CHAPTER III  
RETAILING IN INDIA  

3.1 RETAILING

Retailing occupies a pre-eminent position\(^1\) in the economics of all modern societies as it is often stated that only constant in retailing is change and it is certainly true that the pace of development within retailing appears to be accelerating. More than ever before in the opening of 21st century there is an evidence of new forms of retailing, in part in response to demand from increasingly sophisticated consumers. The retail market is becoming more segmented with retail formats focusing on the needs of particular consumers groups. The results are the development of a more complex retail environment. Where once it was manufacturer’s brands\(^2\) that were all important, the 1990s have been the power of retailers brands challenging the position of suppliers. The traditional forms of independent owned small business and cooperatives have lost significant market share. In developed economics, the retail sector is now characterized by large scale multiple chains\(^3\) run by powerful and sophisticated organizations like super bazaars and KendriyaBhandar in New Delhi, SarkariBhandar in Mumbai, Spencer plaza, Nilgiries etc. As progress moved across America in the late 1800’s and early 1900’s millions of bright men and women opened main street stores. The first half of the twentieth century saw the arrival and the Grover of large retail giants. This new group of discounts stores\(^4\) redefined value and varieties with low price and wide inventories. Though the arrival of super markets in India was a bit late but they are fast becoming the range amongst the retail enthusiasts. There are several obvious reasons for the burgeoning growth of the organized retail formats. One, which is very obvious, is that earlier assembling large parts of land in locations, which offered good connectivity to the rest of the city, was a difficult task. Today some of the bottlenecks are gradually erasing.

RETAILING IN ASIA

The practice of ‘marketing’ which broadened the sales function\(^5\) to take into account previously ignored factors based on a set of principles proved by scientific research in the USA from the mid 1950’s. It has only recently been applied vigorously. The sub field of ‘International Marketing’ an even newer concept is just
beginning to make its presence felt as an aid to decision making in maximizing returns in Asian markets. According to Asia Pacific Management forum (1996) pointed out that retailing in Asia is going through massive changes, including the entry of international chains such as Carrefour’s into Asian markets. This followed the Japanese invasions of the rest of Asia of the previous decade led by such names a Yaohan and Isleton. Retailing in Asia is a major industry with the increased purchasing power of Asian consumers. Shopping centers are a great source of pride, in some cases, become the modern equivalent of the kampong for meeting’s, and community activities and in the absence of other options also take a share of ‘the entertainment market’. The Singapore “shop till you drop” syndrome has permitted many other centers but there are ominous clouds on the horizon Singapore’s retail sector has seen major difficulties in recent years, with orchard Road considerably less opulent than it once was.

WHEEL OF RETAILING

"Wheel of retailing” has postulated that new retailing concepts are oriented towards low prices were made possible by lowering the cost through minimization of the services offered to the consumers. The new entrants to the retail trade gradually trade up in terms of store decor, services offered and merchandise stocked, hence it results in higher costs. Eventually the institutions become vulnerable to a newer form of retailing, operating with lower costs and prices. Thus, at every turn, a new form of retailing takes over the distinction of price reduction from older and more tired forms.

There are two limitations on “wheel of retailing” concept. The first was it emphasis on the cost and gross margin relationships as the key to understanding Evolutionary retail behavior, which made the concept somewhat inadequate in explaining the evolutionary behavior of newer, less price-oriented retail innovations. Second, the concept did not determine the pace at which retail innovations appear which could serve as a basis for appraising future developments. It later advanced the concept of "The Retail Life Cycle" with four stages, namely, early growth, accelerated development, maturity, and decline.
LOCAL HISTORY

The overall industry is still in the embryonic stage in terms of retailing technology merely a quarter of a century old from the first supermarket that was established in 1963. In the United Kingdom and Europe, and the United States, the supermarket history goes back for a century at the least. In the Klang Valley, department stores were the first to appear. The next development was the establishment of large shopping complexes in the second half of the seventies. The early eighties saw in store ambience, coordinated point of sales displays, product mix and assortment.

RETAIL SECTORS IN INDIA

The organized retail sector in India has been witnessing winds of changes in the last couple of years. Modern small, medium and large format supermarkets, hypermarkets and malls are being developed in all the major cities and large towns to such an extent that hundreds of shopping malls have opened within the next few years. Nevertheless, the unorganized retail sector will probably continue to dominate for many years to come despite these changes, as the amount of investment needed to change the shopping habits of close to 1.1 billion consumers is a massive process. Shopping comes in all flavors in India, both traditional and modern, making it a very interesting experience. Bazaars, markets, street vendors coincide with more the modern shops. It was estimated that 12 million retail outlets of which some 78 percent are family run businesses. The organized retail sector currently accounts for only three percent of the total retail business in India. The trillion Rupee mark is predicted to be crossed in 2020.

FULL FILLED SHOPPING - THE MALL “BOOM”

International style shopping has finally come to India- and with a splash. The decade old economic reforms have engendered a new concept. Shop-till-you-drop breed of middle class Indians who, have tasted the shopping experience of big cities overseas, have fuelled the demand that was inevitable – the rise of the shopping malls. There are number of consumers want to spend a greater proportion of their expenditure on shopping in a world-class ambience. Where convenience is combined with entertainment, Consumers are now having crummy shops manned by perfunctory and often grumpy salespersons, millions of Indians are now discovering a
new way to hunt for bargains, and spend time with family – shopping malls. Malls are fusing the shopping with entertainment and it is transforming India’s “Retailing bizscape”. From a boring ‘oh, no’ routine to a fun-filled ‘of course, yes!’ outing for the entire family, shopping for the typical Indian household has come a long way indeed. Modern retail has most definitely made an impact with sprawling centers, multi-strayed malls and huge complexes are offering shopping, entertainment and food under one comfortable roof.

**MALLS GALORE**

Cash is on the boom, giant malls are coming up thick and fast in and around new Delhi, Mumbai, Chennai, Bangalore, Kolkata and other major cities that is set to completely transform the $ 200 billion Indian retail sector. It’s of little surprise that 200 large malls are in planning or construction stage across the country, and cashing in on the sudden resurgence of interest in shopping in India, big corporate houses such as the Tatas, Piramals, Rahejas, Sahara, DLF and RPG Enterprises are racing to revolutionize the Indian, retail industry and fuel a construction boom. Three up-market malls, situated in Gurgaon, on the outskirts of New Delhi, house everything under one roof – departmental stores, food and beverage outlets, electronics showroom, lifestyle goods and multiplexes. These halogen and neon-lit huge steel; chrome and glass structures house some of the best names in retail chains such as shopper’s stop, lifestyle, subway, pizza hut, and mark and Spencer. The shopping malls – DLF city center, the metropolitan and big bazaar, around Delhi, crossroads and R-Mail in Mumbai, and Spencer’s in Chennai- are changing the way middle-class Indians shop. With fully air-conditioned stores, escalators and quality service, these resemble any international mall. Today a consumer pays greater attention to product availability, display, and in-store service and of course, the ease of shopping. Indian families are also looking at entertainment as an escape. Entertainment is equated with shopping, food, and other options like cinemas and bowling alleys. And since malls combine all these factors, they are witnessing a boom. In Mumbai, with such a large number of malls opening up entrepreneurs have already segmenting themselves to survive in the event of a shakeout. While crossroads has gone up-market with a vengeance with brands like Piaget watches, couturiers like Mango, Boss and Marks and Spencer and De beers diamonds and others are targeting the mass market. The city is expected to have another 40 malls by next year offering more than two
million square feet of retail space. Similarly, a rash of departmental stores like Westside and Shopper’s Stop, which have witnessed a boom in business, were forming the nucleus of new malls that are coming up in the metros and spawning a wholly class sub-culture. The best thing about these malls is the convenience of shopping they offer. There is no parking chaos that normally puts a customer off in a regular shopping arcade and no jostling and shoving for space. One doesn’t have to go abroad to experience the joys of shopping.

MALLS AND ORGANIZED RETAIL

There was no consumer culture, when there were limited brands; people bought what was available in the market. When there were no ‘shopping areas.’ It was also difficult to compete with the unorganized sector because they operated with minimal labor costs and overheads. Tax laws and government restrictions added to the problem. Liberalization has changed all this. The consumer has evolved. He has more spending power, and he was better educated, and most importantly, he was exposed to brands and products through television and foreign trips. The Indian consumer now has the desire to acquire. Personal consumption is on the rise. Consumer segments, already divers, have been sub-divided with joint families giving way to nuclear families, and the increasing number of working couples. These changes, along with increased availability of retail space and qualified manpower, have had a positive impact. New players are now entering the market. Instead of a retail evolution, there is a retail revolution in India. Retailing in India was gradually inching its way toward becoming the next boom industry. The total market of organized retailing in India is around Rs.20000 crores and will grow eight-fold in the next decade. Chain stores have replaced store management. Supermarkets have replaced the grocery stores, market places have given way to MALLS, and hospitals have become hospital chains. Fast food is the favored eatery and packed products have become the order of the day, the whole concept of format and consumer buying behavior, ushering in a revolution in shopping in Indian. The emerging purchasing power of the urban educated middle class and the growing work culture of the working woman (more and more women turning to corporate jobs), has changed the buying habits of families, who are experiencing a growth in income and dearth of time. Rising incomes have led to increasing demand for better quality products while lack of time has led a demand for convenience and service. Consumers have started caring about where they would like
to shop, be it multi-brand outlet, exclusive stores or malls with entertainment facilities. Today’s consumers are not only more aware of the developments around them but are also more demanding. They want superior quality at an affordable price and they want it instantly. Thus, we see there is a strong trend in favor of one-stop shops like malls and supermarkets. A Mall appeals because of its pleasant surroundings, better product display and the availability of a wide variety of brands. The store has accurate measure controls and allows economies of scale, a consumer also has the option of shopping for all household necessities under one roof. In the future, with more dual income families, the consumer ability to spend will increase, but at the same time, it is predicted that the time available for shopping will go down. In such a scenario, the retailers will have to increasingly develop shopping as an experience and at the same time, the more successful ones will be those that provide faster service. Malls, in particular are contributing hugely to the development of organized retail market. Malls are coming up both within cities and at the outskirts vowing to create destinations that will attract thousands of consumers every day. India is experiencing a “mall boom”. Shopping malls are set to one of the most visible faces of the Indian retail scene in the next few years. According to estimates apart from the metropolitan and larger cities, as many as 50 new malls will be coming up by 2015 in the smaller cities as well.

PROSPECTS IN RETAILING
Indian Retail Sector—An Outlook (2005-2010)

According to Global Retail Development Index India is positioned as the leading destination for retail investment. This followed from the saturation in western retail markets and the big western retailers like Wal-mart and Tesco have entering into Indian market. India's retail industry accounts for 10 percent of its GDP and 8 percent of the employment have reached $17 billion in the year 2010. There are about 300 new malls, 1,500 supermarkets and 325 departmental stores have been built in the cities. "Indian Retail Sector – An Outlook (2005-2010)" analyzes in the report the divided Indian retail market and their trends in its business. Issues such as foreign investment restrictions, modern merchandizing in India, logistics and payment terms for distribution, role of channel members and growth trends in different regions were discussed. The market research report further analyzes the sustainability of the Indian retail sector. Lifestyle India, a part of Dubai-based Landmark group, is planning to
double its numbers of malls in India to 14 in next three years and expects to increase its turnover to Rs 650 crores in fiscal 2007 from the present Rs 350 crores. The rollout is to extend our service to other parts of the country.

RETAIL FORMATS

New retail chains and formats were transforming the shopping experience of India’s increasingly prosperous consumer class—for the better. In the last decade, the Indian retail landscape has witnessed a fast pace of experimentation in formats. For selecting an appropriate format, retailers have taken recourse for careful segmentation at the geographic, consumer as well as product level. Food World, with its successful supermarket format, happily coexists with the ubiquitous Kirana stores. The raising demand for more choice in terms of brands and prices culminated in the evolution of multi-brand outlets. Corporate entered the retailing arena pioneering the concept of a hypermarket (e.g. Giant and Big Bazaar). While the Crossroads mall concept ushered in the era of shoppertainment, the idea of a three-screen multiplex (Prasads at Hyderabad) with multilevel shopping, food court and video games for children, has taken the country by storm. On the other hand Tanishq and Pantaloons have demonstrated the potential of ‘specialty’ stores in India. Universally it is accepted that format management is the central issue for retailers. As consumers’ become increasingly sophisticated and competition intensifies, the life cycles of traditional retail formats are shortening. Only those retailers who can achieve an appropriate balance between rejuvenating the existing formats and creating new and innovative ones will succeed in the long run. New opportunities open up only because of change. Social dynamics lead to emergence of new consumer groups as well as new purchase opportunities. To grab a piece of this hot cake, retailers have to constantly foresee the impending change and plan accordingly. Looking at the shopping behaviors of the consumers there can be a powerful trigger to drive creative thinking about new formats. For example, Kolkata, the cultural capital of India, is known for its intellectual ambience.

MAJOR TYPES OF STORES

STORE RETAILING

Over the years, retailing has changed to reflect the varying needs of consumers. New categories of stores have evolved and existing categories have
combined which makes classification difficult. Most often retailers were categorized by their product strategy (i.e., merchandising assortment) and pricing strategies. However, with the success of specialty retailers, perhaps classifying these stores by target consumer is also necessary. Specialty stores target specific groups of consumers (e.g., young men, ladies, sports enthusiast, children, big and tall) that may or may not have a special need for products and services. Mass merchandisers target mass markets that are not segmented. Further, stores were categorized by product strategy as general-line and limited-line retailers. Department stores, discount stores, and membership warehouses were characterized as general-line retailers.

DEPARTMENT STORES

These stores carry a combination of hard goods, soft goods, and home furnishings. These stores feature a wide variety of merchandise lines, including men’s and children’s wear, dry goods, household linens, house wares, furniture, and home furnishings. Some examples of department stores are Dillard’s, Hecht’s, and JC Penney. Discount stores such as Wal-Mart and Kmart are departmentalized, self-service stores with low markups achieved through high volume sales. These stores carry diversified product lines that concentrate mainly on national brands.

Limited-line retailers carry a considerable assortment of goods within one or few related product lines. Included in the limited-line category were specialty stores and boutiques. Specialty stores deal with one or a few lines of merchandise within a broader category. They compete with other retailers on uniqueness of offerings that are geared to a specific target consumer. An example of a specialty store is Lane Bryant that specializes in fashions for tall and large women. Early department stores were free standing or downtown stores; however, most department stores moved into shopping centers as they were constructed in the suburbs of all types of retail stores, the department store has experienced the greatest decline in performance in the past three decades. No single reason has contributed to their decline; however, there were four specific reasons: competition, over-storing, lost magic and declining service. Lack of interest of shopping of people in Department Stores is due to homogenization of department stores, which makes distinguish between merchandise assortments, prices, and promotion extremely difficult. For this reason, many consumers have
decided to patronize other types of retailers, particularly specialty stores, discounters, and various forms of non-store retailing.

**SPECIALTY STORES**

Specialty shops or stores have been started in the second half of the 1800s. Most of these stores began as small independently owned establishments in small towns or developing cities. In contrast to the department store’s wide variety of merchandise lines, specialty stores sell merchandise of a single category (i.e., jewelry, shoes, books, furniture, and apparel) or specialize in related categories of merchandise such as clothing and accessories for men, for women, or for children. Furthermore, specialty stores cater to a particular type of consumer and carry merchandise targeted to the specific needs and wants of the targeted consumer. In 1990, specialty stores made more than 60 percent of general merchandise sales. Much of this success was due to excellent consumer service; nevertheless, specialty stores also rely heavily on private-label merchandise, which was designed specifically to meet the preferences of target consumers. This merchandising strategy allowed specialty stores to serve markets not captured by department stores.

**DISCOUNT STORES**

In general, discount stores sell merchandise at lower prices and concentrate mainly on national brands. To keep prices approximately 20 to 30 percent below other retailers, discount stores operate self-service establishments in low-rent locations that have no mail or telephone orders and no free deliveries. They offered not only appliances but also low-priced, unbranded apparel. Wal-Mart is the largest discount store and the largest United States retailer. Wal-Mart’s annual sales are three times the volume of the next largest retailer.

**NON-STORE RETAILING**

Non-store retailing is the promotion of the product or service offered directly to the consumers, in or out of the store, to produce some type of immediate action. Non-store retailing includes alternative methods of retailing, such as direct mail, catalog retailing, direct response telephone retailing, and electronic in-home shopping. These forms of non-store retailing use mass media to promote the product or service.
offering, require action on the part of the consumer, and usually provide convenience and higher than conventional margins, usually reduced assortment. Another way of categorizing the stores is as follows:

a) TRADITIONAL PRODUCT/SERVICE RETAILERS

Traditional product retailers often referred to as mass merchandisers typically offer fewer consumers services than other retailers. Traditional product retailers include discount stores, variety stores, and catalog showrooms, off price retailers, factory outlets, warehouse stores, supermarkets, and hypermarkets.

b) NONTRADITIONAL PRODUCT/SERVICE RETAILERS

In contrast to traditional product retailers; who are mass merchandisers, product/service retailers cater to specific target markets. These retailers offer a defined merchandise mix in relatively small stores. They emphasize product margins more than inventory turnover. Specialty stores, departmental stores, and convenience stores fall into these categories.

The above categorization of conventional retailers is shown with the help of diagrams:
### TABLE 3.1 CHARACTERISTIC OF STORE TYPES

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<thead>
<tr>
<th>Store type</th>
<th>Store characteristic</th>
<th>Fashionable and price</th>
<th>Target market</th>
<th>Services</th>
<th>Store image</th>
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<tbody>
<tr>
<td>Department stores</td>
<td>• Cater to multiple needs of several consumer groups.</td>
<td>Typically most of the department stores are offering</td>
<td>Middle income to upper income consumers</td>
<td>• A variety of advertising and promotional activities</td>
<td>• Attempt to develop strong fashion-oriented image with local consumer markets.</td>
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<tr>
<td></td>
<td>• Offer a wide variety of merchandise in different price and quality ranges, each in a different section of the store, e.g. apparel, home furnishing, appliances, jewellery, sporting goods, toys and cosmetics</td>
<td>• The newer trends • Higher quality, higher prices • Brand name fashions • Fashion orientation and fill mark-up policy</td>
<td></td>
<td>• Extensive displays (stimulate consumer patronage) • Personal salesmanship • Customers move around in the store freely • Consumer services: Gift wrapping Shipping clubs Wedding registry Pick-up service</td>
<td>• Carry merchandise nationally and operate enough to be shopping center anchors</td>
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<td></td>
<td>• The largest sales are in apparel and related fashion lines</td>
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<tr>
<td></td>
<td>• Very familiar to buying public</td>
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<td>• Actively involved in communication entertainment strategies</td>
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<td></td>
<td>• Convenience of one-stop shopping</td>
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## CHARACTERISTIC OF STORE TYPES (continued)

<table>
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<th>Store type</th>
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<th>Fashionable and price</th>
<th>Target market</th>
<th>Services</th>
<th>Store image</th>
</tr>
</thead>
</table>
| Specially stores  | • Carry one category (deep niche retailers) or related categories (limited line) of fashion merchandise  
• Private label retailers sell self-manufactured merchandise  
• Can be varied, e.g. tiny stores or large, multy-department, multiline chain stores which specialize in a specific line such as apparel  
• Entertainment e.g. exciting visual displays | • Use most current and event grade trends fashions  
• Expensive, exclusive line of high fashion appearance  
• Carry merchandise within a certain price range as well as in a specify category  
• Often exclusive private-lable merchandise  
• Small specially store concentrate on unique fashion  
• Prominent fashion image | Cater to the specific needs of a narrowly defined group of customers, delineated on the basis of gender, income, interests or taste level | • Specific promotional strategies, aimed at store’s particular market segment, emphasizing store’s fashion image and quality of products  
• Return policy  
• Knowledgeable sales associates  
• Personal attention | • Fashion image and quality of products.  
• Unique merchandise, compatible with consumer’s taste  
• Exclusivity, often demonstrated by private lables |
| Discount stores   | • Sell a large Varity of merchandise  
• Low operating expenses  
• Plain “no-frills” but efficient facilities | Sell merchandise at lower than average price, by making lower mark-ups or by buying larger quantities, and turning merchandise quickly | Cater to a middle to lower income group | • Minimize service and other expensive promotional activities  
• Still use fashion advertising and promotions to lure profits  
• Self-service approach | • Good quality at reasonable prices  
• “No-frills” atmosphere  
• Offer casual apparel |
3.2 ROLE OF INTERMEDIARIES IN RETAILING

Wholesalers

Wholesaler may be defined as the middleman who operates between the producers and the retailers. Wholesaler refers to any individual or business firm selling goods in relatively large quantities to buyers other than the ultimate consumers. Thus the manufacturers who sell their products directly to retailers may also be regarded as wholesalers. The specialized knowledge and skill of wholesalers increases the efficiency of the distribution network. The wholesalers provide important services and solve the problems of both the manufacturers and the retailers.

Services provided by the wholesalers to the manufacturers:-

- Place orders for the product in advance on the basis of expectations regarding the demand for the product. This enables the manufacturer to plan his production and secure the economies of scale.
- Provide transportation facility by carrying goods from producers to godowns and then to retailers.
- They perform advertising and sales promotion activities and also employ expert sales representatives for the purpose.
- Provide financial accommodation to manufacturers in the form of cash payments for goods purchased from them as well as provide credit to them.
- Keep the manufacturers updated on the changes in consumers' habits, tastes, preferences and fashion.
- Play an important role in fixation of the final prices of the goods.

Services provided by the wholesalers to the retailers:-

- Wholesalers act as the retailers 'buying agent' and saves them from the trouble of searching out and assembling goods from several manufacturers.
- Inform the retailers about the new products, its uses and changes in their prices. They also assist the retailers in advertising and selling of the products.
- Provide financial assistance to retailers, sell goods on credit to retailers and thus help them to operate with small working capital.
A wholesaler being the ware-house keeper of the market, they protect the retailers from the risk of loss arising from holding large stocks of the product.

- Sort out different grades of products according to quality and pack the goods into small lots for the retailers.

Retailers

Retailing refers to all the transactions which involve sale of goods or services to the ultimate consumers. A retailer is the middlemen who procures goods from the wholesalers and sell it to the final consumers. They form a vital link in the channel of distribution of products neither because without him, neither the products would sell to distant places nor would it be possible for consumers to buy goods of their choice in shops located nearby. They have a much stronger personal relationship with the consumers and deal directly with the people of varied tastes and temperaments. They form the last link in the chain of distribution and give the final selling price to the product. The retailers provide important services and solve the problems of the manufacturers and wholesalers on one hand and the consumers on the other hand.

Services provided by the retailers to the wholesalers and manufacturers:

- Provide selling outlets to wholesalers and manufacturers.
- Save the manufacturers from the inconvenience and expenses of selling the goods in small lots to a large number of consumers.
- Communicate the needs and desires of consumers to the manufacturers.
- Arrange for transportation of goods from the wholesalers’ godowns to the ultimate consumers.
- Perform storage function by keeping stocks of goods.

Services provided by the retailers to the consumers:

- Anticipate the needs of consumers and accordingly assemble goods of different varieties. Thus they satisfy their demands and provide them a wide choice of goods.
- Sort out goods supplied by the wholesalers and keep them in convenient packages for the benefit of the consumers.
Act as an advisor and guide to the consumers by bringing new products to their notice and educating them about its diverse uses.

Keep the consumers informed about the changing trends in the market about the different varieties of products.

Provide other services to the consumers such as free home delivery, after sale services, credit facility, etc.

Retailers are of different types depending upon their scale of operation and location. They are broadly classified into two categories:-

Small-scale retailers: -These retailers scale of operation is restricted to a small segment of the market and to a narrow range of products. They generally hold small stocks of the products of regular use. Such retailers are very large in number but account for a small portion of the total retail business. But, small-scale retailing is a very common, simple and flexible way of distributing the products to the final consumers. It incurs low operating costs and is usually owned and operated by a proprietor. The most important feature is that the small-scale retailers have a direct and personal contact with their consumers. This form of retailing faces the problems of small capital, lack of professionalism and low purchasing power.

The two prevalent forms of small scale retailing in India are:-

Itinerants or Mobile traders: -These retailers carry on their business by moving from place to place for selling the products and have no fixed business premises. They change their place of business according to their convenience and sales prospects. They serve either at the consumer's doorsteps or on busy places frequently visited by the consumers. They do not have any particular line of business and carry very little stock of those goods. They save time and efforts of consumers in buying articles of ordinary use. The hawkers and pedlars, cheap jacks; market traders and street sellers fall under this category.

Fixed Shop Retailers: -These retailers have fixed business premises and operate through unit stores or small shops located in residential areas or markets. They mainly include: - (i) Street stalls: -The small shops on the roadside, street-crossing, bus stops, etc. They sell a limited variety of products of regular use like stationery, grocery, etc;
(ii) Dealers of second hand goods: - are engaged in purchase and sale of used goods like books, clothes, etc; (iii) General stores or variety stores: - are the shops which deal in all types of general consumer goods of regular use like bread, butter, paper and pencils, etc. They are set up in residential areas or busy markets. They provide services like goods on credit and home delivery to their consumers; (iv) Specialty shops are the shops which deal in only one or two special types of goods. They are generally located in shopping centers. For example, chemist shops, grocery shops, readymade garments shop, sweets shop, etc.

Large-scale Retailers: - These retailers scale of operation extends to a large segment of the market and to a wide range of products. They have a fixed line of business in which they have invested huge capital. Such retailers are not very large in number. This form of retailing involves high operating costs and lacks personal contact with the consumers. But it involves more of professionalism in selling the products through the use of various promotional techniques like advertising, publicity, sales promotion, etc.,

The various forms of large scale retailers are:-

Departmental stores: - large scale retail establishments comprising of a number of departments in the same building. All its departments are centrally controlled but each forms a complete sales unit in itself and specializes in a particular line of product. They offer a wide choice of products to the consumers under one roof. They also provide many amenities for consumer's convenience such as restaurants, car parking, recreation rooms, post and telegraph offices and so on. Such stores are generally located in central places of big cities so that they can be easily accessible to the consumers.

Supermarkets: - These are large scale retail shops operating at lower costs. They sell a wide variety of consumer goods of regular use such as food items, groceries, etc., at one place. They sell goods at lower prices than the departmental stores. Consumers select the goods themselves without salesman's assistance. It is also called self-service stores. But, they do not provide additional facilities to their consumers.
**Multiple Shops or chain stores:** These are a group of retail stores of the same type under one common ownership and centralized management but are located at various locations. All of them deal in similar range of products and sell the same standardized products at the same terms and conditions. The goods dealt are generally meant for everyday use and are readily acceptable to all kinds of consumers. They offer goods at lower prices as they enjoy economies of bulk buying.

**Mail order houses:** These are those retail trading establishments which receive their orders by mail and deliver the goods by parcel or post express. The post office is their main channel of distribution. Orders from consumers may be secured by advertising in newspapers or journals or through telephone contacts. But this type of retailing is non-personal and without any face-to-face contact between buyers and sellers. However, it helps the consumers to get their requirements at their own place and thus saves their time and expenses.

**Consumer cooperative stores:** These are the cooperative stores which are owned and operated by the consumers themselves. They are incorporated as an association under the Cooperative societies Act. The membership of such stores is voluntary and capital is subscribed by the members themselves by purchasing shares of a small denomination. They purchase their requirements of goods in bulk from manufacturers and wholesalers and sell them to its members at lower prices. The aim of such cooperative stores is to render service to its members and not to maximize profits.

**Hire purchase traders:** This is a form of retail trade in which credit is granted to the consumers on the security of a lien on the goods. They supply consumer durable goods to the consumers who agree to pay the price by installment at regular intervals. In this form of retailing, consumers get the advantage of deferred payment as they can purchase goods on credit and make easy payments in installments while using the products at the same time. The buyer acquires the ownership of goods only after the total price has been paid. If there is default in paying installments, the seller has right to recover the goods or sue buyer.

**Super Bazaars:** These are large retail stores organized by cooperative societies. They sell a variety of products under a single roof. They procure goods at wholesale rates from the manufacturers and wholesalers and sell them to the consumers at
reasonable prices. These may operate either as self-service stores or as separate counters served by a salesman.

Automatic vending machines: - These are new and complementary forms of retailing operated by inserting coins or tokens into the machine by the buyers. In return, buyers receive a specified quantity of the product from the machine. These are used to sell repacked and low cost products of mass consumptions like beverages, tickets, etc. This form of retailing can sell goods at places and at times where other types of retailing are not convenient or economical. For example, Mother Dairy sells milk through such vending machines.

Many retailers acknowledge the importance of store environment as a tool for market differentiation. Store environment, the physical surroundings of a store, is made up of many elements, including music, lighting, layout, directional signage and human elements, and can also be divided into external environment and internal environment. The effects of store environmental elements could be complex. While many of these elements influence consumers’ behavior through their effects on consumers’ emotion, cognition and physiological state, some of these elements could elicit more direct response from consumers with very little impact on their thinking, feeling or body comfort.

Figure 1

CONSUMERS STIMULATION TOWARDS PURCHASE

<table>
<thead>
<tr>
<th>Store Environment</th>
<th>Internal Response</th>
<th>Shopping Behaviours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambient Factor</td>
<td>Emotions</td>
<td>Approach/Avoidance Behaviours</td>
</tr>
<tr>
<td>Design Factor</td>
<td>Cognitions</td>
<td>Inside or outside a store</td>
</tr>
<tr>
<td>Social Factor</td>
<td>Physiological States</td>
<td>Immediate or lagged response</td>
</tr>
</tbody>
</table>

Temperature, lighting, music, etc.,

Attention
Perceptions
Information search
Information processing
Evaluations
Meaning Transfer

Comfort
Blood Pressure, pulse rate etc.
3.3 STORE IMAGE

An overview

The overall perception of a store is referred to as store image. The concept has been defined in various ways. The original idea that a store possesses an image can be traced to Martineau, who defines store image as “the way in which the store is defined in the consumers mind, partly by its functional qualities and partly by an aura of psychological attributes”. What a person thinks and knows about a store constitutes that store’s image. According to Zimmers and Golden, Store image was defined in the early writings as “the total conceptualized or exported reinforcement that a person associated with shopping at a particulars store”. Terblanche puts it in simple terms by saying, “retail image is the mental picture of the retailers formed in a consumer’s mind”. He is of the opinion that retail or store image consists of both factual and emotional components, and a retailer who wants to be successful needs to be differentiated from its competitors by creating this mental picture of itself in the mind of consumers. From an image to succeed, it must be physically and mentally distinct and clear and must be maintained as such to ensure that it is consistently perceived as distinctive.

A host of factors contribute to a store’s image, and any aspect of a store with a consumer may interact can cause attributes about it to develop in the consumer’s mind.

Service

Retail store may offer numerous services in order to attract consumers. Service such as convenient self service facilities, ease of merchandise return, delivery, credit, provision of alterations, consumer information, and special benefits like gift wrapping have been found to be considerations affecting store image. The provision of service depends on the type of store and consumer expectations, for example personal service like gift wrapping, clothing alterations and delivery of heavy or large goods are characteristics of specialty store. In contrast, personal service of discount stores in minimal. Ratchet et al. point of the consumer shop in stores that provide services that are in line with the prices they are paying.
Terblanche identifies four levels of service rendered by retailers namely:

- Self-service, for consumer who are prepared to search for product themselves and compare price save on their own if it means lower prices. Self-service is very important for discount stores because the saving in labour cost enables them to offer discounts to consumers.
- Self-service entails a variation of self-service. Consumers still undertake the search and comparing processes, but here they have the staff at their disposal for advice and assistance, should they need it. This is a typical type of service offered by factory shop
- Limited service retailers provide more staff to serve consumer than is the case with self-selection. This type of service required when certain types of products are purchased.
- Full-service retailers stock specialty products such as jewellery, exclusive clothing and photographic equipment. Consumers who buy these products need advice and information. This level of service counts under the most expensive offered by retailers.

Customers and salespeople

The type of person who shops in a store in a store affects image because of the inclination of match their self-image with that of the store. The clientele of a store makes it attractive or not so attractive to consumers who want to see or be seen by others. Consumers prefer vesting shop where people from their own reference group are seen. Consumers patronize these stores where persons similar to them are shopping. Consequently, an important matching process occurs between the consumer’s self-image and store’s image, which influences where they shop, with store being chosen with image similar to image that consumers perceive of themselves. Sales personnel are equally important in the creation of a store’s image. According to Loudon and Della Bitta, consumers generally prefer to shop where salespeople are perceived as helpful, friendly, and courteous. Sales personal are also important in that they are often the consumer’s first point of contact with the retailer and they exercise their influence to generate consumer purchases. People selling fashion merchandise have to present the proper image to their market. Appearance, communication skills, use of words, and age may fail a salesperson in making his/her
sales presentation acceptable to his/her consumers. Many cite the following as a salesperson’s idea characteristics:

- Attractive appearance
- Good manners
- Alertness and promptness in attending consumers
- Ability to form a quick estimate of consumers and their preference’s, as well as a sympathetic appreciation of their problems
- Orderliness in thinking, talking, working, accuracy in handling records
- Knowledgeable and helpful
- A friendly, tactful manner and above all, sincerity

**Physical facilities**

The physical characteristics of the store including décor and cleanliness as one of the basic dimensions of store choice. Physical facilities such as elevators, lighting, air conditioning, convenient and visible washrooms, store layout, aisle placement and width, carpeting and architecture are contributing factors in forming store image and store choice. These factors affect the consumer’s mood state at the point of purchase, which in turn may influence purchase behavior.

**Convenience**

Location has an obvious impact on store patronage. Generally, the closer consumers are or the target market is to a store, the greater their likelihood to purchase from the store. The importance of store location with respect to other is the popularity shopping centers and malls enjoy. Consumers also prefer the location of a store to as convenient in terms of public transport and parking areas. Consumers choose stores based on location and distance as first criterion, but location is a relative criterion, as consumers do not always go to the nearest store. Distance is an important factor, but it is on the way home or on the main commuting road. If two or more stores are equally convenient in terms of distance, then other factors such as quality assortment and price influence the store choice decision.

**Promotion**

Sales promotion is an important marketing tool because it offers many benefits to retailers, which range from short-term increases in sales turnover to longer-term
benefits such as building shop image. If a retailer wants to project a low-price image, the focus should be on advertising the most popular items of which the prices will normally be known. This could be achieved by utilizing a loss leader, which is a product that is sold at cost or just slightly above, to create an impression of low price and to generate consumer traffic.

Advertising like sales promotion is an especially important factor in expressing the character of the store, and the shopper believes he or she can abstract symbolic cues from the advertisement. Retail advertising discloses some information to the consumer, like whether the store is exotic and high-style, a dependable family store or a promotion store concentrating on bargains and savings. The symbolic interpretation of the advertising should be consistent with the character of the store.

Displays and use of color create a certain atmosphere in a store. Displays, whether it is window or in-store displays, are a form of exhibiting the merchandise on offer in such a way that both space and visibility which will hopefully lead the purchase. Advantage of promotions, especially sales promotions as outlined by Kotler, are to yield faster and more measurable responses in sales to attract new consumers, to induce consumers to try products and to promote greater consumer awareness of prices.

Store atmosphere

Store atmosphere determines to a large extent how consumer feel and behave in a shop. A pleasant store atmosphere should thus lead to more positive consumer behavior. In contrast, an unpleasant store atmosphere arouses the consumer negatively and he or she will probably spend less time in the store and make fewer or no purchases at all. Lindquist refers to store atmosphere as a consumers feelings of warmth, acceptance or ease. The store atmosphere results from physical characteristics such as lighting, layout, presentation of merchandise, fixtures, floor coverings, colors, sound, odors, dress and behavior of store personnel and the number, characteristics and behaviors of the consumers, as well as subjective perceptions.

Institutional factors

The modernity of a store could be judged on the basis of technological feature of the store. Technology plays an important role in the retail business. The areas
mostly favored for the application of technological innovations are security, point of sale operations, fund transfer, space management, inventory control, account handling, market research and other aspect. Reliability of a store can be judged in view of the store’s ability to perform a promised service dependably and accurately. The reputation of a store could be assessed by examining the corporate image as rated by its consumers. Specific attributes, including how much the company is respected and admired; the quality, innovation, value, and reliability of its products and services; and whether the company is a good citizen in its dealing with communities, employees and the environment could be evaluated. A ‘reputation quotient’ could be computed, with higher rating representing more favorable corporate images.

Post-purchase satisfaction

Consumption entails consumers’ usage of purchased product, but understanding consumption is rather complex. Post-purchase satisfaction is very important, as it influences repeat buying, shapes word-of-mouth communication, prevents dissatisfaction which leads to complaints and has implications for the competitive edge. Consumers want service and satisfaction after buying. Consumers that are satisfied with the service or product will visit the store again, therefore it is important for retailers to implement programs that will satisfy present consumers rather than spend money to obtain new consumers.

Store Choice Behaviour

The process of selecting a store is similar to that of choosing a brand. In general the consumer recognizes a problem which makes it necessary for a store to be selected, engages in internal and possibly external search, evaluates the relevant alternatives and applies a decision rule to make a selection. Consumers compare perceived characteristics of stores with evaluative criteria, which make store choice a function of four variables:

(1) Evaluative, (2) Perceived characteristics of stores, (3) Comparison process, and (4) Acceptable and unacceptable stores.

Darden and Dorsch link store choice to set of activities that an individual performs during a specified time frame in order to purchase something, something taking advantage of favorable shopping conditions such as sales or promotions. The
set of activities include shopping-related decisions which help to specify shopping strategies, namely: Why shop? What should be shopped for? Who is going to do the shopping? When should the shopping be performed? Where the shopping should be done? How should the shopping be conducted?

Store patronage behaviors leads to store loyalty and define this term to refer to the consumer’s inclination to patronize a given store during a specific period of time. Because consumer patronage result in revenue, store loyalty can influence the store’s profits, as loyal consumers will frequent the store and therefore may represent a very profitable market segment, on condition that they can be readily identified. Two major factors which play a role in store choice, namely retail outlet criteria and personal characteristics.

**Consumer characteristics**

There are two consumer characteristics that may play an important role in store choice. Perceived risk and consumer’s shopping orientation are seen to be the two consumer characteristics relevant to store choice. Regarding ‘perceived risk’, the emphasis is on ‘perceived, which indicates that consumer beliefs are not always rational. There are six types of perceived risks:

- **Functional** – this is a concern that the product may not perform as expected, like it may not have the expected service life or may break down.
- **Physical** – the possibility of a health hazard and physical injury to the user is considered.
- **Financial** – the risk that the product will not be worth the time and/or money spent in it.
- **Social** – this entails the risk that peers may not approve of the specific retailer where the product is bought, which may cause embarrassment.
- **Psychological** – a poor product might be incompatible with the buyer’s self-image and many harm his or her ego.
- **Time loss** - the buyer might spend too much or too little time on the purchase of a product as well as on possible repairs or replacement.
Reference Group:

One of the most important environmental influences on consumer behavior is the face-to-face group. A consideration of the influence of groups is based on the reference group, that is, a group that serves as a reference point for an individual in forming his or her belief, attitudes, and behavior. A reference group is a person or group of people that significantly influences an individual’s behavior.

Most of us belong to a number of different groups and perhaps would like to belong to several others. When we are actively involved with a particular group, it generally functions as a reference group. As the situation changes, we may base our behavior on an entirely different group, which then becomes our reference group. We may belong to many groups simultaneously, but we generally use only one group as our primary point of reference in any given situation.

Blackwell mentioned that a reference group is any “person or group of people that significantly influences an individual’s behavior”. The values, attitudes, behaviors, and norms of this group are perceived to have influence upon the evaluations, behaviors, and aspiration of another individual. Reference groups influence purchasing behavior in at least two major ways. First, they influence aspiration and achievement levels. Second, reference groups set standards of behavior by establishing acceptable and approved purchasing patterns and inducing conformity to the group. The following depicts the influence process, beginning with the source and type of influence, proceeding through the transmission of influence and degree of effect, and ending with the influence on behaviors’, lifestyles, purchases, and consumption.
Figure 2
PURCHASE INFLUENCE PROCESS

PERSONAL INFLUENCES
- Groups
- Primary VS Secondary
- Formal VS Informal
- Aspirational VS Dissociative
- Individual

TYPES OF INFLUENCES
- Normative
- Value Expressive
- Informational

TRANSMISSION

- High desire for social acceptance
- Little experience in situation or with decision
- Conspicuousness (public use or display)
- Complex products or luxury items

- Low desire for social acceptance
- Much experience in situation or with decision
- Private use of product
- Simple products or necessities

- Life styles
- Behaviors
- Purchases
- Consumption
An important determinant of an individual’s behavior is others’ influence. Your college classmates, family, and co-workers, or even a group to which you aspire, may serve as referents, and your consumption patterns will typically conform to the expectations of the groups that are most important to you. Reference groups may extend influences in a number of ways: by providing information in ambiguous situations, by setting normative standards of conduct, and/or by enhancing an individual’s self-image. These influences may occur before purchase, during purchase, and after purchase.

The “family group” and “peer group” represent primary informal groups, which are by far the most important groupings because of the frequency of contact and the closeness between the individual and group members. Because of the “family group” and “peer group” are the most important influence groups in this study we distinguish between family and peer-based reference groups and predict that these two groups will have different degrees of influence on the individual’s store choice decision and patronage intentions.

(1) Peers

Peers as similar in age cohort and social circle to the individual, and friends as an important group of closer peers. They propose that shopping with co-oriented friends provides us with information and normative standards by which we may evaluate retailing phenomena. This susceptibility to interpersonal influence from friends, then, shapes the construction of retailing attitudes and behaviors. Given the crucial role peer groups play in adolescent development, teens may be especially subject to peer influence and particularly prone to shop with friends. In fact, research has indicated that teens shop primarily with friends and that they like being with friends while they shop. Susceptibility to friends’ influence is then related to various aspect of shopping, such as frequency and enjoyment of shopping with friends. In summary, past research suggest that peers are an importance influence and that peer influence can have a positive effect on consumer behavior.

(2) Family

In consumer research, the family household is seen as a unit for decision making and consumption and exerts a major influence on the purchasing behavior individuals within that unit. Although advertising and other marketing activities have
a strong influence, the family is the primary source of consumer socialization. Parents teach their children consumer skills, consumption-related preferences, and consumption-attitudes. They do so both deliberately and casually through instrumental training (occurs when a parent or sibling specifically and directly attempts to bring about certain responses through reasoning or reinforcement), modeling (occurs when a child learns appropriate, or inappropriate, consumption behaviors by observing others), and mediation (occurs when a child’s initial interpretation of, or response to, a marketing situation is modified or corrected by a parent or sibling).

Store Choice

Considerable research has been devoted to revealing choice models, which attempt to account for observed levels of choice among store alternatives. The store choice decision can be conceptualized as a problem of deciding where and when to shop. Store choice decisions tend to differ for individuals and households as a result of personal differences, household composition, and activity patterns.

Store choice and patronage patterns are the result of processes in which consumer perceptions, images, and attitudes toward stores are formed and reformed on the basis of experiences, information, and consumer needs. Store choice and store-attributes salience from the basis for the specific reasons that consumers have for where a product or service is bought.

From the consumer perspective, consumer choices are predicated on first establishing (in their mind) the position of each relevant shopping competitor on the key decision dimensions on which they evaluate stores. Each position is valued by the consumer relative to “how good” it is for a center to occupy a certain position on a decision dimension. The comparative overall impressions determine which centers consumers will consider and, ultimately, in which centers they will shop for a particular type of product or service. Consumer preference for a store is based on their ranking of the stores in an ascending order of preference.

The process of choosing a specific store involves the matching of consumer characteristics and purchase characteristics with store characteristics. An individual may use different criteria to evaluate which store best meets his or her needs.
depending on the type of purchase. For example, a group of friends may discuss for several minutes the pros and cons of several alternative stores before selecting one that will most closely match each of their needs. Past experience and store image might take consumers right to the specific store choice. Consumers in different market segments form images of stores based on the perceived importance that they derives from the store format.
Figure 3
AUTOMATIC COGNITIVE PROCESSING

INDIVIDUAL CHARACTERISTICS
• Lifestyles
• Economic Variables
• Situation

PURCHASE CHARACTERISTICS
• Type of Product
• Timing Variables
• Price/Quality
• Situation

EVALUATIVE CRITERIA
• Location (Distance)
• Assortment Breadth and Depth
• Price
• Advertising and Promotion
• Point of Sale Displays
• Store Personnel Services
• Customer Characteristics
• Store Atmosphere

Evaluating Types of Retailer

Evaluating Retail Competitors

Store Choice

Purchase

Outcome
The numerous specific determinants of retail selection that have been investigated in previous research are subsumed under the general model of Spiggle and Sewall, shown in Figure 4. The main terms are briefly discussed below:

1. Consumer psychological states are viewed as directly shaping choice, patronage, or preference.
2. Consumer characteristics are seen as shaping retail selection directly or indirectly through their effects on consumer psychological states.
3. Retail outlet characteristics such as location and merchandise assortment are included explicitly in retail selection models.

Figure 4
DETERMINANTS OF RETAIL SELECTION

- CONSUMER PSYCHOLOGICAL STATES
  - Attitudes
  - Perceptions
  - Image
  - Attributes weights

- CONSUMER CHARACTERISTICS
  - Shopping orientation
  - Demographic characteristics
  - Lifestyle

- RETAIL OUTLET FEATURES
  - Distance
  - Assortment
  - Travel time

- RETAIL SELECTION
  - Store, shopping area, or district choice
  - Store, store type, or shopping areas patronage
  - Store or store type preference
By taking past definitions defined in the literature into consideration, we are able to produce a generalized definition of store choice. Store choice is the result of a purchase task and refers to a decision to purchase from a given store, usually after some information search and evaluation of alternative stores.

Impacts of Reference Group on Social Activity

Shopping motivations can be classified into personal and social. Shopping thus occurs when a consumer’s need for a particular goods item is sufficient for allocating time and money to travel to a store to go shopping, or when a consumer’s need for a particular goods item is sufficient for allocating time and money to travel to a store to go shopping, or when a consumer needs attention, wants to be with peers, or desires to meet people with similar interests.

Peers emerge as the most important agents of consumer socialization. The social function of shopping is supported by the fact that teens like being with their friends while they shop. For example, teens often go to malls with friends for hours at a time with little or no adult supervision, thus creating a focus on the mall as a socialization center.

“When teenagers are with their friends, they don’t concentrate on shopping. They go like to see people and meet people and do all that. With friends, they just like to have fun” as noted previously, this reads like a quote from a teenager. Many family purchases are inherently emotional and affect the relationships between the family members. Family shopping trips may constitute a positive attempt to socialize their offspring with family purchases a symbol of love and commitment to the child. Understanding whether family members are satisfied with family purchases requires communication within the family.

Wholesalers and retailers are the two important types of middlemen forming a part of the distribution channels. They act as an intermediary link between the manufacturers and the consumers of goods. They specialize in providing a wide range of services for both the producers as well as the consumers. They reduce the amount of efforts required by the manufacturer in distributing his product to the final consumers and provide vast market coverage to his products. They greatly increase the efficiency of exchange and lead to reduction in total cost of distribution of
products. They provide ready delivery of goods to the consumers at places convenient and accessible to them. They also provide after sale services and handle consumer grievances. They also act as a communication channel by providing information about the products to the consumers, on one hand, and the consumer feedback to the producers on the other hand.

Conclusion

With the emergence of shopping in malls in India, the establishment of buying products at increased way of spending has lead to purchase of products at the maximum level. Further now the Shopping Malls/Departmental Stores/Discount Stores having the best trendy. It assures great fun, meeting people having food and freak. The stores which are found in the Shopping Malls/Discount Stores having better strategies and offering quality products at best prices. They not only offer quality products but a way to bundle up products of different package at lower costs. Hence a combination of quality products cheaper price, better marketing strategy, cleanliness, best ambience, major branded products, assured service quality, excellent features have made the dreams come true for all.
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