of Retailing
Source: Berman and Evans (2008)
With 1.2 crore retail outlets, generally called as MOM-N-POP stores, retailing in India is one of the key drivers of consumption activity. Consumers visit these outlets to fulfill their routine and ad-hoc consumption needs. It is this touch point that shapes final mandate of a consumer in favor of particular product or brand. Retail transactions, being part of Rs. 80,00000 crore spend by Indian consumers annually on various consumption related needs, are one of the key drivers of economy; (Singhal, 2006). If we figure out value of retail transactions happening in India across all retail counters, it turns out to Rs. 15,75,000 crore out of which about Rs. 45,000 crore is transected through organised retailers (Gopalan & Gosh, 2006). Hence it is worth analyzing how retail industry, which is the most important interface between producers and consumers, is transforming and providing services to keep its customers satisfied. The changes taking place in retail industry are noteworthy. According to Messinger and Narsimhan (2004) various factors that contribute to changes in retail format mix are technological developments, changes in customer behavior and lifestyles, the presence of global retailers, suppliers network, presence of national brands and government legislation. Developing countries has witnessed changes along with consolidation in retail industry after economic liberalization followed by high GDP growth rate and boom in consumption, and India is no exception (Ghani, 2005). Many such factors are now apparently visible in India also.

The consumer decision making inside the store is influenced by many factors. It could be said that in store consumption behavior (ISCB) is a function of many factors.

\[
\text{ISCB} = f(\text{factor 1, factor 2, .....factor n})
\]

Marketers could optimize these factors to influence the consumer purchase decision in their favor. This forms the basis of research problem and its objectives which are as follows:
1. To identify in-store factors and relationship between in-store factors with impulse purchase.

2. To study the influence of in-store factors on proportion of impulse purchase in bill; an indicator of profitability per bill due to impulse purchase.

3. To identify the relationship between times spend in the store with value of impulse purchase and influence of in-store factors on shopping duration.

4. To study the influence of In-store factors together as a system on impulse purchase behavior.

5. To study the influence of demographic factors on impulse purchase and attitude of shoppers towards shopping list.

Nominal Definition of Terms Used in proposed research:

1. Impulse purchase: A special type of purchase behavior that shoppers exhibit while shopping and in the proposed research this term is used synonyms to impulse buying. Impulse purchase is sudden often persistent urge to buy something on the spur of movement. (Rook, 1987; Berman & Evans, 2008)

2. In-store Factors: All ways, means and tools that retailers can use to put physiological and psychological influence on consumers while shopping (Stern, 1969; Cobb and Hoyer 1986; Beaty and ferell, 1998 Madhavaram & Laverie, 2004)

3. Organized Retailing: Professionally managed large-scale systematic retailing mostly with self service. Organised retailing also refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. Unorganised retailing, on the other hand refers to the traditional formats of low-cost retailing. (www.wikipidea.com, 13/05/2010)
1.2 Evolution of Retailing and Impact on Economy

1.2.1 Evolution of Indian Retail Sector:
Indian Retail Industry is standing at its point of quick growth, waiting for the boom to take place. The inception of the retail industry dates back to times where retail stores were found in the village fairs, Melas or in the weekly markets popularly called haats. These stores were highly unorganized. The maturity of the retail sector took place with the establishment of retail stores in the locality for convenience. Government has not been intervening in the retail industry in India for long time. However this industry shaped up more of its own and took a shape which later got attention from government and big industrialist. Outlets for Public Distribution System, Cooperative stores and Khadi stores were harbinger of modern organized retailing that needed little investments for its establishment. This is not the case for today.

The retail industry in India gathered a new dimension with the setting up of the different international brand outlets, hyper or super markets, shopping malls and departmental stores. Retail industry is the largest industry in India, with an employment of around 8% and contributing to over 10% of the country's GDP. Retail industry in India is expected to rise 25% yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns. (Gopalan & Gosh, 2006). Due to very large spread and geographically pervasive nature of retail sector in India which is largely fragmented and lacks any representative body, it is very difficult to implement the tax laws. There is widespread tax evasion. It is also cumbersome to regulate the labor laws in this sector. As far as the formal retail sector is concerned (Discussed latter in this chapter), it is comprised of large retailers. Stringent tax and labor laws are now being implemented in this sector (Das, 2007). The organized retail sector occupies about 3% of the aggregate retail industry in India. In Asia it occupies the second position, next to China. Among all the global markets, the Indian retail market is the most quickly expanding. This quick expansion is owed to absence in restriction at the entry level. So the large foreign companies can reap the
benefits of economies scale by entering the available retail fields of India (Gopalan & Gosh, 2006). There are many reasons discussed latter in this chapter that explains why the retail industry in India can reach the zenith.

Shopping in India has witnessed a revolution with the change in the consumer purchase behavior and the whole format of shopping is altering. Industry of retailing in India has become modern; this is evident from the fact that there are multi-storied malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof. Indian retail industry is expanding itself most aggressively; as a result a great demand for real estate is being created. Indian retailer’s preferred means of expansion is to spread business to many regions and increase the number of outlets in a city. It is expected that by 2010, India may have 600 new shopping centers.

In the Indian retailing industry, food is the most dominating sector and is growing at a rate of 9% annually. The branded food industry is one of the most active retailers in the Indian retail industry and quickly converting Indian consumers to branded food. (www.about.com, June 2009).

Indian retail industry is progressing well and for this to continue, retailers as well as the Indian government will have to make a combined effort.

As organized retailers could carve out a bigger piece of the retail pie for themselves, it’s an exciting time for the retail sector. Emerging markets such as India and China are the final frontiers for retail taking the focus away from saturated western markets. Since 2001, 49 global retailers entered into 90 new markets, but at the same time 17 retailers left markets in 2005.

The Indian retail industry in valued at about Rs.15000 billion and is expected to grow to Rs. 21350 billion in 2010 and Rs.31850 billion in 2015. Only three and half percent of Indian retail is organized. Foreign retailers of multiple brands can operate in India through a franchise or a cash-and-carry wholesale model (www.about.com).

Retail is India’s largest industry, accounting for over 10 percent of the country’s GDP, though it is quite low as discussed later while comparing with USA and Japan, and around eight percent of employment. Retail in India is at the
crossroads. It has emerged as one of the most dynamic and fast paced industries with several companies entering the market. The heavy initial investments required makes breakeven hard to achieve and many firms have yet not tasted success to date (www.technopack.com). However, the future is promising; the market is growing, government policies are becoming more favorable and emerging technologies are facilitating operations.

### Total Retail Business and Share of Organised Retailing

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2002</th>
<th>2005</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Retail in Billion Rs (INR)</td>
<td>7000</td>
<td>8250</td>
<td>10000</td>
<td>21350</td>
</tr>
<tr>
<td>Organised Retail in Billion Rs (INR)</td>
<td>50</td>
<td>150</td>
<td>350</td>
<td>1921.5</td>
</tr>
<tr>
<td>% share of Organised Retail</td>
<td>0.70%</td>
<td>1.80%</td>
<td>3.5%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Table 1.1 (Source: Das (2007), Mall Management, Taxman, Pg 07)

Retailing in India is gradually inching its way to becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer purchase behavior, ushering a revolution in shopping. Modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offering shopping, entertainment and food all under one roof.

The Indian retailing sector is at an inflexion point where the growth of organized retail and growth in the consumption by Indians is going to adopt a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the organised retail sector.
Wal-Mart, the world’s largest retailer and Bharti Enterprises have signed a Memorandum of Understanding (MoU) to explore business opportunities in the Indian retail industry. This joint venture will mark the entry of Wal-Mart into the Indian retailing industry. The biggest competitor for Bharti-Wal-Mart is likely to be Reliance Retail, the retail wing of Reliance, which had planned to establish 10,000 stores by 2010. It had already opened about 53 stores under the “Reliance Fresh” format pan India.

1.2.2 Opportunities with Indian Retail Industry
The expansion of the retailing in India has been magnificent especially after the advent of liberalization and the abolition of licensing. A comparative study with other developed countries indicates that the retail sector has achieved a fantastic breakthrough in the Indian economy. The GRDI Score as calculated by A.T. Kearney is a weighted average of market attractiveness, market saturation, country risk and time pressure. India had a GRDI (Gross Retail Development Index) score of 100 in both 2005 and 2006 implying market potential and attractiveness. The Figure 1.2 is showing the scatterness of risk along with opportunities in various countries depending on as many as twenty five factors such as economic and political risk, retail market attractiveness, retail saturation levels, and modern retailing sales area and sales growth etc.

![Figure 1.2 - Country attractiveness for retailing](image)

Source: AT Kerney
Further AT kerney (Kerney, 2009) has given a life cycle of growth and development of retail Industry in many countries especially belonging to developing economies. As the graph in Figure 1.3 clearly depicts, India’s contenders like Russia and China are nowhere in competition. This result has been obtained mainly because of a higher APC (Average Propensity to consume) of the Indian people. According to IMF, India has APC of more than 60% while the corresponding figure for Japan is 57% and for China is 39%. Further it is found that Indians have a tendency to spend 40% of their consumer spending on groceries (foodstuffs). These reports when coupled with figures of credit expenditure including reality sector that is growing at 30% per annum, makes to believe the fact that Indians have special preference for lifestyle products and fate of Indian organized retail is bound to be good in spite of hiccups of recession and slowdown that will come and go like tides. (Academic Foundation, 2006).

Figure 1.3 - Window of opportunity analysis  
Source: AT Kerney
Store density of India seems to be quite comfortable in comparison to major economies such as Japan and USA as sown in Table 1.2 below.

Retail Stores density:

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of stores per 1,000 people</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>22</td>
</tr>
<tr>
<td>Japan</td>
<td>10</td>
</tr>
<tr>
<td>USA</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Table 1.2 - Report on FDI in Retailing Source: Academic Foundations

The above table 1.2 reinforces the view that India has done fairly in retailing. One noteworthy point is that Japan in spite of being one of the most densely populated countries has fared poorly than India. However the picture seems to get inverted by looking figure 1.4. This figure compares the percentage of organized retail in GDP in competing economies, it seems still Indian retail sector has to go a long way.

The Figure 1.4 clearly portrays the miserable condition of India’s organized retail. A forecast of 40% annual growth in the organized retail sector seems sound. The number of shopping malls in India has grown from 1 in 2001 to about 400 in 2009 but still more effort is needed to turn the predictions into reality.

Various media reports further showed that non-urban areas account for only about 15% of organized retailing, so it is high time
that the retail industries pay importance to geographic diversification and start operations in untouched markets and reach out to non-urban markets. If organized retailers remain confined to the metropolis and tier one cities only, then they will soon hit a mature market and will be unable to grow anymore. But at the same time they must realize that the culture, habits and preferences of people changes with every few kilometers in India and tapping non-metro market needs different business acumen.

People living in non-urban markets are skeptic about the urbane lifestyle and habits. The retail firms may have to follow the policy of value pricing and will have to employ the local people and ensure confidence by putting in their best possible efforts. Large organized retailers have to gain confidence of the millions of traders, shopkeepers and hawkers by genuinely being empathetic to their concerns and if possible involve them in their supply chain. A bit of shallow and at times intense protest is bound to surface, but it should be taken positively and meetings between parties must be encouraged to make life coordinated & better for all stakeholders. Recently after announcements of joint venture between Bharti and Wall Mart, on 8th and 9th August 2007, thousands of traders, hawkers, Farmers and workers protested across India. The protest supported by Bharti Udyog Vayapar Mandal, National Hawkers Federation, NGO Navdanya, Campaign for Judicial Accountability & Reform, Bhartiya Mazdoor Sangh and many other such organisations was conducted under Vayapar aur Rozgaar Bachao Andolan. The entire movement was articulately christened as “Quit Retail Day Movement” on the lines of “Quite India Movements” called by Mahatma Ghandhi on 8th August, 1942 which lasted for five years till India got freedom.

Figure 1.5 - Quit Retail Day Movement; Source: www.about.com
This can be remarked only as beginning of new kind of confrontation as on 23 April, 2008 again under leadership of Bhatriya Udyog and Vyapar Mandal a pan India agitation was organized in which small and unorganized retailers from entire India actively participated. The prime agenda was to force the closure of large scale retailers such as Bharti-Wall Mart, Subhikshsa, Spencer’s, Reliance Fresh, Big Bazaar etc. No one in India is unaware how Reliance fresh was forced to close the store in Utter Pradesh in addition to some other regions amounting to losses over hundred crores.

Globally retail markets such as Germany, South Africa and many other countries allow 100% foreign investment in retail. This has helped these countries to scale size by easy availability of funds and in creating wholesale markets. However, as discussed earlier in India, only 51% FDI is allowed in single-brand retailing and that too with prior approval. In case of multi-brand retailing, FDI is completely prohibited. This is a perfect beginning but foreign investment should be gradually liberalized to modernize retailing and help retailers scale up. Moreover, restricting FDI for protecting mom-and-pop stores seems unjustifiable since formidable organizations such as Tata, Reliance and Bharti have already made a foray in this sector.

1.3 Structure of the Retail Industry in India

1.3.1 Segments/sectors in Indian Retail Industry
The retail industry continued in India in the form of Kiranas till 1980. Soon, following the modernisation of the retail sector in India, many companies started pouring in the retail industry like Bombay Dyeing, Grasim etc. If the retail industry is divided on the basis of retail formats then it can be split into the modern format retailers and the traditional format retailers. The modern format retailers comprise of the supermarkets, Hypermarkets, Departmental Stores, Specialty Chains and company owned and operated retail stores. The traditional format retailers comprise of Kiranas, Kiosks, Street Markets and the small multiple brand outlets. The retail industry can also be subdivided into the organized and the
unorganized sector. Following section focuses in detail the different segments of the retail sector in India.

1.3.1 (a) **Unorganized Retail Sector**
Segments in the Indian Retail Industry can be split into two segments. They are the informal and the formal retailing sector. The informal retailing sector is comprised of small retailers mostly referred as unorganized retailing. The unorganized retail sector basically includes the local kiranas, hand cart, the vendors on the pavement etc. This sector constitutes about 98% of the total retail trade. But foreign direct investment in the retail sector is expected to shrink the employment in the unorganized sector and expand that in the organized one.

1.3.1 (b) **Organized Retail Sector**
Formal/organized retailing can be characterized as large scale systematic retailing. In the organised sector trading is undertaken by the licensed retailers who have registered themselves to trade as well as income tax departments. The organized retail sector has in their ambit in corporate backed hypermarkets and retail chains. The private large business enterprises are also included under the organized retail category. Also in many western countries retailing is said to be organized if it is conducted through at least 10 formally employed people. The organized retail sector can be further be subdivided into:

**In-store Retailers**
This type of retail format is also known as the brick and mortar format. These retail stores are in the form of fixed point sale outlets. They are specially designed to lure the customers for physical shopping. There are different types of stores through which the in-store retailers operate.

**Online Retailers**
Retailing through internet enabled transactions is called as online retailing. Buyer and seller do not come across face to face with each other, rather sales
process is enabled through electronic systems which may further be complimented by physical delivery networks and other support networks as per requirement. Usually two types of further sub categorization are done:

- Pure click retailers who do not have any physical store location and customers are required to do all shopping through the shopping portal/website.
- Brick and Click retailers are those retailers who have physical stores as well as online retail portals and they sell their market offerings through both mediums.

1.3.2 Classification of Indian retail industry:
The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer purchase behavior, ushering into a shopping revolution India. Modern retailing has entered into the retail market in India as observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized retail sector in India. The growth pattern in organized retailing and the consumption made by the Indian population will follow a rising graph allowing the new retailers to enter the retail industry.

Huge Indian middle class and almost untapped retail industry are the key attractions for global retail giants making them eager to enter in this market. This in turn will help the Indian retail industry to grow faster. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US$ 175-200 billion by 2016. The Food Retail Industry in India dominates the shopping basket. The Mobile phone Retail Industry in India is already a US$ 16.7 billion business, growing at over 20 per cent per year. The future of the Indian retail industry looks promising with growing market, favorable government policies and emerging retail technologies.( http://business.mapsofindia.com)
Traditionally the retail industry in India was largely unorganized, comprising of drug stores, medium, and small grocery stores. Most of the organized retailing in India have started recently and concentrated mainly in metropolitan cities.

The growth in the Indian organized retail market is mainly due to the favorable change in the consumer's behavior. This change has come in the consumers due to increased income, changing lifestyles, and patterns of demography. Now the consumer wants to shop at a place where they could get food, entertainment, and shopping all under one roof. This has given Indian organized retail market a major boost.

The growth of organized retailing in India is evident from the fact that about 1500 supermarkets, 325 departmental stores, and 300 new malls are being built. Many Indian business houses are entering the Indian retail market that is again expected to give Indian organized retail market a boost. One such company is the Reliance Industries Limited. It plans to invest US$ 6 billion in the Indian retail market by opening 1000 hypermarkets and 1500 supermarkets.

Future group is another Indian company which plans to increase its retail space to 30 million square feet with an investment of US$ 1 billion. Bharti Telecoms an Indian company is in talks with Tesco a global giant for a £ 750 million joint venture. A number of global retail giants such as Walmart, Carrefour, and Metro AG are also planning to set up shop in India. Indian organized retail market will definitely grow as an outcome of all these investments. Indian organized retail market is growing and for this growth to continue the Indian retailers as well as government must make a combined efforts.

1.3.2 (a) Traditional Family Run Convenience Stores
The retail stores in India are essentially dominated by the unorganized sector or traditional stores. In fact the traditional stores have taken up 98 percent of the Indian retail market. Traditional family run convenience stores are too well established in India for getting wiped out and besides that there is uniqueness in the business approach and items sold by them. Stores run by families are
primarily food based and they are setup as Kirana or the 'corner grocer' stores. Basically they provide high service with low prices.

The traditional family run convenience stores can take pride for the fact that as ‘Kirans’ stores they are the most common and preferred shipping place by the Indian consumers. Convenience Stores are open for long hours and it is one of the formats of the Indian traditional retailing that caters to basic needs of the consumer. These stores are found in both residential as well as commercial markets in India. The food products of traditional family run convenience stores are comprised of branded as well as non-branded items. The benefits of family run convenience stores are that they give importance to personal touch, facility of credit and quick home delivery. However these convenience stores must get themselves ready for tough competition expected to come from organized retail stores dealing in food items such as Apna Bazaar, Canteen stores, Food World, Subhiksha, Food Bazaar etc. (http://business.mapsofindia.com). Non-food based stock of these shops is comprised of multiple and varieties of local brands. The future of such stores as they face competition from organized sector, would depend on the following things:

- Place and capacity
- Diligent area coverage
- Disciplined work schedule
- Managing turnover
- Revenue from assets
- Customer service and satisfaction

The traditional family run convenience stores serves the purpose of the housewives who definitely wants to avoid traveling long distances to purchase daily needs. The convenience factor in general can be highlighted as most preferred attribute of these stores. These convenience stores generally sell items such as groceries, fruits, drugs & medicines and necessary stationery. As such traditional family run convenience stores are here to stay and cannot be overshadowed by the organized retail sector.
Traditional rural retail fairs are very big attraction to foreign tourists. Rajasthan government organises the Pushkar fair every year that brings in a lot of revenue both from domestic buyers and buyers from abroad. In Pushkar fair live stock like camels, horses, cows, goats, and sheep are sold as well as bought. A range of exotic items are also available. The traditional items sold here are handmade jewelry and other colorful memorabilia of Rajasthan. Traditional rural retail fairs in India deal in a good number of handcrafts items. Some of them are mentioned below:

- Hand painted wooden chest drawers
- Wooden wall brackets
- Embossed wooden Table
- Hand painted chairs in chowki
- Wooden corner stand
- Wooden Hand painted Table
- Embossed wooden chairs
- Brown wooden stool
- Camel bone Jewelry
- Metal jewelry
- Snake charmer puppets
- Handmade candles

The Suraj Kund mela is also a huge galore of Indian traditional items. This fair is held at Haryana which is 8 kilometers from South Delhi. The fair has been held for the last 20 years. The fair deals in items categorized as:

- Indian arts
- Handicrafts
- Heritage
- Culture and tradition

Traditional rural retail fairs have a typical rural setup like:

- Huts of mud
- Thatched platforms
- Lamps of wood
The small thatched stores offer a vibrant display of handcraft items. The place of fair changes year, for instance, in 2008 it was held in Maharashtra. As such ‘traditional rural retail fairs’ involve artisans and weavers of over 350 in number and they are selected from across the country. Along with the India’s rich cultural heritage being showcased, the fair is open to foreign traditional goods as well. Traditional rural retail fairs seem to be a never ending occupation in India and the key to it lies in the originality and attractiveness of the items.

High Street Shops
High Street Shops of India are predominantly unorganized. Indian high street shops are varied and scattered. High Street Shops of India generally occurs in small bunch and sells products that are very relevant to economic needs of that particular area. For example, the high street shops in villages offer groceries and daily use commodities to villagers. These items are generally unbranded and cheaper in price and quality. High street shops in towns and cities are more systematic and sell daily use commodities along with luxury items. Generally, these high street shops of India sells branded products from Indian and foreign manufacturers.. Although, the consumerism is showing a rising trend in India, but the majority of the semi-rural and rural market is untapped. Huge opportunity seems to exist for organized retailing in India

1.3.2 (b) Indian Organized Retail Sector
Formats in Indian Organized Retail Sector and its subsequent successful operations are credited to India economic system reforms started in July 1991. Formats in Indian organized retail sector are at its nascent stage. The central government has ultimately realized the need to remove the insulation out of the Indian retail sector. Initially government supported rural retailers and many indigenous franchise stores came up with the help of Khadi & Village Industries
Commission. The economy began to open up in the 1980s resulting in the change of retailing. The first few companies to come up with retail chains were in textile sector, for example, Bombay Dyeing, S Kumar's, Raymonds, etc. Later Titan launched retail showrooms in the organized retail sector. With the passage of time new entrants moved on from manufacturing to pure retailing. (http://business.mapsofindia.com, 13/06/2009)

Following are few important points that support the faith of bright future of Indian retail sector (www.fdiwatch.org, Dated 26/09/2009)

- It is the second fastest growing economy of the world
- Potential to be the third largest economy in terms of GDP in next few years
- It ranks high amongst the top 10 FDI destinations of the world
- Fastest growing tourist market in Asia.
- World bank states, India to be worlds second largest economy after China by the year 2050
- Stable and investor friendly central government at the helm of affairs
- Introduction of Value Added Tax or VAT and tax reforms
- High degree of professionalism and corporate ethics
- Excellent Investment opportunities in Indian retail sector and in allied sectors
- To invest US $130 billion for the development of infrastructure, by year 2010
- To attract US $ 10 billion FDI for infrastructure development by the end of year 2008
- Bullish stock markets
- Many of foreign investors are willing in to invest in Indian retail markets
- Highly educated English speaking young workforce
- Huge opportunity exists, especially in semi-rural and rural areas
- Till date the second largest employer after agriculture sector, for the huge semi-skilled Indian population
- Offers highest shop density in the whole world
Having almost 1,20,000 shops, across the length and breadth of the country
In a nascent stage of development as an organized industry

Formats in Indian Organized Retail Sector -

- Specialty Stores
- Supermarkets
- Hypermarkets
- Department Stores
- Modern format individual retailers
- Shopping malls
- Specialty Chains

Specialty Stores
Specialty Stores of India and its subsequent successful operation is again credited to India economic system reform. Specialty Stores of India is at its nascent stage and heading for a stupendous growth in the near future. Indian and international market leaders are pouring into the Indian market to en-cash on the specialty stores retail boom. In fact, some industry leaders operating in other sectors are also diversifying into specialty stores sector.

Specialty Stores of India like Pantaloons, Steel junction, Metal junction, Food bazar, Haldiram bhujiwala, Music world, Nokia world, Kohli Bros., Sony world, Krishna Chicken, Bata, Raymonds, SiyaRam F2F, Bausch and Lomb, Apollo pharmacy etc. are doing good business and the profit margin of these Specialty Stores of India are rising every year.

Supermarkets
The concept of Supermarkets is not new to Indian consumers. Actually, the British colonial government introduced the idea of supermarkets to facilitate its officers with access of all household goods under one roof. Supermarkets in India houses varied shops selling different types of essential commodities along
with luxury items. These supermarkets are mainly concentrated in urban areas or semi-urban areas. Supermarkets operating in India typically have a heterogeneous mixture of large and small individual retailers. Most of these supermarkets sell branded products of both, domestic and international manufacturers. Supermarkets of India offer products with different price bands for each and every sections of urban society. With increased consumerism post India economic system reform started in 1991, the supermarkets in India are regaining their lost importance. Moreover, this consumerism has spread its tentacles to semi-rural areas also, leaving tremendous scope of growth in semi-rural and rural areas. Skeptics opine that opening up the retail sector in India would jeopardize the way of income for the poor small retailers. In fact, the actual story is quite heartening for the small time retailer and its vendors.

Franchisee
Franchisee outlets in India are predominantly organized and considerably new in concept. For an international company with a famous product or service to sell, franchisee outlets can provide huge opportunity for fast expansion and deep market penetration. Opening up of franchisee outlets saves initial capital investment. Franchisee outlets in India can effectively help in the distribution process of goods and services in lesser time but creating amicable effects on balance sheet. The greatest advantage of opening franchisee outlets in India is that it offers full commitment from franchisers to franchisees. And as a matter of fact the franchisees are more committed than employers or staff since they own a share of the main business and are accountable for losses.

Franchisee outlets in India - its benefits are as follows:

- Franchisee enjoys liberty of self employment
- The most successful way of starting a new business
- Franchising opportunities exists in every area of business and trade
- Low or no initial capital investment for the franchiser
- Quality and reputation of the parent company is maintained
- The license for franchise is renewable after or before the expiry of the term of contracts
- Liabilities of parent companies are less
- The Franchisee outlets have better commitments and responsibilities to discharge
- Huge income opportunity for the franchiser and franchisee
- No introductory advertisement is needed for the Franchisee outlets for the establishment of the brand

Some well known franchisee outlets are in India are Macdonald's, Kentucky Fried Chicken, Subway etc.

Convenience stores
The successful launch and operations of convenience stores in India is credited to the globalization policy adopted by government in early nineties. Convenience stores in India are still at a nascent stage but are headed for strong growth in the near future. Types of convenience stores found in India are:

- Specialty Stores
- Supermarkets
- Franchisee Outlets
- Hypermarkets

Hypermarkets
Hypermarkets are generally spread across 150000 Sq. Ft. of floor area. The popular hypermarket concept was first pioneered by Fred Meyer Chain which opened first Hypermarket in 1931 in Portland Oregon, USA. The world largest chain of organized retailing is Wal-Mart head quartered in United States, followed by Carefour of France. The first hypermarket in UK was opened by TESCO in 1976 (Subramanian, 2007). Many Indian organized retailers are following such formats such as Big Bazaar, Spencer Hyper etc. Hypermarkets operating in India typically have their presence in urban areas. Most of these Hypermarkets sell branded products of local, domestic and international manufacturers.
Hypermarkets of India offer products with different price bands for each and every sections of urban society. These Hypermarkets in India sells products like - Electronic goods, Groceries, Vegetables and fruits, House hold items, Stationeries, Pharmaceuticals and health care products, Consumer durables, Vegetables, Dress materials, Furniture, Furnishings etc The selling area hyper stores is about 1 to 1.5 lakh sq. ft. and SKU could vary up to 2 lakh units.

Shopping Malls
The latest trend in the retailing universe of India is the emergence of the shopping malls. Shopping malls are an emerging trend in the global arena. The first thing that comes in mind about the shopping malls is that it is a big enclosed building housing a variety of shops or products. According to historical evidences shopping malls came into existence in the middle ages, though it was not called so. The concept of departmental stores came up in the 19th century with the Industrial Revolution. Consumers wanted a better shopping experience and this demand gave rise to the emergence of shopping malls in India.

Originally the first of the shopping malls was opened in Paris. Then the trend followed in the other metros over the world, and there was a spree of shopping malls coming up at various places. In this age of mass production and mass consumption, the concepts of shopping malls are most modern method of attracting consumers. The concept of shopping was altered completely with the emergence of these shopping malls.

Advantages of shopping malls:
- Increase in the growth of the organized retail sector
- Monumental increment in economic growth
- Employment generation by the organized retail sector
- Good competition means better products & services
- Improve opportunity of advertising
- Hassle free shopping with controlled environment

Disadvantages of shopping malls:
• Companies with superior resources would knock out the ones inferior to them.
• Monopolization of the organized retail sector over unorganized sector
• Susceptibility to be perceived as hangout place than a shopping place.

In India the emergence of shopping malls has mostly altered the lifestyle of the urban consumers. The growth in income, changing attitudes, and also the demographic patterns favors the emergence of shopping malls.

Shopping cum Entertainment Centers
Shopping is no longer limited to a mere purchase activity; it has become synonymous with splurging time and money. People simply go about roaming through the shopping malls in order to peep through the display windows of the shops and often end up purchasing something they like; this kind of purchasing in this research is called as impulse purchase in generic sense. The consumers desire a combination of comfort and suitability which the shopping malls offer them and this is the reason that made shopping malls so popular all over the world, and especially in India. The inclusion of amenities like restaurants, multiplexes, and car parks attract more and more crowds to shopping malls. It is now considered as family hangout zones. In fact shopping malls have given birth of new type of terminology 'retailtainment'. Retailtainment refers to convergence of retailing and entertainment into one place. Since people are time starved specially in metros and larger cities, they look for quick shopping where they can along with shopping bring some fun and entertainment to their friends and families. Malls offer immense opportunities to advertisers to communicate about their offering to the consumers that too at a time when they are most vulnerable. This opportunity has led to extension in scope of point of purchase display and advertising in a profound manner.

1.4 Data pertaining to Indian Retail Industry
Seventy percent of retail trade in the formal sector of India is controlled by the state, which distributes goods to the various types of retail outlets. Although small
family owned shops and snack bars selling “fast food” and other goods dominate the retail trade there has been a steady growth in the number of department stores and supermarkets. As far as rural economy is concerned due to its self subsistence nature, locally made products are more preferred. Traditional open markets and small food shops are common in rural areas.

The lack of any retail census prohibits a detailed study of the country’s retail trade. However, analysis of consumer expenditure patterns shows that foodstuffs, in particular food grains account for around half of total retail sales. The next largest item is clothing and footwear, which accounts for around 9%. As such a large proportion of consumer expenditure is accounted for by foodstuffs and personal items such as clothing. Retail sales account for nearly 80% of total consumer expenditure. In nominal terms both retail sales and consumer expenditure have risen on average by 5-10% per annum. However, given the increase in inflation and recurrent shortages of many goods both retail sales and consumer expenditure have remained constant in real terms since 1981 (Retail Trade International, 1986).

As the number of state owned shops and cooperatives have increased, the percentage of the labour force employed in public sector retailing and wholesale trade has also grown. According to government figures in year 1982 31% of all those employed in the retail/wholesale trade were engaged in public sector, as opposed to 28% in 1979.

<table>
<thead>
<tr>
<th>(rupees billion)</th>
<th>Consumer Expenditure</th>
<th>Retail Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978/79</td>
<td>67.4</td>
<td>53.9</td>
</tr>
<tr>
<td>1979/80</td>
<td>73.7</td>
<td>589.0</td>
</tr>
<tr>
<td>1980/81</td>
<td>88.6</td>
<td>72.9</td>
</tr>
<tr>
<td>1981/82</td>
<td>100.9</td>
<td>79.7</td>
</tr>
<tr>
<td>1982/83</td>
<td>108.9</td>
<td>87.1</td>
</tr>
</tbody>
</table>

Table 1.3 Trends in Consumer Expenditure and Retail Sales 1978-1983

Source: Retail Trade International 1986
Table 1.4, Private Consumption Expenditure 1971-1983 (at Current Prices)
(Total-rupees million)
Retail Trade International 1986

<table>
<thead>
<tr>
<th></th>
<th>1971-72</th>
<th>1979-80</th>
<th>1982-83</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food of which:</td>
<td>19671</td>
<td>41374</td>
<td>59061</td>
</tr>
<tr>
<td>Cereals etc.</td>
<td>8818</td>
<td>16100</td>
<td>22552</td>
</tr>
<tr>
<td>Milk and products</td>
<td>2472</td>
<td>5729</td>
<td>8323</td>
</tr>
<tr>
<td>Edible oils</td>
<td>1306</td>
<td>3464</td>
<td>5657</td>
</tr>
<tr>
<td>Sugar</td>
<td>1822</td>
<td>3700</td>
<td>4954</td>
</tr>
<tr>
<td>Pan (betel), tobacco etc.</td>
<td>1515</td>
<td>2518</td>
<td>3704</td>
</tr>
<tr>
<td>Clothing and footwear</td>
<td>2628</td>
<td>8080</td>
<td>10092</td>
</tr>
<tr>
<td>Fuel and power</td>
<td>1154</td>
<td>3138</td>
<td>5473</td>
</tr>
<tr>
<td>Rent</td>
<td>1146</td>
<td>2241</td>
<td>3560</td>
</tr>
<tr>
<td>Taxes</td>
<td>26</td>
<td>52</td>
<td>51</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5957</td>
<td>16288</td>
<td>26977</td>
</tr>
<tr>
<td>TOTAL</td>
<td>32097</td>
<td>73691</td>
<td>108918</td>
</tr>
</tbody>
</table>

Employment Trends in Wholesale and Retail Trade 1979-1983

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>28</td>
<td>29</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>Private</td>
<td>72</td>
<td>71</td>
<td>71</td>
<td>69</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 1.5 Source: National Statistical Organisation; Retail Trade International 1986
On the basis of reading and analyzing business environment the retail trends that seem to follow in the future are as follows:

- Retail industry currently about Rs 280 billion will become as large as Rs. 1000 billion by 2010 (Das, 2007).
- The shopping malls will have a greater share in overall retail growth. More malls will open in non metros making the presence pan India.
- Mall will face confrontation from unorganized retailers, but eventually industry will settle after a shakeout. Many small retailers may shut shops and get absorbed in supply chain of large retail chains or become their franchise.
- There would be different formats of shopping malls depending on the region of operation. Experimentation with respect to a workable model suited to India will happen for a while before pragmatic business models are developed.
- FDI will be eased subsequently but it will be done in phased manner and not expected to happen soon.
- Retail industry will gain importance as biggest employment generator.
- Online retailing will be commanding a large portion of total organized retailing. Online retailing will strengthen with penetration of computers and access to internet.

1.5 Retail Industry Structure and Design

In above sections some common formats or organization types on the basis of business model they follow has been discussed. The success of retailers depends upon a large number of factors and structure is definitely important one among them. Structure is mostly understood as combination of people, hierarchy and methods. Since retailing industry is in development stage role, nature and impact of structure over retail organizations in India is yet to be understood. Imitating western ways will not be judicious as India differs greatly in terms of culture and demography. Yet retail organizational structure and design in western countries could be useful for initial understanding and developing knowledgebase
suitable for Indian conditions that could be further fine tuned to suit local requirements. Development of suitable retail structure and design being an evolutionary process, it is bound to be inevitably slow and time consuming. Many retailers may burn their fingers while perfecting their act. The structure followed in retail organizations will differ from one organization to another organization depending upon nature of business models follow. A COCO (Company owned and operated) chain retailer will definitely differ in terms of structure than a franchise route follower.

Most tasks involved with operating a retail business will be the same. However, small or independent retail stores may combine many functions together under one division, while larger stores create various divisions for each particular function along with many layers of management.

For example, the small specialty shop may have all of its employees under one category called Store Operations. A large department store may have a complete staff consisting of a manager, assistant manager and sales associates for its sporting goods, home & garden, bed & bath and each additional department.

1.6 Creating Retail Organization Structures:
While creating an organization structures that will work for retailer, it is imperative to first define the various tasks/ activities that are to be performed. They can be classified in:

- Top management
- Purchase and merchandising
- Store operation
- Administration & human recourse
- Support functions like advertising, marketing, public relations and accounts

The purpose of this classification is two-fold. It helps in identifying the various tasks and understanding the roles to be played by people within the organization. Once the tasks have been identified, the management needs to consider its own requirements and targets; then define how they can be achieved. They should
also consider the requirements of their target market and the needs of its own internal customers, i.e. the employees. The need for specialists in various areas should be determined. The human resources department should recruit right people for the right job. They should clearly define the responsibilities, authority of various positions and reporting relationship that is necessary for the smooth functioning of the organization.

With increasing pressures on costs margin, the rise in the competition and the need to respond faster to customer needs and wants, organizations has been forced to question the existence of layers within the hierarchy. Technology is key enabler for gathering, keeping and dissipating information’s about customers, sales and products at a much faster pace. Use of technology has led to the emergence of flat organizations structures with many persons reporting to one manager. An organization structure or an organization chart cod be developed while considering all factors discussed above. A generic Organization chart suitable for retailers is given below in Figure 1.6.

The organization structure makes a definite impact on performance of various functions within an organization. Various retail characteristics that could influence the organizational structures are as follows:

- Scope and scale of operation, viz. local, regional, national, or international:
- Types of products sold
- Type and extent of departmentalization, i.e. functional, product wise or geographic.

It is also evident from above discussion that organization structure vary from one retailer to another.
1.6.1 Organization Structures for small Stores/ Single Stores/ Independent Retails:
Small Independent retails are by far, the largest number which exists today in our country; Examples include the neighborhood baniya, shoe, boutiques, furniture and hardware stores etc, which exits all around us. Small Independent retail store typically belongs to one person who own and manage it. He is responsible for most aspects of the retail operations. A few family members as salespersons may assist him in daily operations. These small retail outlets are owner-managed business, where, owner usually head of the family provides hands on management to the stors.

Independent retailers need to be always small in size. The size can range from medium to large. Along with increase in the size number of persons employed will increase. Large size retailer would need outside help to perform special activities such as services of lawyer and chartered accountants. The back office staff would be required to take care of functions like accounting, data entry, raising purchase order and payroll. The sales staff would be required to handle specific responsibilities of selling, customer service and others would support in performing routine duties like displaying the merchandise and housekeeping. The owner manager would largely decide on the advertising, sales promotions, hiring of staff and the purchase of merchandise.
1.6.2 Organization Structure of a Retail Chain/ Department Store:
When the number of stores that a retailer operates increases from one to many, the management of these stores becomes complex. Retail store chain many operate at a regional, national or international level. Depending on their area of operation they would require skilled personnel for the various areas of operation. Such stores may be departmentalized on the basis of functions or product lines that they sell.

Mazur (1927) recommended a functional organization structures. It is popularly know as the Mazur Plan. He proposed that the organization structures should be built around four functions that are important to retail business. These four functions are present in every retail organization, regardless of its size. These four functions are as follows:

1. **Control:** This department is usually responsible for looking after the assets of the organization and functions like accounting credit and control are a port of it.

2. **Publicity:** Includes advertising, sales promotion, public relation, publicity etc.

3. **Operations:** This includes the responsibilities regarding the actual operations of the store including receiving goods, checking & maintaining records and customer relation.

4. **Merchandising:** Duties of this department would start with the forecasting the merchandising picking and making it available at the retail store.

Some common divisions generally found in a retail organization are as follows:

1. **Store operations:** Management, Cashier, Sales, Receiving, Loss Prevention
2. **Marketing:** Visual Displays, Public Relations, Promotions
3. **Merchandising:** Planning, Purchase, Inventory Control
4. **Human Resource:** Personnel, Training
5. **Finance:** Accounting, Credit, Billing
6. **Information Technology & Systems:** Information Technology
1.7 Scope of retail design in retailing

1.7.1 Store Layout

An effective store format or store type makes the basis for delivering a specific offer to a customer type. Retail planning could be done around all the processes needed to organize the format (www.retail-vision.co.uk).

1.7.2 Site Selection

Best sites for setting up a retail store are either where customers live, work or where they can easily travel. Best sites for target customers could be found by using Retail Visions comprehensive site selection tools. A three step process known as Spatial Analysis has been identified by Jones, ken & Michael Pearce (1999). This analysis gives an hierarchy for site selection starting from regional analysis, trade area analysis to site analysis. More advance technologies could also be used to locate good sites. Plenty of GIS systems are available for this purpose. Through research (Birkin, M et al, 1998) it has been established that use such technologies is always beneficial to retail chain and franchise operators and increases the chances of success in site selection by 30%.

![Retail Visions comprehensive site selection tools](image)

Figure 1.7 - Retail Visions comprehensive site selection tools

Source: Intelligent GIS, (Birkin, M et al, 1998)

1.7.3 Site & Building Planning and Space Allocation

In order to make the best use of the site, one should think for factors such as approach or access, space for vehicle parking, ease of traffic flow and size of building in relation to the site. There are some key questions that have to be answered while selecting site for a retail store such as how big is the stockroom...
in relation to the sales floor? Where to position the customer service, back up areas, offices, staff facilities and production departments?

Entry

EXIT

Racks for Merchandise

BILLING

Figure 1.8 - A retail store design for supermarket
Source: Pradhan Swapna, 2008

As far as space allocation is considered the deliberation should be based on questions such as how much space to allocate for each category, if it is case of supermarket than a key question to be thought of is how much space goes to non-food, household ambient food and fresh food? Usually stores of different format and sizes should utilize space model for allocating the optimum space to each category hey offer. A correct space allocation could add up to 10% of sales (Pradhan, 2008).

1.8 Value-added Services Offered by Organized Retailers
Organised retailers offer certain benefits to consumers that are perhaps impossible for unorganized sector to offer. Organized retailers bestow added values to its consumers that bring psychological, tangible and financial benefits to them. On the basis of the previous research studies value added services could be categorized as follows.
1.8.1 Visibility and Availability
Large organized retailers with focused approach on product categories, carefully selected assortment, specific shelf space display strategy and offering many brands under one roof; they are generally able to sell those items which are slow moving in unorganized sector. This means more choices and time savings, which is definitely an important requirement of today’s time starved fashion conscious consumers. This could also encourage customers to purchase more (Bhatanager, 2004). This fact is clear from the Table given below...

**Expenditure in modern and traditional retailing**

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Growth in %</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Modern Retailing</td>
<td>Traditional Retailing</td>
</tr>
<tr>
<td>Ketchups and sauces</td>
<td>38%</td>
<td>13%</td>
</tr>
<tr>
<td>Deodorants</td>
<td>28%</td>
<td>14%</td>
</tr>
<tr>
<td>Noodles</td>
<td>40%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Table 1.6 (Source - Economic Times, Brand equity, Aug 2006)

1.8.2 Variety and Bargain
Marketers are also using supermarkets as opportunities to soft launch a brand and for building awareness through visibility on the shelf. According to a report in Brand Equity (Economic Times, Aug 2006) the entire range can be displayed in a better way, unlike in the Kirana Stores, with relevant price and product Information. This clearly will attract consumers to modern retailing as they will have more visible choices. Such a scenario seems giving advantage to modern retail trade. Consumers are also giving more value and preference to these retailers.

1.8.3 Empowering Consumers through Internet
The future of retailing is an interesting area of study mainly because so many factors are affecting this industry; it is hard to make an exhaustive list. Take
internet based online retailing for instance, which is allowing retailers to provide customized customer services by overcoming time and space barrier, interactive advertising, and effective loyalty programs.

According to Birchall and Duyn (2006) “School My way” is War-Mart’s interactive online customer generated advertising which is offering War-Mart unique opportunities for creating online communities that could both reinforce customer loyalty and provide valuable marketing feedback. The availability of these services to Indian consumers are limited for time being because such services can only be offered when both Indian consumers and supporting infrastructure get ready for it. Organized retailers are using all these factors to leverage customer service and loyalty.

1.8.4 Value addition through Information Technology
Knowing which among the customers is likely to buy again and how much is a definite advantage to a retailer to provide better service to its customers. Customers who walk into retail outlets want goods of different type, sizes, style and color; tailor made promotions and schemes unique to their purchase pattern. They expect the retailer to divine their needs. For this retailers need to understand how, when, where, and in what combinations the customer purchase the merchandise. Many retailers are using Business Intelligence solutions for this. According to Lesile D Mont (2006) retailers in India will broadly depend upon three types of intelligence; these are….

1. Merchandise-Every thing including product, price, inventory and marketing.
2. Customers-Purchase pattern to ensure loyalty.
3. Operational- Cost management, reducing retail shrinkage due to pilferage, shop lifting by customers and vendor fraud.

Business intelligence tools are turning out to be a necessity rather than luxury for retailers to engage customer and provide satisfaction. Retailers in order to understand consumers better and offer services valued by them, are deploying many other technology-oriented tools. This is termed as Retail Ethnography.
which means scientific technique in which researcher study a small social group that helps retailers to get as close to customer as possible. Execution of such research is supported by developments of new technologies. (Reddy, 2004)

1.8.5 Economic Pricing through superior Supply Chain Management
Large retailers are working over time to keep costs in check by improving sourcing efficiencies. This is possible if the inputs are picked up as closely as possible to the manufacturers. This cost advantage of organized retailers is supplemented by FMCG Company’s willingness to offer them better margins than Kirana stores. FMCG Company’s offer better margins to large retailers mainly due to bulk purchases made by them. About 12 million kirana stores in India fails to get this advantage due to lack of individual bargain power. Such a situation is offering organized retailers a unique cost leadership that may be passed on to customer as an added benefit when they shop with them.

1.8.6 Better Environment and Retail Design
According to US Retail Advertising and Marketing Association 70% percent of the purchase are impulse buys, lending that extra significance to shopping environment. Shoppers now look for total Shopping environment. Proper message in appropriate place, displays that shoppers can examine comfortably and easily, maneuverability to each part of store are certain things that built favorable purchase attitude. (Poco, 2002). Impulse purchase is expected to be moderated by these aspects of retail environment.

1.9 Chapter Summary and Chapter Plan
A need for proper understanding antecedents of impulse purchase in retail environment is growing quickly. Retail manager are at cross road to choose right methods to keep customer coming and purchase from their stores. The informational need of retail manager is to be fulfilled so that they could run their business effectively and efficiently. The responsibility to support them by offering desired information lies with syndicate and academic researchers. Purchase
behavior of shoppers in retail setup is multifaceted. Role of rationality, emotionality and decision situation are equally important in shaping impulse purchase decisions. This research work is an effort to add new knowledge to this aspect of consumer's behavior and bring benefit to industry and academia.

Many researchers had deliberated the issues of impulse purchase and made significant contribution towards understanding this mysterious behavior. It seems to be happening against the approved norms of rationality in consumption related decisions. A critical assessment of previous work on impulse purchase is agenda of Chapter 2; wherein a chronological stepwise approach is taken for review of literature.

However, impulsive desires to buy may not always emerge themselves and develop into the concrete expressions of impulsive purchasing; apparently there are a number of factors that could influence these urges, many of them are specific to retail environment. Chapter 3 is dedicated to understand consumer's impulse purchase behavior in evolving, systematic, professionally managed and self service retail environment notionally called as ‘Organized Retailing’.

Individual, societal and cognitive differences in the consumer’s impulsiveness trait are presumed to be just one aspect of whole process. Several attempts had already been made to verify that impulse purchase tendency is an outcome of individual and societal construct. Yet, even highly impulsive consumers do not consistently make impulsive purchases driven purely by personal and social factors; their normative evaluation on impulse purchase is assumed to be moderated by situational aspects of retail environment. Thus, Chapter 4 of the dissertation primarily focuses attention on the issue of consumer’s response to in-store factors and judging their role in stimulating impulse purchase culminating to a suitable premise for this research work. In addition, several demographic factors were also believed to have an influence on impulse purchase. These assumptions will be put to test in this study with the help of suitable hypothesis crafted on basis of previous research.
Typical impulse buyers may experience regret following the act of impulsive purchasing. It is likely that they did not anticipate this possible regret beforehand; or another explanation would be that there were other considerations that prevail over the anticipated regret. Consumer’s expectation that impulse purchase will serve some specific purposes for them (e.g., self-image enhancement) may be an example of such considerations. Finally, one should not overlook the fact that impulse purchase behavior occurs in social settings and involves interpersonal interactions. So influence of collectivism and co-shoppers active in retail setup will also be considered while developing in-store factors. All of the above mentioned notions lead to the conclusion that some due considerations must be paid to the in-store and situational aspects of impulse purchase as well as to the influence of other shopper’s and demographics on impulse purchase.

Chapter 5 opens the discussion where in-store factors expected to influence the impulse purchase are contemplated. Impulse purchase when mediated by in-store factors becomes more rapid and spontaneous. Previous research has deliberated many antecedents of impulse purchase. Many researchers had categorically explained purchase situations, active marketing, and personnel aspects of retailer etc. working as catalyst to impulse purchase. Comprehensive literature review is done in this chapter to develop variables having potential to influence impulse purchase. This chapter is also poised to develop scales to measure the impulse purchase and other perception/attitudes of shoppers relevant to this study. Multiple items scales relevant to the study will subsequently be constructed and tested for reliability.

Chapter 6 focuses on explaining the coding rule, data definition and statistical tools used for analysis. A detail scheme of analysis for each of hypothesis is described. The preliminary predictive validity of scale has been examined by relating response among respondents of pilot survey. Suitable measures have been used to study the influence of demographic characteristics on impulse purchase.

Chapter 7 is the empirical chapter, devoted to analysis and findings. Systematic testing of hypothesis along with necessary probing for making
findings meaningful is primary agenda of this chapter. Various in-store factors will be correlated to the impulse purchase tendency scale as well as actual impulse purchase proportion of respondents. The chapter then proceeds with the examination of consumers’ impulsive purchase behavior with respect to shopping duration. Self reports of feelings associated with influence of in-store factors on impulse purchase and shopping duration is compared with actual behaviors and shopping durations.

This chapter finally concerns itself towards cumulative impact of in-store factors on impulse purchase in order to develop an integrated model explaining the systematic influence of in-store factors on impulse purchase tendency and impulse purchase behavior. This has been achieved by performing multi-variate regression analysis on in-store factors and impulse purchase. Subsequently two independent models will be obtained; one based on influence of in-store factors on impulse purchase behavior and other based on influence of in-store factors on actual impulse purchase proportion.

As a pinnacle, the last chapter, Chapter 8, consists of explanations of findings leading to conclusion and suggestions. This chapter has been drawn around the summarization and discussion of results from the findings. Several topics emerged as an outcome of study pertaining to the issues of impulse purchase, in-store factors that are influential in shaping impulse purchase, consumer’s impulsiveness trait and demographic profile, relationship between shopping list & impulse purchase and shopping duration & impulse purchase.

Several suggestions for future research, the practical implications and limitations of the present research are also added to this last chapter of dissertation.