3.1 Introduction of Retailing
Retailing has been defined as business activities involved in selling goods and services to consumers for their personal, family or household use (Berman and Evans, 2001). Although retailing has been around for millennia, the 20th century witnessed a lot of change in the retail sector, especially in the developed countries. Modern formats such as department stores, discount stores, supermarkets, convenience stores, fast food outlets, speciality stores, warehouse retailers and hypermarkets have emerged. Retailing has become more organized and chain stores have been growing at the expense of independent shops. The retailing environment has seen a very significant growth in the size and market dominance of the larger players, with greater store size, increased retail concentration, and the utilization of a range of formats (Hollingsworth, 2004). This has intensified the level of competition in retail business, stimulating retailers to reposition and diversify their retail formats, and innovate in their distribution systems.

This chapter reviews the major literatures on evolution of retailing, retailing strategies, theories of retail change, and functions of retailing and purchase behaviour of retail consumer with specific reference to Indian consumers.
3.2 Evolution and strategies of retailing

Many of the revered concepts of marketing, including the marketing mix, originated in a period when the manufacturer was truly ‘king’. Post-war product shortages focused attention upon production, which gave way to an emphasis upon branding as shortages diminished. Inevitably, retailing tended to be depicted as just part of the marketing channels, largely controlled by manufacturers. Recent decades have seen retailers grow in size and sophistication, often exceeding that of their largest suppliers.

Figure 3.1 depicts in outline the growth cycle of powerful retailers. Growth enhances buying power and helps in the achievement of other economies of scale. The improved margins thus gained may be used to achieve further growth, through competitive pricing and/or a product–service mix which offers superior value to customers. As the growth cycle continues, major retailers have invested in better management and superior information systems. Their power has been increased further by the development of retailer brands, extensive advertising and sophisticated trading environments.

Many large retailers have subsumed the roles traditionally ascribed to wholesalers, increasing further their dominance of the marketing channel. It is now equally appropriate to present a view of consumer goods marketing that is retailer driven (McGoldrick, 2002). Within this alternative view, manufacturers may be depicted as part of the ‘channels of supply’, with only limited power to influence the marketing strategies of major retailers. Large-scale retailers have truly evolved from shop keeping to strategic marketing.
Figure 3.1 The Retail Growth Cycle

Reardon and Hopkins, 2006; Reardon and Berdegué, 2007 observed that the arrival of modern retail in developing countries occurred in three successive waves. The first wave took place in the early to mid-1990s in South America, East Asia outside China, North-Central Europe, and South Africa. The second wave happened during the mid to late 1990s in Mexico, Central America, Southeast Asian countries, Southern-Central Europe. The third wave began in the late 1990s and early 2000s in parts of Africa, some countries in Central and South America, Southeast Asia, China, India, and Russia⁴.

Sellers, 1990; Smith, 1989; Parikh, 2006 opined that the retail environment today’s changing more rapidly than ever before and is characterized by intensifying competition and more sophisticated and demanding customers who have great expectations related to their consumption experiences⁵.
Baker, Berry, & Parsuraman, 1988 emphasised that the physical environment creates a tangible representation or image of a service organization and its services.

Morschett et al 2005; Ghosh 1990 opined in the context of the retail sector, the 'overall' image is termed as store attributes or store image. These store attributes are basically the marketing mix of the retailer.

Akehurst and Alexander (1995) have highlighted developments in international retailing that suggest that managers in retail organizations need to be aware of a number of factors if that is the organization is to exploit a number of opportunities in the international marketplace.

Howe (1998) has made a valid point by suggesting that the retailing environment is under going constant change, however, when the market is relatively static and highly competitive, retailers are likely to implement a different strategy. This is understandable as senior managers in retailer organizations need to formulate and implement a strategy that repositions the organization; and this happens from time to time in order that the corporate objectives set are indeed realized and the various stakeholders are satisfied.

Morganosky (1997) and Martin, Howard, and Herbig (1998), have indicated that internationalization needs to take into account the type of store, the location of the store, and how goods are to be selected, distributed, and displayed. These factors are the major elements that are known to influence how retail organization managers, manage their channel partners.

Sparks (1995) has concentrated attention on a number of factors (market entry for example) and has focused attention on the Japanese market. Sparks has made a valuable contribution to the body of knowledge through a detailed study of the Seven-Eleven company in Japan. He states that “the common explanation for the success of Seven-Eleven Japan is that it is an exceptionally efficient retailer which harnesses technology, systems and relationships with manufacturers and franchisees constantly to reinforce its knowledge of, and its primary mission, managed on a store-by-store and item-by-item basis. In delivering this focus, Seven-Eleven (and Ito-Yokado) have had to redefine convenience store systems and operations and also effectively transform components of the Japanese distribution system”\(^\text{12}\).

Engel et al., 1995 observed that the physical dimensions are facilities in stores such as elevators, lighting, air-conditioning, washrooms, store layout, aisle placement and width, carpeting and architecture \(^\text{13}\).

Hildebrandt (1988) said, “The major success factor in the retail industry is store image and measurement model of store image that conceptualize the perception of store image attribute such as price level is used to forecast marketing performance as a business success measure\(^\text{14}\).

Davidson et al. (1976) estimated that the city centre department store took some 80 years to mature, whereas the home improvement centre in the USA took only 15 years\(^\text{15}\).

Brown (1987) explained two of the most influential theories are the ‘wheel of retailing’ and the ‘retail life cycle’. The wheel of retailing suggests that new types of retailers tend to enter as low-price, low-margin, and low-status operators. The retail life cycle concept derives from the better known product
life cycle. Retail institutions and formats appear to be moving from innovation to maturity with increasing speed\textsuperscript{16}.

\textbf{Lewison (1997)} describes three elements associated with retail strategies; choosing a retail format, targeting a specific group of consumers and arriving at a defensible competitive advantage\textsuperscript{17}.

\textbf{Carpenter and Moore, 2006; Teller et al., 2006} stressed that Product selection, assortment and courtesy of personnel are also very important in determining format choice with cleanliness being the most important attribute regardless of format of grocery shops\textsuperscript{18}.

\textbf{Baltas and Papastathopoulou, 2003} observed that although customers attach considerable importance to store location, private label is found to be a store selection criterion of low importance for grocery shoppers. The own-label shopper has low socio-economic status, tends to fit the 'higher thrift' and adventurous buyer orientation, regards in-store information sources quite highly, shops frequently and longer, ostensibly striving for the best price and value for money\textsuperscript{19}.

\textbf{Srivastava (2008)} observes that organized retailing, globally, has played a major role in nations’ GDP and employment. According to Srivastava, the ratio (composition) of organized versus traditional retailing is increasing in countries such as the US (85:15), Taiwan (81:19), Malaysia (55:45), Thailand (40:60), Indonesia (30:70), China (20:80), and India (3:97). The data in parenthesis describes the organized versus traditional ratio of retailing for each country\textsuperscript{20}. 

\textbf{68}
3.3 Buying Behaviour in retailing

Consumer behaviour essentially refers to how and why people make the purchase decisions they normally do. Marketers strive to understand this behaviour so they can better formulate appropriate marketing stimuli that will result in increased sales and brand loyalty. The science of evaluating and influencing consumer behavior is foremost in determining which marketing efforts will be used and when.

There are two principal ways to evaluate the motivation behind consumer purchases. These are by direction (what they want) and intensity (how much they want it). Direction refers to what the customer wants from a product. Marketers need to understand the principal motivation behind each type of product to correctly target potential customers. The other way to evaluate consumer behavior, intensity, refers to whether a customer's interest in a product is compelling enough that they will go out and make the purchase. Good marketing can create that kind of intensity.

Consumers adjust purchasing behaviour based on their individual needs and interpersonal factors. In order to understand these influences, researchers try to ascertain what happens inside consumers’ minds and to identify physical and social exterior influences on purchase decisions.

On some levels, consumer choice can appear to be quite random. However, each decision that is made has some meaning behind it, even if that choice does not always appear to be rational. Purchase decisions depend on personal emotions, social situations, goals, and values.
People buy to satisfy all types of needs, not just for utilitarian purposes. These needs may be physical or biological, for safety and security, for love and affiliation, to obtain prestige and esteem, or for self-fulfillment (Abraham Maslow, 1940). Prestige is another intangible need, and those concerned with status will pay for it. Some equate the type of need to be met with certain classes of goods. Personality traits and characteristics are also important to establish how consumers meet their needs.

According to the study conducted Susan Powell Mantel, product attributes (qualities such as price, size, nutritional value, durability, etc.) are often compared disproportionately, i.e., one is the more focal subject of comparison, thus eliciting more consideration when the consumer decides which brand is the "best." The order of brand presentation in these cases is particularly important. Purchase decisions are not always made on the basis of an "attribute-by-attribute" comparison (attribute-based processing). Consumers also make decisions based on an overall evaluation of their impressions, intuition, and knowledge based on past experience, or attitude-based processing. Learned attitudes also influence these decisions.

There is time and effort associated with each of these strategies, though attribute-based processing requires significantly more effort on the consumer's part. To dedicate the time required for an attribute-by-attribute comparison, consumers need the combination of motivation and the time or opportunity to use such a strategy.

Other contributing factors were discussed in Mantel's study, such as personality differences and each individual's "need for cognition." Need for cognition reflects to what extent individuals "engage in and enjoy thinking."
People with a high need for cognition tend to evaluate more and make more optimal in-store purchase decisions. This is in part because they do not react to displays and in-store promotions unless significant price reductions are offered. Low-need cognition people react easily when a product is put on promotion regardless of the discount offered.

Schiffman and Kanuk (1997) mentioned that many early theories concerning consumer behavior were based on economic theory, on the notion that individuals act rationally to maximize their benefits (satisfactions) in the purchase of goods and services21.

Solomon, 1996 observed that a consumer is generally thought of as a person who identifies a need or desire, makes a purchase, and then disposes of the product during the three stages in the consumption process22.

Andreason (1965) proposed one of the earliest comprehensive models of consumer behavior. The model recognizes the importance of information in the consumer decision-making process. It also emphasizes the importance of consumer attitudes although it fails to consider attitudes in relation to repeat purchase behavior23.

Sheth (1983) identified three antecedents for shopping preference among an evoked set of alternative outlets: shopping motives, shopping options; and choice calculus. According to him shopping motives are made up of consumers’ wants and needs and are influenced by personal values as well as product related characteristics24.

Sherrell (1989) referred that consumers receive pleasure in addition to merchandise as outcomes of a shopping trip25.
Gruen 1973 endorse the current “malltainment” trend that has malls providing large areas focused on entertaining consumers while they are in the facility\textsuperscript{26}.

Taylor and Cosenza 2002 analyzed, how younger consumers perceive malls as a place to shop and socialize\textsuperscript{27}.

Westbrook and Black 1985 have noted that shopping pleasures include the opportunity for social interactions with friends, family or even strangers that one encounters on site\textsuperscript{28}.

Barich & Srinivasan (1993) Selected store image studies and their image components - product variety, product quality, store attractiveness, reasonable prices, convenience, and customer service\textsuperscript{29}.

Wakefield and Baker, 1998 observed that mall amenities are features provided to make the shopping trip more comfortable and enjoyable\textsuperscript{30}.

Sirgy and Samli, 1985 observed that the factor on shopping complex/mall loyalty refers to the tendency to shop in a specific shopping mall or surrounding areas\textsuperscript{31}

Spiggle and Sewall (1987) emphasized that the factors influencing shopping-centre selection, can be grouped as: consumer characteristics, consumer psychological states and outlet characteristics\textsuperscript{32}.

East et al, 1994 observed that most people exhibit habits about when they do their main trip to the supermarket and have a usual day and a usual time of day to shop. Customers have favorite day and time of shopping and a study found that the favorite day for grocery shopping is Friday, followed by
Saturday and Thursday; and the favorite time of the day for grocery shopping is 10 am -12 pm.

Chetthamrongchai and Davies, 2000 opined that segmentation based on time-orientation and shopping motivation can provide a clearer picture of consumer behavior than by using socio-demographic variables or shopping attitudes alone33.

Kim and Park, 1997 described that 70 percent of shoppers visit grocery stores with random intervals and 30 percent with relatively fixed intervals and there are clear differences between these "random " and "routine"; while the "routine" shoppers are identified to have higher opportunity costs which make it difficult for them to visit grocery stores more often and/or to switch stores although, they spend more dollars for a given shopping trip34.

Block and Morwitz, 1999 observed that consumers list approximately 40% of the items purchased, and 80% of the items written on shopping lists were actually purchased35.

Thomas and Garland, 1993 opined that written shopping lists significantly reduce average expenditure; the presence of children accompanying the shopper significantly increases expenditure and time spent in store; hence supermarket retailers can encourage customers to spend more time in-store, and to shop with someone else, thereby increasing average expenditure36.

Miranda et al, 2005 observed that overall satisfaction with a store does not significantly influence customers' loyalty to that store and shoppers' intention to remain loyal to their "primary store" was in fact influenced by several other
contextual factors: frequent-buyer reward schemes, travel distance, preference for an in-store delicatessen, size of the average grocery bill, store signage and the level of sale assistance. \(^{37}\)

Stephen Byers, 2000 observed that active consumers who are prepared to check and shop around to ensure they get a good deal are a key driving force in helping to create truly competitive markets. \(^{38}\)

Kotler and Armstrong (2008) state that consumer purchases are influenced strongly by cultural, social, personal, and psychological characteristics which marketers must take into account. Subcultures that include nationalities, religions, racial groups, and geographic regions (having a shared value system based upon common life experiences and situations) play an important role in consumers’ behaviour, especially in their preferences for purchase. Likewise, other socio-demographic variables such as family income, age and life cycle stage, education, occupation, are also important. \(^{39}\)

Seiders and Tigert, 2000 observed in a grocery shopping study in Victoria (Texas, US), the most important reasons for choosing a particular store among primary shoppers (purchasing most often from the store), convenient location, variety/assortment, low/good prices, familiarity, and ‘nice’ store emerged as the top five reasons, commanding a preference of 79% of a total of 777 respondents. The other attributes – such as friendly service, cleanliness, fastservice/checkout, best/good value – acquired a lower preference (21%). A similar study, extended to the four markets in the region after the entry of hypermarkets (supercenters), suggested that a large number of consumers changed their preference structure, putting price and assortment before convenience in their store choice criteria (Seiders and
Tigert, 2000). This indicates that consumer preferences may differ in different places and for different retail formats. Consumer preferences in Oman certainly provide an open room for investigation\textsuperscript{40}.

### 3.4 Changing Indian Retail Scenario

Indian retailing is undergoing a process of evolution and is poised to undergo dramatic transformation. The retail sector employs over 8% of the national workforce but is characterized by a high degree of fragmentation with over 5 million outlets, 96% of whom are very small with an area of less than 50 m\textsuperscript{2} (Aggarwal, 2000)\textsuperscript{41}. The retail universe more than doubled between 1978 and 1996 and the number of outlets per 1000 people at an All India level, increased from 3.7 in 1978 to 5.6 in 1996. For the urban sector alone, the shop density increased from 4 per 1000 people in 1978 to 7.6 per 1000 people in 1996 (Venugopal, 2001)\textsuperscript{42}. Because of their small size, Indian retailers have very little bargaining power with manufacturers and perform only a few of the flows in marketing channels unlike in the case of retailers in developed countries, (Sarma, 2000)\textsuperscript{43}.

The corner grocer or the ‘kirana’ store is a key element in the retail in India due to the housewife’s unwillingness to go long distances for purchasing daily needs. An empirical study was carried out by Sinha et al (2002)\textsuperscript{44} to identify factors that influenced consumers’ choice of a store. Although convenience and merchandise were the two most important reasons for choosing a store, the choice criteria varied across product categories. Convenience was indicated by consumers as the most important reason in the choice of groceries and fruit outlets, chemists and lifestyle items while merchandise was indicated as the most important in durables, books and apparel.
Nathan, 2001 observed that the traditional formats like hawkers, grocers and paan shops co exist with modern formats like supermarkets, and non store retailing channels such as multi level marketing and teleshopping. Example of modern formats include department stores like Akbarally's, supermarkets like Food World, franchise stores like Van Heusen and Lee, discount stores like Subhiksha, shop-in-shops, factory outlets and service retailers.

Radhakrishnan, 2003 emphasised that modern stores tend to be larger, carry more stock keeping units have a self service format and an experiential ambience. Modern formats also tend to have higher levels of sales per unit of space, stock turnover and gross margin but lower levels of net margin as compared to traditional formats.

Fernandes et al, 2000 opined that modernisation in retail formats is likely to happen quicker in categories like Dry groceries, electronics, Mens' apparel, Books, Music. Some reshaping and adaptation my also happen in Fresh groceries, Women’s apparel, fast food, and personal care products.

Ramaswamy and Namakumari, 2002 stressed that in recent years, there has been a slow spread of retail chains in some formats like supermarkets, department stores, malls and discount stores. Factors facilitating the spread of chains are the availability of quality products at lower prices, improved shopping standards, convenient shopping and display, and blending of shopping with entertainment, and the entry of industrial houses like Goenkas, Rahejas, Piramals and Tatas into retailing.

Anand and Rajashekhari, 2001 observed that formats are not easily scalable across the country. Several companies have found that it is not easy to expand beyond some regions and cities as evident from the examples of Margin Free Market and Foodworld, which are active only in a few states or
cities. Affordable real estate prices and availability of sufficient number of economically well off households in the catchment area are critical requirements that will determine new store viability and thus the possibility of further expansion\textsuperscript{49}.

\textbf{Sinha, Mathew and Kansal, 2005} observed that food and grocery shopping includes shopping for grains, pulses, fresh fruits and vegetables, packaged food, personal products and some household goods\textsuperscript{50}.

\textbf{Sinha and Banerjee, 2004} observed that the major drivers for choosing a grocery store in India seem to be nearness to place of residence and the comfort level that the respondents has in dealing with the store owner (measured in terms of personal relationship with the shopkeeper)\textsuperscript{51}.

\textbf{Sinha (2005)} carried out a study on format choice of food and grocery retailer for one product and one customer segment with a sample of 26 respondents on five existing store formats namely kirana, upgraded kirana, supermarkets, hypermarkets and wholesalers. They suggested that the type of product influence the buying patterns of customers and commented that it would be interesting to capture the utilities of each store format, given that shopping has been found to be influenced by local culture, and suggested that it would be a good study to determine the format choice behavior of many customers\textsuperscript{52}.

\textbf{3.5 Buying pattern of Indian Retail customer: Organized Vs Unorganized}

The decline in the number of small shops has different implications upon its existing customers depending upon locations and alternative options to shop. The closure of a local neighbourhood shop with a superstore nearby would affect the residents of a local neighbourhood differently compared to the closure of the only shop in a small locality without a superstore nearby.
Various arguments have been made in support to the only shop in a locality, arguing that they play an important vital role in the community and work as a support network of the locality (Smith and Sparks, 1997).

If conventional retailers are to survive, it will be vitally important to understand what the residents in a particular community want from their retailers. Only those stores with a clear understanding of their customers wants and the changes that are occurring within the market place can hope to survive by identifying and then satisfying some of those needs more effectively than their competitors. Independent retailers have increasingly been under threat with the growth of major multiple retailers in the organized retail scene, but independent small shops operating in local community locations do serve a function whether it be a social or a community one, or providing a vital service to certain groups of consumers. This might be through the provision of their total shopping requirements or via top-up or emergency products. Although independent small conventional shops comprise the majority of all retail businesses in India, and have always provided a social as well as economic function to the communities they serve, their share of retail sales has been eroding in favor of the major organized retail stores since the mid 1990’s.

Martineau, 1958, Doyle and Fenwick, 1974-1975, Amirani and Gates, 1993 observed that the concept of store image, considered as the way consumers see the store in their minds, based on tangible and intangible attributes, deserved a great deal of academic and empirical attention, during the last four decades. The importance of studying the image is based on the assumption that the store possessing the most congruent attributes with the image
desired by consumer will have better chance of being selected and patronized\(^{54}\).

**Engel et al., 1990** opined that the store image can be used as a “marketing tool” or as a “competition tool” providing useful indications to managers about the most and the least appellative attributes to consumers, and therefore, the insights for the marketing mix conception\(^{55}\).

**Monroe and Guiltinan, 1975** stressed the importance and the long history of academic research into store image the relation between image/attitude and store patronage/choice/preference is complex and polemic. In fact, even though the executives relate attitude and patronage, this study that support that relationship\(^{56}\).

**Dick and Basu, 1994** conceptualize consumer loyalty as the relationship between the relative attitude towards an entity (brand/service/store/vendor) and patronage behavior. Two dimensions, the degree of attitudinal strength (weak or strong) and the degree of attitudinal differentiation (existent or not) seem to underlie an individual’s relative attitude towards an entity. Therefore, a weak but positively differentiated attitude may be more likely to lead to loyalty than a very positive but undifferentiated one; however, it is also important to consider the influence of normative and situational factors\(^{57}\).

**Monroe and Guiltinan, 1975, Darden and Dorsch,1990** studied that besides being relative, the store patronage behavior is also dynamic, and that is more explicit in buying situations of involvement, risk, evaluation of alternatives and information search. This dynamism is crucial in order to understand the changes in consumer behavior. The literature refers to a great
diversity of methodologies, to varying temporal and spatial contexts, and to different store types, which make both generalizations and typology construction difficult.68.

Economic Times Intelligence Group, 2002 pointed out that in India, some empirical studies provide important information about consumer behavior and its responses to the development of organized retail. Economical and social changes are major contributors for a growing fragmentation of consumers into multiple segments with different values and buying priorities. Consumers have become more pragmatic, educated and demanding, learning how to manage money and time more efficiently. The focus on low prices was gradually replaced by a value for money perspective. Concerning food, the most important attribute mentioned was quality, followed by price.

Sen (2000) confirms that Indian consumer has different reasons for preferring different store formats, either modern or traditional; in the study undertaken in Indian context. He confirms that in the case of hypermarkets, the main motives for preferences, in decreasing order are low prices, the possibility of buying everything in the same place and the general appearance of the store.

Chandrasekhar, 2001, Sen, 2000; Bhatnagar, 2002 points out the relationship between the type of store and the type of products. These studies show that, while specialized and traditional stores are preferred for fresh products, hypermarkets are preferred for shopping in general, and also for frozen food, groceries and beverages. The purchase of perishables in hypermarkets is reduced.
Radhakrishnan, 2004 verified that, in the food sector, the most affected stores are precisely the smaller stores (small areas, few employees and low sales volume) and the isolated stores (stores that do not develop partnerships with other retailers)⁵⁹.

Vijayraghavan and Ramsurya, 2007 observed that although traditional retail currently constitutes over 95 per cent of the total sales in the country, smaller kiranas that are unable to compete with new age retailers in terms of variety and scale have begun losing volume in several parts of the country⁶⁰.

Bureau, 2007a; Jha and Guha, 2007 Emphasized the political concerns over the loss of livelihood by lakhs who run mom and pop stores also need to be addressed ⁶¹

Thakkar and Bhatt, 2007 observed that to address the growing concern over the loss of livelihood, organized large scale retailers like Reliance Fresh is inviting small retailers as well as individuals to become franchisees on a revenue sharing model and the newly-formed Bharti-Wal-Mart venture too intends to follow the same model by offering employment opportunities to 60,000 people by 2015⁶².

Seiders et al, 2000 observed that while supercenter primary shoppers of food identified low price and assortment more often as the reason for store choice traditional supermarket primary shoppers were less willing to trade off locational convenience or, in some cases, quality and assortment ⁶³.

Broadbridge and Calderwood,2002 emphasized that in an age of increasing competition from large-scale organized grocery retailers, local shops need to have the commitment and willingness to cater for the local community for
survival, which means focusing attention more closely on local residents’ wants and needs.

Moschis et al, 2004 observed that older consumers are very price-conscious, (with an often exacting memory for the prices of frequently purchased items necessitating food stores to use frequent price-reduction promotions), enjoy interactions and prefer to shop in a store where they can receive special-assistance services (such as valet parking, delivery assistance, carry-out assistance, liberal product return and refund policies).

Kjeldgaard and Askegaard, 2006, St-Maurice and Wu, 2006 studied the fact that homogeneity of global consumption practices is misconstrued and global structural commonalities are manifested in diverse culture across nations, Indian grocery shoppers require to be investigated separately to determine which grocery store attributes contribute to store loyalty.

Dr. Paromita Goswami, Dr. Mridula S. Mishra, 2009 conducted a study understand whether Indian consumers are likely to move from traditional kirana stores to large organized retailers while shopping for groceries. The results indicate that it is inevitable that there should be a modernization of commerce. In order to do so, first of all kiranas will have to make a realistic and critical examination of their potentialities, as well as of their vulnerabilities. Another implication has to do with the need and importance of ways of strategic co-operation of small retailers in the competitive game that opposes organized retailer to kirans.

Taken together, these reviews have produced a large number of potential topics for further research.
3.6 **Emerging trends in Retailing**

Retailing industry could contribute significantly to the national development and in generating employment opportunity. Organized retailing, globally, has played a major role in nations’ GDP and employment (Srivastava (2008)). Therefore, it becomes imperative the factors influencing the growth of retail industry be carefully studied.

Both internationally and nationally, the retail industry has evolved considerably since inception and has undergone several transformations. Compared to the manufacture dominated pre-world war era and the production centric post world war era, today’s retailers have outgrown the manufacturers in their sophistication and size.

Another cap to the retailing industry in India is allowing 51% FDI in single brand outlet. The government is now set to initiate a second wave of reforms in the segment by liberalizing investment norms further. This will not only favor the retail sector develop in terms of design concept, construction quality and providing modern amenities but will also help in creating a consumer-friendly environment. Retail industry in India is at the crossroads but the future of the consumer markets is promising as the market is growing, government policies are becoming more favorable and emerging technologies are facilitating operations in India. And this upsurge in the retail industry has made India a promising destination for retail investors and at the same time has impelled investments in the real estate sector. As foreign investors cautiously test the Indian Markets for investments in the retail sector, local companies and joint ventures are expected to be more advantageously positioned than the purely foreign ones in the evolving India's organized retailing industry.
Sellers, 1990; Smith, 1989; Parikh, 2006: Modern retailing is characterized by intensifying competition as well as more sophisticated and demanding customers who have great expectations related to their consumption experiences.\(^6^9\).

Lewison, 1997 opined that today’s modern retail institutions and formats appear to be moving from innovation to maturity with increasing speed. Three most important elements associated with retail strategies; choosing a retail format, targeting a specific group of consumers and arriving at a defensible competitive advantage.\(^7^0\).

Akehurst and Alexander, 1995 observed that the changing consumer requirement and emerging technologies has called for modern formats and ways of retailing. To be successful in this changing global scenario, the managers in retail organizations need to be aware of a number of factors, if the organization wants to exploit the opportunities in a globalized marketplace.\(^7^1\).

Sparks, 1995 analyzed that evolution of retailing has ensured that the retailing today has become an all-encompassing way of business wherein an efficient retailer has to harness technology, systems and relationships with manufacturers and franchisees constantly to reinforce its knowledge of, and its primary mission, managed on a store-by-store and item-by item basis.\(^7^2\).

Baker, Berry, & Parsuraman, 1988 suggested that it is a well-known fact that physical environment creates a tangible representation or image of a retail outlet and its services.\(^7^3\).

Morschett et al, 2005; Ghosh, 1990 observed that the ‘overall’ image is termed as store attributes or store image, which are basically the marketing mix of the retailer.
Martin, Howard, and Herbig (1998) observed that in a globalised environment retailers needs to take into account the type of store, the location of the store, and how goods are to be selected, distributed, and displayed\textsuperscript{74}.

Engel et al., 1995 analysed the physical dimensions of an outlet such as elevators, lighting, air-conditioning, washrooms, store layout, aisle placement and width, carpeting and architecture also contributes to the store image.

Hildebrandt (1988) suggested that one of the major success factors in the retail industry is store image and measurement model of store image that conceptualize the perception of store image attribute is used to forecast marketing performance as a business success measure\textsuperscript{75}.

Carpenter and Moore, 2006; Teller et al., 2006 observed that product selection, assortment and courtesy of personnel were identified as very important in determining format choice with cleanliness being the most important attribute regardless of format of grocery shops\textsuperscript{76}.

Baltas and Papastathopoulou, 2003 described that, while customers attach considerable importance to store location, private label is found to be a store selection criterion of low importance for grocery shoppers. The own-label shopper has low socio-economic status, tends to fit the 'higher thrift' and adventurous buyer orientation, regards in-store information sources quite highly, shops frequently and longer and ostensibly striving for the best price as well as value for money\textsuperscript{77}.

Dinlersoz, (1999), and Rao (2006) observed that the important role of FDI in supplementing domestic resources and in ensuring employment generation in the development of an economy is unquestionable\textsuperscript{78}. (Retail industry report (2006),
Sreejith and Raj (2007) opined that the organized retail segment is growing at the rate of 25-30 per cent per annum, revenues from the sector are expected to triple from the current US$ 7.7 billion to US$ 24 billion by 2010 and making it among the fastest growing industries in the country²⁹.

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