SURVEY
OF LITERATURE
2.1 SURVEY OF LITERATURE

Retailing is the most rapidly developing sector and a lot of academic and business work has been initiated in this field. For the present research work, an extensive review of existing literature has been studied and discussed in the following manner.

2.1.1 RETAILING DEFINED

- "Retailing consists of those business activities involved in the sale of goods and services to consumers for their personal, family or household use" [Berman and Evans, 1989]

- Retailing "involves the transfer of ownership of a tangible object, although there is a large service component in every retail operation. The relevance of small quantities differentiates retailers from bulk whole selling" ....explained by Sullivan and Adcock [2002] and added that "it is also necessary to consider the moment of consumption and the control of the purchase experience"

- Retailing is described as "any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution" [David Gilbert, 2003]

- According to Piyush Sinha and Dwarika Prasad Uniyal [2007] "retailing involves the sale of merchandise from a fixed location, such as a store, for direct consumption by the customer". It is an "activity that ensures
that customers derive maximum value from the buying process" and value for customers "are created continuously through a combination of service, price, accessibility and experience."

- Bajaj, Tuli and Srivastava [2007] have considered retailing as "a conclusive set of activities or steps used to sell a product or a service to consumers for their personal and family use".

- According to Gibson Vedamani [2007] "Retailing involves a direct interface with the customer and the coordination of business activities from end to end – right from the concept or design stage of a product or offering, to its delivery and post delivery service to the customer".

- Levy, Weitz and Pandit [2008] viewed retailing as "the set of business activities that adds value to the products and services sold to consumers for their personal or family use".

**RESUME:**

From the consultation of above definitions, it can be stated that retailing is a concept which primarily involves providing and selling of goods and services in small quantity to the ultimate customer for their household and personal consumption. Now a days this concept encompasses a wide range of activities including understanding customer requirement, product planning, store location, ambience, providing convenience to the customers for generating satisfaction among them. It focuses on creation of maximum customer value through proper service & enjoyable experience of shopping and building customer loyalty.
2.1.2 CONCEPT OF RETAIL MARKETING

Retailing is an indispensible part of marketing and retail activities are encompassing a wide range of marketing activities. Marketing concepts deal with concept of 'customer is king'. Eugene H. FRAM [1965] identified that there should have a link between retailing and marketing. The term retailing must not be restricted to selling of goods and services; rather it can extend its operation and also can integrate other functions. The sphere of retail activities is spreading its branches such as environmental analysis of retail industry, 'retail market research', 'consumer analysis', 'product planning', 'pricing planning' and 'retail marketing management' [ Omar, 1999] and he also stated that the essence of retail marketing lies in "developing products and services that will satisfy specific needs of customers and then supplying them at prices that will yield profits."

 undeniable component of manufacturer's marketing channels. Major retailers now dominate marketing channels, having increased their power vis a vis that of wholesalers and manufacturers. Progressively, they have taken greater or complete control over each element of marketing mix."

 According to Sullivan Adcock [2002] "retailer has to consider the marketing of their particular service in order to attract and satisfy customers instead of being ignored by them". Marketing deals with exchanges with the customers in an effective way and the activities of retailers centre around exchanges with customers profitably. In retailing, interaction with customers is the prime concern so its activities are not
restricted in selling rather it involves various marketing activities before sales, during selling and after sales services to gain customer satisfaction.

The objective of marketing in retailing includes “the best possible exchange actually takes place between a supplier and a customer while making a profit for the retailer”. Now the “needs of retailing coincide with the domain of marketing.”

♦ “Retail marketing is the application of marketing concepts, theories and actions within the context of retail organizations” [Fernie, Moore, Fernie, 2003]

♦ Pradhan, [2007] enumerated the retail marketing mix element as product, price, place/ location, promotion, presentation, customer service, people to attract the customers.

♦ Vedamani [2007] illustrated that marketing activities in Indian retailing, aim at generating traffic within the store and transforming ‘browsers’ to purchaser. Retail marketing mix element include product, place price, promotion & events, people and presentation which are used to create customers; and maintain long term relationship with them.

Marketing deals with providing goods and services to the customers at the proper place and time and retailers claim to execute all these functions.

The role of marketing in retail organization has been categorized into two tenets: making customers aware of its existence and getting closer to the end customer and retail industry is focussing on creation of experience for the customers and usage of marketing mix has gained importance [Pradhan, 2009] and he also described that “Technology, aids the
understanding of needs and preferences and at the same time, serves as the silent salesman. P-O-P signage and in-store media educate and draw attention of consumers to a product's availability and attributes. Coming at time when most consumers want more information, and when retailers have reduced staffing levels, retail marketing performs a vital service and augments cost-reduction efforts."

RESUME

The concept and importance of retailing has been changed as the role of retailers is no longer confined to only making product and service available to the customers. They spread their range of activities from product planning, market research, providing convenience to generating customer satisfaction and building loyalty. With this viewpoint, retailing and marketing—these two terms are used synonymously and termed as retail marketing.

2.2 RETAILING: A CONTRIBUTING SECTOR TO ECONOMY AND EMPLOYMENT

According to Sudalaimuthu & Devi, [2007] retailing in India is gradually inching its way to becoming the next boom industry. The concept of shopping has been altered in terms of format and consumer buying behavior and ushering in a revolution in shopping.

India Retail Sector Analysis [2006-2007] report helps clients to analyze the opportunities and factors critical to the success of retail industry in India.
(a) Organized retail will form 10% of total retailing by the end of this decade.

(b) From 2006 to 2010, the organized sector will grow at the Compound Annual Growth Rate (CAGR) of around 49.53% per annum.

(c) Cultural and regional differences in India are the biggest challenges in front of retailers.

(d) Hypermarket is emerging as the most favorable format for the time being in India.

In a Press Release [03 Aug, 2005] Ministry of Commerce & Industry, Govt. of India described 'On an average, the retail sector in India has been growing at 7% per annum (based on 1999-2002 figures). Retail sector in India is predominantly unorganised, having one of the highest density of retail outlets per capita in the world and lowest per capita retail space. Only 2% of the Indian retail sector is organised, while this has been 20%, 80% and 70% in case of China, United States of America (USA) and United Kingdom (UK) respectively.

The contribution of the Indian retail sector to the total employment has been 7% as compared to 6%, 11.7% and 11% in case of china, USA and UK respectively. As per the existing policy of the government, foreign direct investment (FDI) is not allowed in retail trade in India in any form whereas this has been allowed in many other countries with or without restrictions. This was stated by Shri Kamal Nath, Union Minister of Commerce & Industry, in reply to a question in the Rajya Sabha today.'
‘Consumer spending in India has grown at over 12 percent since mid-1990s and 64 per cent of Indian GDP is accounted for by private consumption. Over the last decade, the average Indian spending has gone up from INR 5,745 in 1992-93 to INR 16,457 in 2003-04 and is expected to grow around its trend rate of 12 per cent. The country is expecting a strong economic growth of about 8-10% per year and this can be achieved by raising the rate of investments as well as by generating demand for the increased goods and services produced. Retail contributes about 10% to the national GDP and is expected to increase over the next decade or so'.

[Sinha & Kar, 1997]

A recent report by AT Kearney, [2008] stated ‘India still heads the list for retail investment and secured second position in the emerging opportunities for Global Retailers .India’s retail market was pegged at US$511 billion in 2008 and is expected to grow at CAGR of 40%. Despite the economic downturn, mass consumer goods and services retail, still remain unaffected. Several international companies, like Metro, Marks & Spencer, Shoprite, Lifestyle, Walmart, Carrefour and Tesco are already present or are expected to invest in India as wholesalers or franchisees or through joint ventures with Indian Retail companies’.

The big Indian Retail companies like the Wadia Group, the Future Group, Tata (Star India Bazaar), Reliance, RPG have all invested heavily and have put in place ambitions plans to gain a firm footing in the retail space. As per reports in late 2007, India is set to see approximately 300 new malls, 1500 supermarkets, and 325 departmental stores.
The summary report of Retail Scene in India [2009] gives a complete overview of the Retail Sector in India, which includes the various retail formats and branded retailers, rural retailing, retail market in large metros and the small town retail phenomenon. The report also analyses the entry of International players in the Indian Retail Industry and the implications of their entry on the Retail Sector in India.

The research and survey on India Retail Industry further highlights the snapshot of Indian Retailer, Indian Consumer, Indian Retail Market Size and Potential in the following discussion:

(a) The Indian retail industry accounts for 10% of the GDP and 8% of employment.

(b) India is being considered as the next big retail destination with an average CAGR of 40% to 45%

(c) The sheer size of the population demands attention from retailers worldwide and the potential for growth in this nascent industry is tremendous.

(d) As per AT Kearney's Global Retail Development Index (GRDI) for 2008, India ranks second to Vietnam. It topped the list in 2007.

(e) India is the world's 4th largest economy in terms of Purchasing Power Parity, after USA, China and Japan; it is expected to move to the third position by 2010.

(f) India is rated ahead of China on the Foreign Direct Investment Confidence Index (FDICI) making it an attractive retail market among
other emerging economies in the world.

(g) According to a study conducted by the Associated Chambers of Commerce and Industry (ASSOCHAM), the annual retail sale that was close to US$ 6 billion in 2007, is expected to reach USD 17 billion by 2010.

(h) The ICRIER study found that total Indian retail business would grow at 13%, from US$ 322 billion in 2006-07 to US$ 590 billion in 2011-12. The unorganized retail will grow 10% from US$ 309 billion 2006-07 to US$ 496 billion in 2011-12.

(i) India is rated in the highest category of the Aspirational Index in Asia as per the AC Nielsen Online Omnibus Survey [2005]

(j) According to NCAER, only 14% Indian households will have annual household incomes less than US$ 921.66 by 2012.

There has been competitive response from traditional retailers through improved business practices and technology upgradation. Consumers and farmers gain considerably from the entry of organized retail. (Joseph & Soundararajan, Gupta, Sahu; 2008).

Globally a number of studies have already predicted that emerging retail sector will generate huge scope of employment opportunity in every respective country (Mitchell. and Kirkup, 2003). A study by CII and PricewaterhouseCoopers (PwC) has said that the development of organized retailing in India will benefit a majority of the population as it will bring about increased employment, efficiency in agriculture and increased
exports. In organized retail the front liners like shop floor executives, sales executives etc will be in great demand. The front liners have to directly communicate with the customers. The business of the retail sector is quite dependent on these positions. The other jobs are store planners, cashiers, stockists, logistics, operations, distribution, marketing, finance, HR, IT etc. (Kumar; 2008)

Researchers put forward the case for retail employment potential in retail-led regeneration (Sturge, 2006). Dixon and Marston [2003] made a research on 'Employment multipliers and retail led regeneration' and concluded that in regeneration retailing is an economic driver in the context of urban regeneration.

Workforce turnover in retail is high, and despite growing discussion of the importance of service quality, much of the workforce is viewed as easily replaceable (Moss, Salzman & Tilly; 2006). The presence of large corporate organizations has already resulted in a requirement for trained professionals in the field of retail. The entry of international brands has only increased and reaffirmed this requirement. (Bindu; 2010).

After IT-ITES it is the retail sector in India that will bring forth many jobs. By the year 2010, 2,000,000 jobs will be given by the retail sector in India. (Oberoi, 2009). A study of business maps of India anticipates that the Indian retail sector would come up with 2 million employment opportunities within the year 2010. The present direct employment in the retail business is nearly 4 crores and around 20 crores depends indirectly on this sector. There is a scope of better exposure to the international
standards with the entry of transnational companies, which in turn is encouraging more & more retail management programs to open up and help bridging the gap of supply & demand of talented professionals for management.

RESUME:

Retail is the most upcoming sector and it contributes significantly to the economy of the country. The growth of retail sector is dependent on the economic condition of the country and simultaneously provides impetus to the economic growth by generating huge employment opportunity. The growth of retail market is motivating various national and international retailers to invest in the sector. The growth of different formats is creating huge job opportunity which can be the backbone of economic development of the country.

2.3 GROWTH OF ORGANIZED RETAIL MARKETING IN INDIA

"Retailing in India set to grow and grow massively" [Vasal, 2008], as retail is becoming one of the India's largest industry and at present it is being the most dynamic and fast running industry [Annual conference, 2008]. Jaiswal (2008) identified that organized retailing in India is regarded as 'sunrise' sector and added that "organized retailing is gaining momentum rapidly and growing at almost 25-30% per annum. Indian retail trade is considered to be the fastest spreading industry in the world [Malcom Voycu, 2005] and the retail industry is 'gradually inching its
way' towards becoming a upcoming boom industry | Dhanabhakyam and A. Shanthi, 2009]. IBEF [2008] recognized India as the 5th largest retail destination globally and the “market is witnessing migration from traditional retailing to modern retailing format with an explosive increase of malls and branded outlets”.

“Organized retailing in India has seen remarkable growth in the last decade...... Mall development and boom is a subset of this booming” [Kuruvilla and Ganguli, 2008]. “The Indian retail sector is at inflection point, organized retail is expected to grow 35% compounded annual growth rate” [CII- A.T. Kearney Report, November. 2006] and it is mentioned that retailing has introduced as a largest industry with the market size of USD 320 billion in 2006.

According to KSA Technopak, organized retail is reaching at USD7.5 billion which will cross the USD 21.5 billion figure by 2010. The Indian retail market is covering approximately 1/3 rd of India’s GDP. India is regarded as nation of shopkeepers and India ranks 1st which is ahead of Russia in regard to potentiality in retail market [Ernst and Young, 2006]. “A shopping revolution is ushering in India” [Agarwal and Malhotra, 2009] as a result modern and organized retailing is spreading at an accelerating speed in urban areas and a large number of retailers are expanding their branches all over India. However, as till date organized retailing is restricted to urban and semi urban areas. [IBEF, 2008].

Organized retail has the impact on lifting the Indian economy to higher levels of prosperity | Josheph, Soundararanjan, Gupta and Sahu, 2008,
May]. Retailing in India expected to touch US$ 711 billion by 2013 which was earlier less than US$ 300 billion in 2007 [BharatBook.Com, 2009] retailing in India is expected to be a US$ 200 billion industry and organized retailing is estimated to reach 3% of the total amounting US$6.4 billion by 2010 and the space at which the market is growing is 25 to 30 % yearly [KPMG, International, 2006] [Dhanabhakyam and A. Shanthi, 2009]

IRMC [2005] has recorded the annual growth rate of retail industry as 8-10% and the modern format is developing at the rate of 30 % annually. Indian retail industry is poised for exponential growth during recent years CII-A.T. Kearney report, [2006] and Mahler, [2008] indicated 35% compounded annual growth rate, IBEF[2008] stated that it is growing from US$ 330 billion in 2007 to 427 billion by 2010. Organized retailing is just the 2-3% of total growth which has the potential to attain INR 1000 billion by 2010 [Kuruvilla and Ganguli, 2008] “Recent Years have witnessed a sizable growth in organized retail space in the major India cities and pace of development suggests why India is now ranked fifth amongst world’s 30 emerging markets” [Images retail, Feb 2004].

West Bengal Industrial Development Corporation (WBIDC), 2007, states that: “All types of retailing activities in the state is to be encouraged.” The retail market in West Bengal “is looking forward to a very prosperous time in the next few years with a lot of investment in the pipeline. Global retailing giants like Wal-Mart (USA), Carrefour (France), Metro AG (Germany) and a lot more have expressed their interest to open their outlets in the state,”

West Bengal and the traditional & vibrant metro city of Kolkata are poised
to play an vital role in the fast track growth of organized retail. It is considered that West Bengal, eastern state of India is undoubtedly the hub of East India's retail activity, accounting for about 38% of the total private consumption (Amitava Taneja, Director ICSC, India).

CII report on Retail, [2002] explored "Shopping Trend in Kolkata have witnessed to radical shift. The future of Retailing in the city lies in new age shopping malls that provide variety, value, convenience & comfort".

West Bengal is a famous state of eastern part of India because of its location and cultural diversity. Many reputed retailers are interested to establish their outlets in the state preferably Kolkata. Moreover this state is attracting various retailers of repute for its cities like Durgapur. "There is huge potential in the city and it can be fully tapped only through mall development in every area, since people are not willing to travel long distances." (Sanjiv Goenka, Vice Chairman, RPG, 2005). Shekhawat, VP Marketing, Spencer Retail, [2007] pointed out that Durgapur has lots of potential and it is promising place to prosper in retailing. Customers of Durgapur are ready to accept modern market and they are aware of recent market trend and are able pay for national and international brands (Sandip Marwas, Head Future group, 2005). Director of Bengal Shristi infrastructure Development Ltd (2007) stated that "We selected Durgapur after doing internal research in which we found that there was a latent demand for a modern shopping center for the region".
From the above discussion, it can be mentioned that at present India is passing through a rapid changing phase from unorganized retail sector to organized one. The future prospect of this sector seems to be very promising. The Indian retail market is gaining its significant position in the world and is regarded as the most attractive destination for the foreign retailers to start up their new venture. West Bengal market seems to be very promising for the retailers to invest. In West Bengal Metro city Kolkata and industrial city Durgapur have been recognized as attractive and prosperous place for retail business.

2.3.1 IN SEARCH OF FACTORS RESPONSIBLE FOR THE GROWTH OF ORGANIZED RETAIL

Prasad and Reddy [2007] have recognized "the very fast changing trends in food and eating habits of consumers have contributed immensely to the growth of 'western' format typologies such as Convenience stores, Departmental stores, Supermarkets, Specialty stores and Hypermarkets. This has happened for various conspicuous reasons namely demand and supply, socio-cultural, demographic, psychographic, economic and technology advancements like a large segment of young population, a rapidly expanding middle class, rising income levels, growing literacy, increasing number of working women and nuclear family structures which in turn have created an enormous demand for consumer goods and paved way for modern retail formats. The ever changing consumer's
psychographic variables like activities, interests, opinions, values and lifestyles have also completely changed the formats namely convenience stores, supermarkets and hypermarkets etc."

Agarwal and Mehrotra [2009] observed that "Favourable demographic and psychographic changes relating to India's consumer class, international exposure, increasing availability of quality retail space, wider availability of products and brand communication are all bringing forth major opportunities in the organized retail sector in India, which is poised for an emphatic phase of growth." They also explained that " .......... Over the last few years, many international retailers have entered the Indian market on the strength of rising affluence levels of the young Indian population along with the heightened awareness of global brands and international shopping experiences and the increased availability of retail real estate. The biggest positive point as far as the sector is concerned is that Indian population is witnessing a significant demographic transition. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are the key growth drivers of organized retail sector in the country. The highly fragmented structure of the Indian retail sector is also helping the growth of the sector. There is a great potential for the organized retail industry to prosper in"

2.3.1.1 DISPOSABLE INCOME:

There is a increase in disposable income of Indian people [ A.T. Kearney Report, 2006] , [ IBEF ,2008] [ PWC India retail report, 2007 ] as average
spending has increased to 11.5% & estimated to increase at the rate of 8.5% per annum till 2015 [India Report, 2009]. Pradhan [2009] described that disposable income is increasing rapidly in India where population having more than Rs 90000 income annually, this proportion has increased from 20% in 1995-96 and assumed to be reaching 48% during 2009-10. "...the number of households earning above Rs. 150,000 per annum is about 30 million today and is expected to grow to 80 million by 2007. This growing high income population is triggering the demand for consumer goods leading to the proliferation of high quality/ higher priced products” [Vadamani, 2007]. P. Ryan [ Sep, 2006] enumerated that sales of consumer goods has been increasing at the rate more than 16 % per year since 2003 because ‘discretionary spending’ is at rising level of 10 % per year since end of 1990. Sinha and Uniyal, [2007] has pointed out that there is a hike in consumer spending and because of higher education women are entering into the workplace and this double income has increased spending mode and spend more in lifestyle products. The disposable income of Indian middle class has increased which is 22% of the total population and it is supposed to reach 32% by 2010 [Ernst and Young, 2006].

The purchasing power of Indian house hold is growing as it is recorded that 33% of the Indian population is in the middle to high income group in 2004 and which will be 49% by the year 2010 [Jaiswal, 2008]. “Liberalization of the country’s economy has brought a number of employments opportunities. With the entry of a number of multinationals and the expansion of domestic corporations, job prospects in the country
are looking up. As a result, income and consumption are projected to increase rapidly over the next couple of years. This sets the stage for a very exciting and promising retail market in the future.” [Rahul and Rahil, 2007].

2.3.1.2 INDIAN POPULATION:

Population of India is expected to reach 1095 million and within 2016 it will gain the second highest position in urban population in the world and after China and more than 50% population is under the age of 25 years. The maximum population is consisting of baby boomer and the age group between 15 – 64 years is developing with a rapid space [Carrie Yu, Sivakumar, Mehra, 2006-07]. Vikas Vasal [2008] identified that 60% of the Indian population below the age of 30, and Ernst and Young [2008] also stated that there is a scope of retail development as more than 50% of the population is less than 25 years of age.

The median age of Indian population is 23 whereas the World median age population is recorded as 33 [IBEF, Nov. 2006]. Now young generation is earning money which leads to higher consumption [Rahul and Rahil, Jun 2007]. The Indian young population with high disposable income is promoting the growth of retailing in India [Kuruvilla and Ganguli, 2008]. “India has young population of 720 million people below 35 years” [Schept Ken, Jul 2008]. According to The Economic Times [8th Jan 2008] The retail development is triggered due to young member of the household, now a days, who are enjoying decision making authority and Indian
population under 25 will increase from 28 % to 40 % of the whole population within 2020. It is mentioned by P. Ryan [ Sep, 2006] the 80 % of the Indian population is consisting of the age of 45 and 54 % people are under age of 25 years.

2.3.1.3 URBANIZATION

Urbanization has been at the rate of 27% since last 10 years which is responsible for retail growth [ Vikash Vasal, 2008 ]. Ernst and Young Report [2006] has pointed out urbanization is a factor to retail growth and urban population is expected to increase from 28 % to 40 % of the total population. According to CII- A.T Kearney Report [ November, 2006] The Indian retail sector is growing which is promoted by the urban population with high disposable income and 39% of India’s GDP is based on its contribution. A rapid growth of retailing can be achieved through growing urbanization [Mahler, 2008]. The urbanization in India is projected to develop at a compounded annual growth rate of 2.4% from 2000 to 2015 and it is increasing from 28 % to 32 % of the population. This yields result in more number of household interested in more spending and it has been stated that urban area spends 2.5 times higher than the rural areas [ Yu, Sivakumar, Mehra, 2006-05 ].

2.3.1.4 ROLE OF WOMEN

The 2001 census report has recorded that the number of working women
has been increased considerably which was 22% during 1991 census and now its 26% in 2001 census. Pradhan [2009] stated that the purchasing pattern of working women is different from those women who are mainly engaged in household activities. The spending inclination is higher among working women than that of a housewife. This has contributed to the growth of modern organized retailing. The growth of different format of retailing is geared up by the factor like higher education of women and their media exposure and demand for convenience and time saving format [Images Retail, 2004].

The number of working women has been increased in 1991 recorded 22% where as in 2001 it has reached 26% of the population [Carrie Yu, Sivekumar, Mehra, 2006-2007] Now women are the partners in the family progress [Zutshi, 2004]. The increasing number of working women is contributing to retail boom [Dhanabhakyam and Shanthi, 2009] [Agarwal and Mehrotra, 2009] and retail growth is triggered by the increasing number of double income group [Jaiswal, 2008].

2.3.1.5 CREDIT FACILITIES

The retail market growth is influenced by the easier availability of credit facility [Vasal, 2008] [Ernst and Young, 2006] [PWC, Indian Retail Report, 2007] and increased use of retail credit options and plastic money [IBEF, 2008], accessibility of credit card, short term loan and flexible financing option [Rahul, Rahil, 2007] etc. Pradhan [2009] also considered credit friendliness as a factor to boost up the retail growth.
2.3.1.6 GOVERNMENT POLICY

Zutshi [2004] claimed that government should consider retail as an industry and "the government will have to immediately look at single-window clearance for all licenses for stores at local level, take retailers on board for the implementation of VAT, remove infrastructure bottlenecks like power and communication and amend land, labour and few other acts like Shops & Establishment Act across various states & cities." Government is providing suitable framework that help Indian retail to grow, a large number of Indian corporate and foreign players are willing to invest in India where government 'regulation and policy' is the key factor for growth [Vasal, 2008] [IBEF, Dec, 2008]. Retail development is supported by the infrastructural growth like roads and public transportation [Dutta, 2009] and also expanded to the rural areas [Ken Schpet, 2008].

2.3.1.7 EXPOSURE OF CUSTOMERS

The explosion of media in India gives rise to awareness level of customer in connection with product and brand variety, The proliferation of media leads to more exposure of customers towards various types of brand availability [IBEF, Dec, 2008], [Rahul and Rahil, 2007] and information regarding shopping culture [Kuruvilla and Ganguli, 2008] The media proliferation acts as a catalyst to the retail growth [Vedamani, 2007].
2.3.1.8 OTHER FACTORS

There are other factors that contribute to the retail growth of India such as Skilled labour, Brand proliferation [IBEF, 2008] Untapped retail market, nuclear family [Dhanabhakyam and Shanthi, 2009], Infrastructure development [Bharatbook, 2009].

RESUME

From the above discussion, it is noteworthy that the Indian retail growth is the outcome of varied factors which include huge young population, increased urban people, and changing phase of women in India in terms of their education, and participation in the job world, credit facilities provided by the retailers, government support and cooperation to expand the retail market, customers exposure to various media, and products and brands.

2.4 LITERATURE ON RETAIL FORMAT TYPOLOGY

It has been observed that proper attention has not been paid to the concept of the retail format and to the insights that it can offer to the study of retail history. The term ‘format’ is commonly used in a simple term in order ‘to identify the broad retail store type of interest. (Resseguie, 1965). One implication of this lack of awareness is that variations within broad format types are improperly addressed. (Alexander, A; 2008).

Retailer’s unique capabilities, its strategy, and market positions are the elements that represent in retail formats. Retail format is simply the total mix of operating and merchandising tactics and practices used by the
retail firm to distinguish and differentiate it from other competing retail formats’ [Lewison, 1997,]. Formats can be seen as ‘a combination of technologies’ and ‘retailing involves the bundling of these technologies in ways considered most appropriate for the marketplace’ [Davies, 1998; see also, Dawson & Mukoyama, 2006]. In a more detailed consideration of the nature of the format, Goldman views it as consisting of two parts: the offering (external) and the know-how (internal) [Goldman, 2009]. In 2006 KPMG International described that the ‘Indian consumer is changing rapidly. The recent trend of consumer is richer, younger and more aspirational in his or her needs than ever before’. According to KPMG Consumers now value convenience and choice on a par with getting value for their hard-earned money. A range of modern retailers is attempting to serve the needs of the ‘new Indian consumer’.

For a last few years, the India has been observing proliferation of organized retail formats in a modern form like supermarkets and hypermarkets from fragmented Indian retail market. KPMG International [2006] observed that Indian retail organizations need to be prepared to tap this growth opportunity, for a quick scale up across dimensions of people, processes and technology in addition to identifying the right formats and value propositions for the Indian consumer.

On an invitation by Indian Chambers of Commerce and Industry (FICCI), KPMG professionals met with CEOs of 20 leading retail organizations in India to search out their perspectives on the keenness of Indian retailers. This report is a mixture of the findings which have intended to address some of the common questions regarding retail formats. Potential
segments and formats, right retail format for India, usage of supply chain practices and IT, real estate space availability, support infrastructure in terms of supplier maturity, personnel availability and capability, financing etc are some of the common features that are essentially required for the existing retailers and potential new entrants

Ahlert, Blut, and Evanschitzky [2005] anticipated the similar view with that of the report done by KPMG International in a following approach: ‘Present-day consumers are faced with an ever-growing variety of retail formats to satisfy their needs and want. The emergence of new retail formats can be explained in at least three ways: First, it can be argued that the changing demand patterns of consumers may lead to different formats., secondly retailers themselves may decide to develop a certain format that best fits their internal strength. A third explanation for the emergence of new retail formats may be the changing role of the manufacturing industry. Excess product supply can force prices down, which in turn may lead retailers to purchase opportunistically’. There are many reasons for the emergence of new retail formats but it is confident that new formats offer opportunities for both traditional and new retailers to raise their market share, expand their profitability [Ahlert, Blut & Evanschitzky, 2005].

It has been highlighted that the changing spaces and practices of retailing have received an increasing amount of attention in recent years [Stobart & Hann, 2004]. The authors opined that it reflects broader analyses of production and consumption, much of this work has emphasized the
conversion of retailing from traditionally organized, local and primitive, to large-scale, nationally integrated and 'modern' systems.

Modern retailing are seen as comprising three broad areas which can be classified as

(a) the emergence of fixed shops and their increasing domination of retailing
(b) the spatial concentration of these shops into specialist areas, and,
(c) the set of new retail practices that allowed the sale of a greater range of goods in ever larger quantities to a rapidly expanding number of consumers. [Stobart & Hann, 2004].

Department stores and multiple retailers are both very much crucial to the timing and processes of retail modernisation. Thus, it is argued, their emergence in the second half of the nineteenth century revolutionised retailing – a view that matches historiographies of social and cultural modernisation during this period. Department stores especially are seen as offering the consumer extraordinary diversity and choice; widening awareness and knowledge of consumer goods; introducing fixed prices, ticketing and cash sales, and engendering browsing and window shopping, not least through their active display of goods. Thus, they encapsulated and promulgated the essence of modern retail practices which quickly spread through a wide range of specialist shops. [Goldman, 2009].

The effect of window shopping is that people were passing by and that they used to stop and look. Indeed, without the notion of window-shopping, such features would be superfluous. But window-shopping did not stop
at the door – the process of learning about the availability, nature and use of goods continued inside the shop, as did the importance of display. [Stobart, J & Hann, A; 2004]. The intricate combine of products, service, locations, store format, operations, and brand image that makes a retailer unique - has been halved over the past 25 years. Consumers have become more sophisticated and tend to shop around for value, while retailers have improved information systems to recognize and respond faster to shifts in consumers’ needs. [Mckinsey Quarterly; 1997]

Successful retailers view renewal as a significant undertaking that differs in several ways from performance improvement or new concept development. Successful retailers view renewal as a significant undertaking that differs in several ways from performance improvement or new concept development. [Burns , Enright , Hayes , McLaughlin & Shi;1997] The top six major building blocks of renewal that retailer may use, are

(a) realize what brings customers into your store

(b) comprehend how the consumer shops

(c) identify what your brand means to consumers

(d) be aware of what consumers like (and dislike) about your competitors

(e) be familiar with your competitors’ economics

(f) be acquainted with what unique capabilities you have that are worth keeping. (Mckinsey Quarterly; 1997)
2.4.1 CATEGORIES

It allows to discuss *retailing* in an orderly fashion. To begin with the fact that retailers are separated into 'categories'. 'Categories' can be thought of as a group of related products which are sold by retailers which compete against each other. In a paper, 'An Insight into the Growth of New Retail Formats in India'; Sinha, K.P & Kar, K.S [1997] viewed that Departmental stores are one of the most familiar of all retail categories. might be said, however, that Sears is considered the number two retailer (behind Wal-Mart) both in the country and in the world. According to them the Discount store is relatively a newcomer, as far as being identified as a separate category. Mention the names of discount stores and one immediately thinks of the big three: Wal-Mart, Kmart, and Target.

Recent historical research has explored general trends in early supermarket adoption in the cooperative movement (Shaw & Alexander, 2004). By concentrating on events during the period 1960 to 1965 the paper explores the adoption of supermarket format innovation at a time when its significance had become generally established. (Du Gay, 2004; Shaw, Curth, & Alexander, 2004). Supermarkets are such a pervasive part of our lives that we seldom think of them as "retailers." But that is just what they are. 'They retail food to customers in every community and represent an increasingly sophisticated business with very exciting opportunities'. (Sinha, K.P & Kar, K.S ; 1997).

The typical supermarket of 1950s America was some 18,000 square feet (1620 m2) in size, with the largest stocking in excess of 10,000 articles
[Mayo, 1993]. The first supermarkets developed in Britain were much smaller in size, a fact reflected in the 2000 square foot minimum sales area adopted as a benchmark in early attempts to define the format. As late as 1967 it was suggested that the typical supermarket in Britain was only some 4000 square feet in size [The self service of Sainsbury’s’, 1967].

Electronic goods as a retail category are associated primarily with personal or home-based entertainment goods. Such items as television sets, CD players, VCRs, and now, DVD players, consume an increasing part of personal and household expenditures and computers whether desktops or laptops are added to the list of consumer electronics. (Sinha, K.P & Kar, K.S ; 1997)

It is difficult to fit a successful international format directly and expect a similar performance in India. The lessons from multinationals expanding to new geographies too. For example, Wal-Mart is highly successful in USA but the story is different in Asian countries like China. Considering the diversity in terms of taste and preferences existing in India the Leading Spanish fashion retail chain operates the eight store formats – Zara, Berschka, Massimo Dutti, Pull & Bear, Stradivarius, Kiddy’s Class, Oysho and Zara Home. By the end of November 2005 it had a total of 2,643 stores in 60 countries. Gap Inc. is one of the world’s largest specialty retailers, with more than 3,000 stores and fiscal 2005 revenues of $16 billion. The retailer offers clothing, accessories and personal care products for men, women, children and babies under the Gap, Banana Republic, Old Navy and Forth & Towne brand names. Gap brand includes Gap, Gap Kids, baby Gap and Gap Body. The company also operates Gap Outlet,
Banana Republic Factory Outlet and Old Navy Outlet stores. (The Global Retail Development Index, 2006).

In India retailers may go for experimentation to identify the winning format suited to different geographies and segments. For example, the taste in south is different from that in north and this brings challenges to the retailers. Therefore, most of grocery retailers are region-centric at this point in time. Now a number of retailers are in a mode of carrying out tests and trying several formats which are fundamentally demonstration of retailing concepts to fit into the consumer mind space.

**Pantaloons Retail India is experimenting with several retail formats to cater to a wide segment of consumers in the market. Some of the new formats are Fashion Station (popular fashion), Blue Sky (fashion accessories), aLL (fashion apparel for plus-size individuals), Collection i (home furnishings), Depot (books & music) and E-Zone (Consumer electronics).**

There is no denying that the top notch cities like Mumbai, Delhi, Bangalore, Hyderabad, Kolkata, Chennai and Pune are leading the way but the second tier cities like Ludhiana, Chandigarh, Nagapur and Surat are catching the eye of all retailers, too.

A study conducted by Knight Frank India indicated that by 2007, approximately 75 million sq ft of mall space would be available in India. Of this, Mumbai, Pune, NCR (including Gurgaon, Noida, Greater Noida, Faridabad & Ghaziabad), Bangalore & Hyderabad will have a 74% share. The balance 26% will be made up by the cities like Kolkata, Chennai,
2.4.1.1 DEPARTMENTAL STORE

A Department store offers a broad collection (width and depth) of goods and services that are organized into separate departments for the purpose of efficient buying with the greatest selection of any general merchandize and very often serves as the anchor store in shopping mall or shopping centre. (Sinha, K.P & Kar, K.S ; 1997).

Department store strategies are relatively common across both developing and developed economies. Hence, when introducing a department store to the Chinese market, they faced strong competition from local retailers operating the same format. The few format changes and designed the department store format to achieve competitive superiority over domestic retailers (Goldman, A; 2009). The Department store strongly focuses on lifestyle retailing and mainly divides into five departments such as apparel, accessories, home décor, gift ideas and other services. Shopper’s Stop is getting stronger year after year. It attracts more than 12 million shoppers every year with a conversion rate of 38 per cent. In the end of financial year 2000, this retailer had 5 stores and is in the process of reaching 39 stores with retail space of 2,502,747 sq ft by financial year 2008. Another operator Lifestyle India began operations in 1998 with its first store in Chennai in 1999 and in March 2006 it opened one of the largest department stores in the same city. The store spreads over 75,000 sq. ft
and store provides customers a great shopping experience with three floors of apparel, footwear, products for children, household furniture and decor, health and beauty products. (IIMA; 2007)

2.4.1.2 HYPER MARKET

Hypermarkets have emerged as the biggest crowd pullers due to the fact that regular repeat purchases are a norm at such outlets. Hypermarkets not only offer consumers the most extensive merchandise mix, product and brand choices under one roof, but also create superior value for money advantages of hypermarket shopping. One of the leading players in this format is Pantaloon Retail India Limited which operates 32 Big Bazaars in twenty cities. In early 2006, the K. Raheja Corp (C.L. Raheja Group) has introduced it’s value retail concept Hypercity which is the country’s largest hypermarket at 118000 sq ft. [The Hindu Business Line; June 2006]

Unlike western countries where supermarkets are prominently visible, in our country this is lacking. The supermarkets largely concentrate on selling food related products and are considerably smaller in size compared to hypermarkets. Their value proposition is also different from the hypermarkets [Sinha, & Kar, 1997].

2.4.1.3 SUPER MARKET

Interestingly the fresh vegetables and fruits are normally sold on the foot path and in also open markets in India. Traditionally consumers feel conservative to buy fruits and vegetables from air conditioned
supermarkets. They prefer to buy either from the local mobile vegetable sellers or from the nearest sabji market. Probably that works as deterrent factor for the growth of supermarkets in India. But the situation is changing and slowly supermarket operators are coming to their own. A supermarket normally sells grocery, fresh, cut vegetables, fruits, frozen foods, toiletries, cosmetics, small utensils, cutlery, stationery and Gift items. Theft and the fear of damage to goods slowed the spread of the supermarket, but three factors led to its ultimate supremacy: (i) the growth of cities, (ii) a rising demand for food, and (iii) the spread of the automobile and refrigerator. (Walter; 2004)

Subhiksha is one of the leading supermarket operators, who largely operates in the southern part of India is expanding to western India. One more retailer Reliance Retail is on the move and this retailer opened its Reliance Fresh-a super market chain with 11 stores in Hyderabad in November 2006 and is planning to enter 70 more cities within 2 years. (IIMA Research, 2007)

### 2.4.1.4. CONVENIENCE STORE

A **Convenience store** specially offers location advantage for the shoppers. It provides ease of shopping and modified service to the shoppers. It charges reasonable prices, depending on the product category and carries a moderate number of stock keeping units (SKUs). In India, Convenience stores occupied 23 thousand sq. meter of retail space with sales of about Rs 1347 million in 2005 and are expected occupy 85 thousand square
meter of selling space by 2010. Twenty Four Seven’s portfolio comprises 3,500 stock keeping units (SKUs) of branded fast-moving consumer goods and another 3,500 SKUs of prescription and over-the-counter drugs besides 300 private labels products across food, focusing on staples such as pulses and rice. [Sinha & Kar, 1997]

2.4.1.5 DISCOUNTED STORE

The discounters offer several advantages such as lower price, wider assortment and quality assurance. Wal-Mart, the largest retailer in the world is a discounter. The discounters like Wal-Mart and Aldi were able to quickly build scale and pass on benefits to the consumer. However, in the long run success it depends on the operational efficiency and consistent value delivery to the consumer. It is believed that the average Indian consumer is highly price-sensitive and looks for savings in term of money in her grocery purchase.

According to Euro monitor (2006) report, in India there are 410 discount stores with 63 thousand sq. meter selling space and by 2010 that figure is going to be 555 discount retail outlets with 85 thousand selling space. Subhiksha, the Chennai based discount retail chain is going national. By July 2006 the retail chain had around 150 stores and planning to open 350 more by March 2007. The National Capital Region (NCR) is going to get a fair share of 145 stores. [hindu.com, July, 2007]

International brands like Tommy Hilfiger are also present in India through franchise arrangements with Arvind Murjani Brand Private Limited
(AMBPL) and its first store was opened at Banjara Hills, Hyderabad. The 3,840 sq ft store retails wide variety of products such as men's denim wear & sports wear, women's sportswear, junior jeans and accessories like handbags, belts and watches. (IIMA; Research and Publications, 2007)

There is no major Indian retailer in the sports and foot wear category. Reebok (85 stores) is the market leader here in India and there is no clear-cut winner in the second place. In fact, this segment is dominated mainly by foreign labels – Levis, Lee Cooper, United Colors of Benetton, Lacoste, Adidas (76 stores), Nike (62 stores), and Woodland (58 stores), etc. (www.imagesfashion.com)

2.4.1.6 CATEGORY KILLER

The category killer concept originated in the U.S. due to abundance of cheap land and the dominant car culture. Category Killer is a kind of discount specialty store that offers less variety but deep assortment of merchandise. By offering a deep assortment in a category at comparative low prices, category specialist can be able to “kill’ that specific category of merchandize for other retailers. But there is scope for such kind of format. In India, Mega-Mart is one sort of category killer which sells apparel products.

Both private-label and brand-name goods fill the shelves. They are looking for employing technology to manage large distribution networks. US based My Dollar Store started operation in Mumbai through master franchise arrangements with Sankalp Retail Value. The store opened with a floor
space of about 4,000 sq ft of space in Nirmal Lifestyle and offers wide range of products ranging from shampoos-to-juice-toys. (IIMA; Research, 2007)

**2.4.1.7. DOLLER STORES**

In September 2005, Mallz99 chain of dollar stores has also started operation in Malviya Nagar, South Delhi and the retailer has a plan to open 200 stores (both franchised & company owned) in India by 2009. The store offers over 1000 imported products that are priced at INR 99. It offered the major product categories like cleaning, health & beauty, hardware, plastic ware, kitchenware, candles, flowers, household items, home-décor, automobile, stationary, disposables, party supplies, fashion jewelry, glassware, chocolate & confectionary, gifts, toys, products for pets, melamine ware, novelties, socks and fashion accessories. [The Economic times, 2007]

In a chain store the owner of a single food store is both a decision maker and an employee covering for absent workers and performing tasks that could have been assigned to hired help. By acquiring additional outlets, an entrepreneur can devote more time to decision making. George Huntington Hartford was the leader of the chain store movement(Walter, 2004).

**2.4.1.8. VENDING**

This kind of retailing is making incursions into the industry. Smaller products such as beverages, snacks are some the items that can be bought through vending machines. At present, it is not very common in India.
2.4.1.9 MOM-AND-POP STORES

These are generally family-owned businesses catering to small sections of society. They are small, individually run and handled retail outlets. These store is the recent development in retail format.

RESUME

From this above discussion it can be mentioned that India is undergoing a rapid change in retail formats which are varied in terms of its product mix, services offered, ambience, price, quality of products, retail space covered. etc. In India metro cities, development of modern format is a common phenomenon. Now the retailers are aiming to spread their outlets in various cities and even trying to tap rural market also.

2.4.2 ENVIRONMENT OF MALLS

The existence of scent within the store which also affects customer’s response to the store. It is an effective way to stand out from the competitor’s retail managers use distinct store layout , display, colour and scent to gain competitive advantage in creating store atmosphere . [Spangenberg, Crowley, Henderson, 1996]. Langrehr [1991] discussed the effects of crowding, colour, music, noise and temperature. A crowded and noisy environment reflects low image and customers are reluctant to spend longer time in the store and purchase lesser number of goods from the retail outlet.

According to Kim, Christiansen and Feinberg and Choi [2005] there is a relationship between entertainment values in mall environment and buyers
buying behaviour. Now people are under time pressure so they prefer shopping with enjoyment under one roof and mall developers are engaged in providing the means of entertainment. The focal point is the right assortment to meet the need of the target customer. Mall is a place for purchasing, relaxation, gathering point for teen agers and convenient place for purchasing products. Retailers competition has given a boost to the development of mall excitement and try to offer differential benefits in terms of 'tenant mix', creating fabulous mall environment and involvement of customers in shopping [Wakefield and Baker, 1998]. Roy [1994] establishes the relationships between mall visit frequency and consumer variables like demographic profile: the people under the age group of 40 - 60 conceptualize shopping as enjoyment, 18-39 age group visit mall mostly during promotional offers and older people with high income group is less deal prone. Anselmsson [2006] thrusts on wide variety of product mix atmosphere, refreshment, convenience, personnel store performance to increase mall visits and on the other hand clean, fresh, appealing, decorated, modern outlook, spacious place for shopping are responsible for generation of satisfaction of customers.

**RESUME**

Mall, the recently evolved format of retailing, is a place for recreation and enjoyment along with purchasing and an attractive destination for social gathering and interaction. It exists to provide hassle free shopping experience and value driven services. The combined effect of in store music, lighting, scent, fresh and spacious area, entertainment facilities, trained sales people, availability of variety of brands construct strong appeal to present day consumers to visit malls.
2.5 CONSUMPTION PATTERN OF INDIAN MARKET

The Indian market is at the transformational phase as there is high penetration of organized retailers along with traditional market. Though "Rural spending basket differs from urban spending", Urban consumers spend 42% of their monthly expenditure for grocery items where as rural people for whom agriculture is the main source of their earning and they spend on occupational purchase like seeds, fertilizers [Price water house cooper, 2004-2005]. IBEF [Dec, 2008] illustrated that traditional retail market is popular in different small cities and towns and kirana type small stores prevail in the market. Clothing and apparel segment dominates the organized retail store with 36% of total organized retail sales. According to Joseph, Soundararajan, Gupta, Sahu [2007] the wide availability of products increases the expenditure of Indian people. Pricewaterhousecooper [2006-07] conducted a study on food, beverages, tobacco, household goods and services, leisure and education, clothing, footwear, health, hotel & restaurant, transport & communication and depicted that discretionary expenditure has gone up to 16% for urban upper and middle class, and rapid customer acceptance of luxurious goods & services. The spending has been enhanced on personal care products and recreation and since 2003 consumer durables is on the upward trend. In India retail market food & beverage segment is being emphasized in the form of super market and hyper markets.

Vasal [2008] revealed that food consumption occupies 32% of the total monthly expenditure whereas cloths & jewellery segment is 19%, leisure
and entertainment 11% respectively. During 2004 only 10% was organized in food and grocery segment, 39% in Clothing and textile, Consumer durables 12%, food service 7%, home improvement 8%, jewellery and watches 7%, footwear 9%, music, toys, gifts 3% only [TSMG Analysis, June, 2006]. Ernst & Young [2006] estimated that four major segment will grow gradually from 2002 to 2007. The CAGR (%) for food, clothing, consumer durable and book and music is 33%, 16%, 18%, and 26% correspondingly. The study also shows that all in the categories chain store is performing well than the single outlets. The total retail sales is distributed disproportionately which includes food and grocery covers 77% of the total retail sales and clothing, (7%) durables (4%), jewellery & accessories (4%), home furniture (2%), footwear (1%), book & music (1%).

A.T Kearney [2006, Nov] has classified the retail market segment wise which represents clothing, textile, fashionable accessories 40%, food & grocery 19%, as maximum organized retail share holder and book, music and beauty products sharing 1% each. IBEF [Dec, 2008] illustrated that traditional retail market is popular in different small cities and towns and kirana type small stores prevail the market. Clothing and apparel segment dominates the organized retail store with 36% of total. India Retail Report [2009] describes the product category wise total Indian retail market has been growing from 2006 to 2007. Clothing, textile fashion accessories 15.7%, Jewellery 15.3%, Watches 11.4%, Footwear 16.4%, Health and beauty care services 21.1%, Pharmaceuticals 15.6%, Consumer durables, home appliances, equipments 19.5%, Mobile handsets,
accessories and services 25.6%, furnishings, utensils, furniture Home and office 11.9%, Food and grocery 6.5%, Food catering services 25.1, Book, music, gifts, 23.3, Entertainment 20% and total growth is 10.8%.

RESUME

In India, traditional format dominates the retail market. Still the organized retail market is becoming an attractive destination for various product categories. The spending pattern of customer shows that maximum amount is spent on food and grocery segment. Clothing and textile sector is mostly organized in compared to other products like furniture, fashionable accessories, music and entertainment etc. Modern format of retailing is gaining popularity day by day specially in metro and major cities of India.

2.6 CUSTOMER SATISFACTION AND RETAIL SERVICE: AN INTERRELATIONSHIP

The interrelationship between retail service and customer satisfaction is the key determinant of retail success. Service quality has immense positive impact on overall customer satisfaction [Wang and Shieh, 2006]. Quality service is considered as a strategy for survival in a competitive environment [JuLiang and Hung Wang, 2005] and retailer's success and failure depends on degree of customer satisfaction [Larry Freed, 2005]. Gilbert, Veloutsou, Goode and Moutinho (2004) identified the importance of customer service in present day's globalization in services, which includes
'customer satisfaction with the personal service' and 'satisfaction with the service setting'. Retailing is a high-service industry and now a days retailers enter into new market throughout the world. As a result, they should explore the customer's expectation and perception in terms of retail store services [Raven And Welsh, 2004]. So retail service is considered as a strategic tool to attain operational efficiency and performance [Single, Virdi, Singla, 2009]

Further Cortin'As, Elorz & Villanueva, (2004) stated that firm's success is dependent on how efficiently organization meet the need and expectation which generate satisfaction among customers. "Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations" [Philp Kotler, 2001]. Service quality is the function of the difference between the customer perception and their expectation of the services rendered by the firms [Kaul, 2005], [Wang and Shieh, 2006] and "measuring expectation & perception separately also allows managers to better understand the dynamic of customer assessment of service quality over time." [Parasuraman, Berry, Zeithaml, 1988]. The elements like sales performance and service and product quality are the main source of customer satisfaction which is driven by customer enthusiasm [Spiller, Bolten, & Kennerknecht, 2006]. "Service quality is being increasingly perceived as a tool to increase value for the customers, as a means of positioning in a competitive environment to ensure customer satisfaction, retention and patronage" [Kaul, 2005].
RESUME

To sustain and retain existing customers and to create new customers base in a competitive and dynamic retail scenario, customer satisfaction is a core concept to adopt for long term survival in a market. At present retailers focus on rendering retail services to generate satisfaction among customers and the degree of satisfaction is measured on the basis of how well the retailers are capable of meeting the customer expectation and perception about the retail services. It has been realized that customer retention is the determinant factor to measure the performance of retail service which pave the way to create customer loyalty.

2.6.1 CUSTOMER SATISFACTION AND LOYALTY

In a competitive environment, gaining customer loyalty has become the focus of all business activities because it is considered as the outcome of interaction between customer and retailer. Satisfaction and loyalty are the two closely linked customer behaviour, the satisfaction can be measured by overall satisfaction generated through receiving service at retail stores, type of purchases made by customers and loyalty is evaluated by the frequency of purchase at the store, and variety seeking and intension to continue shopping at the store [Cortine'As, Elorz & Villanueva, 2004] and also added “There is a close link between a firm’s success at satisfying a customer’s need and demand with its offer and subsequently gaining the loyalty of this customers”. Customers’ loyalty generally pass through four stages of behaviour namely: (i.) Cognitive stage deals with customers’
awareness regarding cost benefit factors of products and services. (ii.) Affective stage helps to develop a positive attitude or liking towards the product or service. It is a ‘deeper level of commitment’ which leads to satisfaction (iii.) Cognitive loyalty stage involves customer’s commitment to rebuy a product/ service and shows consistency in future and lastly (iv.) action loyalty leads customers to become loyal and how often they try to purchase is a determinant of level of loyalty [Sawmong and Omar, 2004] and create devoted loyalty [Doherty and Nelson, 2008]. Retailers can gain customers’ trust by rewarding consumers or their loyalty [Lian & Wang, 2005] and “retailers should adapt their services and policies for service delivery according to the product categories in order to respond to the relational benefit sought by customers in the store, contributing in this way to higher customer satisfaction and loyalty levels” [Contri, Ruiz- Molina, Gil-Saura, 2008].

High rate of customer’s store switching has compelled retailers to focus on customer retention and loyalty. Customers prefer to visit a store having attribute like competitive price, friendly sales assistance and trust in shops and sense of security increases functional reliability which leads to the concept that is the main influence on loyalty which is considered to be satisfaction. According to Dixon, Bridson, Evans & Morison [2005] the importance of loyalty is explained as “Retaining customers is becoming increasingly important for retailers as customer loyalty can provide the organization with a valuable and sustainable competitive advantage”. Larry Freed (2005) mentioned that retailers have two types of objectives-
sales & loyalty and customer satisfaction is the determining factor for sales growth and long term loyalty. The store loyalty in a mall is determined by the factors include service quality, location factors, retail mix, store image accessibility, ambience, amenities and store promotional activities [Majumdar, 2005].

Omar [1999] [Pg-118] has listed out elements of customer satisfaction that leads to store loyalty:

Customer expectation includes

- Price
- Variety
- Uniqueness
- Convenience
- Reliability
- Quality service
- Value for money
- Reliable information
- Good place to shop

To fulfil customers’ expectation, Omar [1999] has explored retail marketing mix application which includes

- Store location
- Product Characteristics
- Customer Service
- Retail Communication
- Instore ambience
RESUME

From the above discussion, it can be mentioned that customer satisfaction and loyalty are interwoven in every sphere of retail service. Though the satisfaction and loyalty is dependent on store service. Due to proliferation of retail firms, providing basic functions of selling goods and services to the customer is not the benchmark of their performance, retailers are expected to provide convenience and comfort of shopping to the customers. With the availability of value added services, customers' expectation and perception about the retail service are increasing day by day. As the competition intensified, more emphasis is given on wide assortment, location facilities, ambience, proper parking space, store decoration, reasonable price and employing knowledgeable & cooperative sales staff and adequate information flow. Customers' satisfaction is generated on the basis of the degree of retail service efficiency and ability to minimize the gap between buyers' expectation and receiving retail services. Customer loyalty is a critical factor to conceptualize the retail store service because variety seeking and store switching attitude of buyers compels retailers to provide service in an unconventional and unique way which can influence the repeat purchase and long term benefit can be predicted. Trust and reliability building is essential to pull customer loyalty and rewarding them for their frequent buying is a motivating factor to keep long term relationship between retailers and customers.
The influence of customer's perceived quality and customer's satisfaction on the performance of retail store is dependent on two variables like store traffic and revenue growth. Retail service and quality of merchandise have immense impact on store performance which regulates the degree of customer satisfaction [Babakus, Bienstock, Vanscotter, 2004] and explained "customer assessment of quality of merchandise and services offered by a retailer result in affective responses in the form of satisfaction and dissatisfaction". Gaur and Agrawal (2006) opined that "improving service quality is believed to improve profitability and enhance retail store performance. Such improvement however requires monitoring and continuous measurement of performance along service dimensions that determine standard of service quality" and stated that SERVQUAL and Retail Service Quality Scale (RSQS) are the important tool to determine service quality. SERVQUAL was developed to measure service environment and SERVPERF is treated as an effective tool for measuring service quality in retail setting. The original SERVQUAL scale developed by Parasuraman, Zeithaml, and Berry (1988) for service quality and the scale is used to identify the relationship between service quality and customer satisfaction [Wang and Shieh, 2006] and an extension of the SERVQUAL scale suited for retail stores was developed by Dabholkar, Thorpe and Rentz (1996). The dimensions of the performance-only measurement of service quality (SERVPERF) acts as determinants of 'consumer satisfaction' and 'behavioral intentions' [Lianxi Zhou, 2004], RSQS helps to measure overall service quality and identifying overall improvement in quality over the time period [Kaul, 2004]. SERVQUAL has five dimension to measure service quality.
Table 2.1 : Dimensions of Service Quality

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
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<tr>
<td>Tangibles</td>
<td>The appearance of physical facilities, equipment, appearance of personnel, and communication materials</td>
</tr>
<tr>
<td>Reliability</td>
<td>The ability to perform the promised service dependably and accurately.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>The willingness to help customers and provide prompt service</td>
</tr>
<tr>
<td>Assurance</td>
<td>The knowledge and courtesy of employees and their ability to trust and confidence</td>
</tr>
<tr>
<td>Empathy</td>
<td>The caring, individualized attention the firm provides to its customers</td>
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To serve the customers efficiently, acquiring knowledge regarding culture, religion and influence of gender on service expectation is necessary. Global retailers can gain the advantage by realizing the cultural difference because it affects customer's expectation and perception of service quality [Raven and Welsh, 2004]. It is also said that dimension or criteria for evaluating service quality is based on demographic and cultural profile [Gaur and Agrawal, 2006] and customers expectation is guided by the factors like age, gender, ethnicity, personal characteristics and income level [Hill and Motes, 1995] & [Gagliano and Hathcote, 1994]. The expectation and perception of customers regarding service quality is greatly influenced by the personal characteristics, demographic profile and socio-cultural factors etc. They set different dimensions to measure service quality and
accordingly judging customer’s degree of satisfaction is based on different criteria identified by numerous researchers in their own ways. The five dimensions of quality of service have been pointed out as Reliability, Confidence, Helpfulness, Empathy and presence of Tangible elements [Nyeck, Morales, ladhari, and Pons, 2002]. “The tangibility distinction between goods-providers and service-providers has become largely illusory within the retail sector” and service retailing offers standardised and customised services [Winsor, Sheth, Manoli, 2004]. The store promotion, attitude of employees help to form store image because tangible factors create impression in customer’s mind. To render better service, updated and accurate information about stock keeping units and perfect combination of merchandise variety, price and service enhance the image of a speciality store [Galiano and Hathcote, 1994]. There are different determinant which influence the level of customer satisfaction in retail service encompassed range and variety of products, store convenience, shopping ambience, proper information regarding product and services, price and opening hours of the stores, Self service and home delivery [Cortine’As, Elorz & Villanueva, 2004] and customers affective responses are stimulated by quality of products, merchandise mix, store design, atmosphere and service, promotional activity, price and convenience in shopping [Larry Freed, (2005), Choudhury and Legas, (2003), location of the store and Babakus, Bienstock, Vanscotter, (2004), Spiller, Bolten, & Kennerknecht, (2006), Aveek Majumdar, (2005), Larry Freed, (2005)] added more elements to assess customer satisfaction brand image, store channel, consistency, website channel. “Availability of consumers’ most
preferred alternative in an assortment positively influence their perception of assortment size" [Krishnan and Koeleneijer, Rao, 2002] and customers expect commitment of retailers to merchandise consistency in terms of brand, size, flavour and colour.

Training is an effective tool for improving sales people's service like responsiveness, reliability, and empathy along with good management technique, Customer's trust on store is essential to develop positive feeling & perception about the store which can be increased by helpful and courteous behaviour of employees and consistent and fair prices [Choudhury and Legas, 2003] because customers prefer to visit a store having attributes like friendly sales assistance, trust in shops, and sense of security which are ultimately increasing functional reliability [Dixson, Bridson, Evans & Morrison, 2005]. Abu (2004) identified the service dimension in retail setting which measures, such as responsiveness, completeness, access, courtesy, communication, credibility, security, tangibility and knowing customers well and employee's service performance [Chen and Quester, 2006], frequency of service, shelf maintenance, promptness of sales representatives, attention to detail, prominent display, space arrangement, 'end of aisle' [Mangold and Faulds, 1993], facilities, convenience service, congestion, clean, space, competitiveness, goods, shopping difficulty and travelling [Sawmong and Omar, 2004] which have immense impact on customer satisfaction and sales volume through which business performance can be predicted.

Further the store sales can be affected by the aisle and location of display
as it has great ‘asymmetric effect’ on sales affinity. The decision pertaining to display & aisle might be influenced by the factors like trade deals and condition of local market [Bezawada, Balachander, Shankar, 2009] and added now “retailers are testing or using newer in-store technologies, such as radio frequency identification-enabled shopping carts, personal shopping assistants, and electronic displays, to improve shopability. The importance of these technologies in enhancing shopability may depend on consumers’ perceptions of their values, both independently and in their interactions with merchandising decisions, such as those regarding aisle and display placements”. A planned allocation and proper management of shelf space provide benefits to the retailers in respect to maintain adequate stock, visual effect, high brand exposure and operating efficiency which increases customers’ satisfaction [Lim, Bay, Rodrigues and Zhang, 2004].

Chiu, Yau (2007) identified physical facility is a vital part of retail setting specially for planned shopping centre and the “success of retail facility depends on number of factors such as locality, positioning, tenant mix, layout, and design and promotional activities.” The sensible performance of frontline staff is a critical factor for store service and well trained, sensitive, responsive sales staff to the customer’s query, cleanliness, proper ambience build the store image in a competitive retail business [Fen and Meilian, 2007]. Attitude of the retail employees is a vital factor to attract customers to the shops because people prefer to those stores which have courteous & attentive employee, prompt service and convenient operating
hours [Kaul, 2005] identified the following dimensions to measure the service quality in departmental store:

- Problem Solving
- Physical aspect
- Reliability
- Personal Interaction

The attribute like Physical aspects includes retail store designing, layout and overall appearance of the shop. Reliability attribute refers to the maintaining retailers promises and authenticated and right quality of service. The personal interaction involves level and quality of communication takes place between customer and store personnel and courteous, helpful, responsive & confident sales staff are desirable for better store services. Problem solving attribute indicates capable sales person who can handle customers' problem and can manage product return and exchanges of products.

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Retail service expectation encompasses a wide range of service as it is influenced by variety of factors such as socio cultural impact and demographic profile of the customers which include age, gender, income level etc. To increase the store traffic and to generate revenue, retailers are introducing various new set of services to satisfy their target customers. The service quality of retailers can be measured on the criteria of various
dimensions which are core value providers and facilitate to build store image. The basic retail services are keeping and maintaining adequate range and stock of products and services at competitive prices, convenience, accessible location, friendly and responsive sales people inside the store. Instead of rendering the above mentioned services some additional retail services have paramount importance in present retail scenario, the services include physical setting, prominent display, well arranged shelf space, store layout, information flow thorough effectively designed promotional campaign, speed of service, civic amenities, entertainment facilities, long opening hours of the store, security etc. The measurement of service quality in retail has different set of attribute which may vary from departmental store, speciality store, convenience store to hyper market and malls.

2.7 VALUE ADDED SERVICES PROVIDED BY THE RETAILERS

To survive in the dynamic and ever changing market, retailers are now introducing various types of value added services to attract and retain customers. The exterior and interior physical environment of the retail outlets are the key determinant for creating favourable attitude among target customer so a retail environment is strategically developed in such a way that reflects the image of the firm [Ward, Bitner and Barnes, 1992]. "Physical environment that a retail store presents to potential customers can be divided into two parts; the external environment, that part of the store visible prior to entry into the retail sales or service area (parking
lot, facade, entrance etc) ; and the internal environment, that part of the store visible from the retail selling space" [Ward, Bitner and Barnes, 1992, summer]. "The importance of retail store design and merchandising policies rests in the ability of the physical retail environment to alter shopper reaction and behaviour" [Babin and Darden, 1995]. Moore and Lochhead [1998] examine that the impact of store exterior on the store image and designing of retail store has an influence on positioning and image of the store.

Davis and Tilley [2004, July] observes that retail environment encourages persons to purchase products from a outlet depending on arrangement of physical store layout, visual effects, fixtures and furniture which facilitates easy customer flow to create maximum selling space. Machleit, Eroglu and Mantel [2000] observe that link between customer's perception of crowding in retail outlet and their satisfaction level which varies with different store type and considering ceiling and floor effect. Customer's perception of crowding decreases the positive emotion. "If the store were crowded on the space dimension (say due to excessive merchandise, narrow aisle, overflowing racks), shopper might have felt that they had less opportunity to change the environment". Retailer should focus on how shoppers reach to retailer's strategy to nullify negative outcome of crowding.

The shelf space and display are the two important concepts in retailing and based on that, retail managers evaluate their assortment stock. The basic concept of retailing is advocating that display space must be allotted to merchandise depending on its volume of sales. The basic concept of retailing
is advocating that display space must be allotted to merchandise depending on its volume of sales. The proper placing of high demand products can attract more customers to the shop. [Davies and Tilley, July 2004].

The aesthetic designing of store, building, shop windows, displays, strategic arrangement of merchandise build store image and which also affects store image. [Moore and Lochhead, 1998]. According to Seiders, Berry, Gresham [spring 2000] “Consumers favour retailers that save them time and energy. By understanding a retail experience from drive to checkout, you can maximize the speed and ease of shopping and build lasting customer relationships. Congested parking lots, out-of-stock merchandise, interminable checkout lines, indifferent sales help or no help at all - once these were facts of life that retail customers reluctantly tolerated. Now customer enjoy more retail alternatives than ever before, from one store, super store to the internet. Driven by time pressures, they value quick-and -easy shopping excursions. They expect retailers to meet their needs, not the other way around. The retailer that spares its customers hassles and delays wins their business and outperforms its old fashioned competitors. From pre-purchase through post purchase, customer wants convenience.”

Morgan [2006] has suggested that shopping can be a form of remarkably memorable experience when shoppers receive products from variety of choice and experience some uniqueness in the process of shopping while spending time with friends and have some recreation and relaxation. Because now a place of shopping has become a place of social interaction.
People evaluate the experience of shopping on the basis of individual's set attribute and expectation of the service dimension such as 'positive value', 'fringe at the heart', 'shared experienced', 'moment of amazement' and 'abandon choice'.

At the time of selection of shopping destination location, public transportation and roads are the important issues to consider.

Schlosser [1998] expressed his view that the store atmosphere has an impact on quality of product and store image and the aesthetic atmosphere of the store contributes to build favourable conception about the retail outlet. The impression of a store can be developed on the basis of outside decoration includes 'displays', 'lightings', 'music', 'colour' and 'arrangement of space' etc.

Customers prefer any store on the basis of locational advantage, convenient entry and exit of the store and reasonable price. [Mermelstein and Shalbackzid, 2005]. Davies [1993] pointed out that Location is a critical factor to success for retailers and they adopt various locational strategies specially convenience and grocery outlets.

Retailers are trying to identify various unique avenues of value based offering to create customers' complacency because perception of customer's shopping experience is more important than perception of assortment quality and pricing [Kerin, Jain and Howard, 1992]

According to Graeme.D, Hutcheson, Mountinho [1998] Customers select store for purchasing based on combination of two factors: sales person of
the store and quality of the product in one hand and low range of price and frequent promotion on the other hand These factors also determine the satisfaction level of the customers.

Rajagopal [2009] focuses on mall management by rendering services like recreational infrastructure, long opening hours, consumer education and the shoppers preference of shopping mall relies on factors like 'store assortment', convenience, distance to malls, 'leisure facilities', store ambience. Shopping intention is triggered by attractiveness of malls, sales promotion, 'inter-personal influence'. “Shopping malls attract buyers and sellers, and attract customers, providing enough time to make choices as well as a recreational means of shopping. However, competition between malls, congestion of markets and traditional shopping centres has led mall developers and management to consider alternative methods to build excitement in customers.”

Dutta and Mukherjee [2006, January] established an relationship between customer relationship management and Value added services. It is stated that technology supported services are mainly generating functional benefits where as value added services provide convenient shopping space, safety & security, civic amenities, central location of the store, well furnished retail outlet.

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From the above mentioned statements it is noteworthy that the retailers are now rendering value added services namely wide stock of assortment, parking facility, proper store layout planning, convenient location,
attractive entrances, lighting, music, leisure and refreshment facilities, arrangement of assortment, creating aesthetic ambience, managing enough in store space for customers, window display, interior and exterior design, customer oriented service. These activities are playing the role of motivational tools for customers while visiting the retail outlet and purchasing of goods and services. The value added services are aimed at providing convenience, enjoyment and a place for social interaction with a view to create customers' complacency.

2.8 ROLE MARKETING COMMUNICATION IN RETAILING

Laczniak, Decarlo and Motley [1996] expressed the impact of word of mouth communication on consumer evaluation of store and consumer attitude and purchasing power. To maintain the store equity, retail manager should apprise the customer perception of store's retail equity. There are two important aspect of retail equity: store awareness and store image. They emphasis on creating 'favourable' and 'unique' attachment of customer with the store. The effective marketing communication not only creating favourable image but also reduces negative conception about the store. Burton, Lichtenstein and Netemeyer [September - October, 1999] established relationship between weekly advertising flyers for supermarket and the number of advertised products bought and how much amount spend in these products. They mentioned the increasing number of customers observing advertising flyers may enhance the amount of money spend on the each item.
Promotion of product in one store significantly decreases the sales of substitutes and complementary products in a competing store. The retailers introduce price promotion with a view to maintain or increase store loyalty and sales. Price promotion has an impact on consume purchasing pattern. [Walter, 1991] Mermelstein and Shalbackzid [2005] investigated that display, word of mouth and in store promotion are influential fresh food, packed food and beverages.

According to Dutta and Mukherjee [2005] promotional strategy ranges from traditional garments retailers informing customers through popular local television channels during prime time shows, offering gifts, price discount in voluminous purchase during festivals. The reputed speciality stores rely on nationalized channels and weekly magazines, use attractive and prominent display to attract customers. The other forms of promotion are celebrity endorsement, word of mouth and persuasion of sales people. The promotional offers are introduced to increase the mall visits [Anselmsson, 2006]


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Promotional activities have become an essential element for all types of retailers in a present competitive market. They are planning to incorporate unique form of promotional offers to retain attract and retain their customers. It makes customers aware of various offers which motives
them for greater purchase. The marketing communication is a tool to build favourable image of the store and a means of interaction with customers.

2.9 THE PERFORMANCE OF SALES PERSONNEL IN RETAIL SECTOR

Klassen, Clayson and Jaspel [1996] enumerated that salesperson is an integral part of store’s success. The performance of sales people are appraised according to ‘attitude’, knowledge about product and the service provided by them and their appearance. Salesperson’s ‘stigmatized’ appearance affected perception of the customer about store image so the neatness and selection of dress are also important. Sales staff of the store positively influence the store image [Laczniak, Decarlo and Motley, 1996]. Sharma, Levy and Kumar [2000] studied the importance of selecting right kind of sales people and the need training among sales people and their knowledge structure and its impact on sales performance. They should understand customer’s distinct need and demand and must formulate strategy for each type of target customer. Anselmsson [2006] emphasized on personnel store performance in building customer satisfaction. Dutta and Mukherjee [2006] observed that good customer service with friendly ambience is an important factor to visit and purchase products from the store.

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From the above literature review, it is suggested that sales personnel are the determinant factor while customer making a choice of store. The
customers' satisfaction can be dependent on attitude, manner, appearance, product knowledge and training of the sales people. The performance of the store personnel can affect the perception of the customer about the store.

The extensive literature review has facilitated the research work in conceptualizing the varied dimensions and parameters of retail marketing. It has been observed that several studies have been conducted on national and international platform. Though state wise detail description of retail market and customers' response in India has not been prioritized. In eastern part of India, West Bengal is regarded as the gate way of India and well renowned state for its geographic location and diverse climate, enriched culture, historic value and recently for its development in IT enabled services. The state has the third largest economy among the other states. It has been realized that various studies and reputed retailers have recognized West Bengal especially Kolkata and Durgapur as prospective retail destination in recent future. But in depth studies have not been conducted in sufficient manner. A wide spread literature survey lends a hand to make out that customers opinion regarding their preferences towards the organized and unorganized retail market for purchasing different types of products. Moreover their views on the facilities and value added services by the retailers of different formats and its impact on retail market development have not been taken into account. This has inspired the researcher to undertake this theme to explore the varied scope of the study.