CHAPTER-1
INTRODUCTION
# CHAPTER-1

## INTRODUCTION

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1.1 Introduction

"Gujarat seeks to drive economic development balanced carefully with social development. The state aspires to benchmark itself with global economic powers on more than one attribute, such as Governance, Infrastructure and Human Development. Gujarat foresees itself as the numero uno state, leading the way for a prosperous India."

Gujarat has witnessed impressive industrial development since its formation as an independent state in 1960. The industrial sector at present comprises of over 1200 large industries and over 3,12,000 micro, small and medium industries. As per the results of the Annual Survey of Industry (ASI), 2004-05 carried out by the Central Statistical Organization (CSO), under Ministry of Statistics and Programme Implementation, Government of India, Gujarat accounts for 17.2% of fixed capital investment, 15.6% of value of production and 13.7% of value added in industrial sector in India. Gujarat has achieved the distinction of being the top most industrially developed state in India in respect of investment in industrial sector and second among states in respect of value of production and value addition in industrial sector in India.

Today human needs have become more sophisticated and complex in nature and at the same time there are umpteen numbers of firms who see great opportunity for business potential and the intensity of battle for space has become very significant. This has given rise to marketing activities which are essentially marketing plans and programs with a view to countering competition and at the same time retain the business. The marketing activity has been in the business for long but it was not
recognized as an organized function and an organized activity very crucial to the growth of an organization.

The Marketing plays a pivotal role in the growth and development of a country irrespective of a country irrespective of size, population and the concepts are so interlinked that, in the absence of one, another virtually cannot survive. It is a historical fact that the development of marketing has always kept pace with the economic growth of the country. Both have experienced evolutionary rather than revolutionary change. The objective of modern marketing is to make profits through satisfying consumer’s needs and wants. Hence, the marketers have to understand the real needs, wants, beliefs and attitudes of the consumers towards their products and services. Today network marketing is a multibillion dollar business. Numbers of companies have adopted this business model. It has grown into one of the driving forces of the 21\textsuperscript{st} century economy.

At the beginning of the 20\textsuperscript{th} century there was no shortage of goods; goods were available in plenty and at cheap prices. Several brands of the same products were also made available to the consumers. Since the handling consumers became an important aspect of marketing than handling the products. In such a situation of multiple choices the consumers began to occupy a place of unique importance. Consumers were in a position to bargain in the market and get the best return for every rupee they use to spend. Manufacturers had to ensure that the products were made available at proper time and place to the consumers. At this stage the concept of marketing was profitable after satisfying the consumers.
“Consumer Consciousness” is the bedrock of the end Marketing Concept. Marketing should start with evolution of marketing concept. The business firms gave up “Supply Orientation” and adopted “Demand Orientation’.

1.2 What is a Market?

Place concept
A market may be considered as a convenient meeting place where buyers and sellers gather together for exchange of goods, e.g., a spot, cash or physical market.

Area concept:
It is the economic concept. Any area providing a set of price making forces may become a market, we need three conditions
1. Unmeet wants
2. products to meet this demand
3. Means of interaction or inter communications so that forces of demand and supply can interact to determine the prices even without face to face meeting of seller and buyer. We have now even global means of communication at our disposal. Hence we can have national and global markets for many products. Of course, money and middlemen are there to facilitate all marketing operations. The meeting place is not necessary. It is a matter of convenience only. Money market has no such central meeting place.

Demand Concept:
Today, a market is equated with the total demand. Hence, market means a group of people having unmet wants, purchasing power to make their
demand effective and the will to spend their income to fulfill those wants. This is considered a good approach to define a target market or a market segment.

Under keen competition, a marketer wants to create or capture and retain the market through an appropriate marketing mix offered to a target market. The marketing offering (supply) must meet fully customer demand i.e. unmet needs and desires. Under the market oriented approach (Marketing Concept) demand concept of market assumes unique importance. In short the three concepts of market reveal the following main features

(Figure1.1: Main Features of Market)

1. Buyers (demand) and sellers (supply) are the two sides of the market.
2. The circle of exchange represents the market to conduct exchanges.

3. The meeting of minds is more important than face to face meeting in order to create a market, wherein we have one single price for a product determined by the free play of demand and supply.

4. In the free market system, price is determined by interaction of forces of demand and supply.

5. Factors affecting the exchange process are (1) Demand and supply, (2) Price (3) Market information with sellers and buyers (4) Legal control and regulations to ensure fair price.

6. Feedback information points out buyer’s post purchase experience. If buyers’ expectations are fulfilled, seller will be get repeat orders. If dissatisfied, buyers will switch to rival brands.

7. Under market driven approach, consumer service and satisfaction become the focus around which entire enterprise is centered and through demand satisfaction profit is made even against keen competition.

1.3 Evolution of Marketing Concept

In ancient times, the transactions between two persons or two organizations were merely exchange of goods that is commonly known as barter system. However, this barter system could not be used as an efficient system of transaction as the value of goods varies from place to place and suitable exchange may not be possible. Besides the barter system had serious limitations not only to volume exchange process but also to the quality available in the market which is acceptable to the customer. Therefore, the more acceptable system of buying for goods or services in kind or cash or in suitable currency became more and more relevant. This process of exchange of money for goods and services to
satisfy both sellers offer to sell and buyer need to purchase gave birth to marketing process or activity. The earliest idea of putting marketing into practice was perhaps adopted by few enterprising families.

Perhaps, it can be said confidently that marketing was recognized as a useful activity in Japan and credit goes to the Mitsui family in Japan around 1650, when they started a departmental store in Tokyo. The concept of department utilization of product sale or counter sale has undergone substantial changes in the last three centuries but the basic idea still remains unchanged, i.e. to serve consumers according to their needs and requirements but the credit for thinking in terms of scientific methods or ways to investigate the needs of consumers according to their needs and requirements but the credit for thinking in terms of scientific methods or ways to investigate the needs of consumers and accordingly plan all marketing activities was done by C.H.Mc Cormick in 1850. The commercial research, as it was known at that time, was first adopted by Curtis Publishing Company in 1911.

The term marketing first appeared in college education in the early 1900s. In 1905, “The marketing of products” was taught at the University of Pennsylvania and in 1910, “Marketing Method” was taught at the University of Wisconsin. Marketing as a subject became popular only after world war – II. In India marketing was regularly taught at business management classes since 1970s of late, marketing and finance are two courses which are popular for professional courses. It was only in 1960s and 1970s, that service oriented products like airlines and banks started using marketing. So that it was during 1950s, that the concept developed.
Marketing has now entered into other service sectors like insurance, tours, and travel, hospital and health care but it is only in the initial stages and would take long time to mature. Though they have been practicing marketing in developed economies but their entry into developing countries has given rise to hopes that marketing will now be regularly practiced in these service areas.

1.4 Definition of Marketing Concept

On the basis of above discussion the definition of marketing concept is as under.

- **Philip Kotler**
  Marketing is the analyzing, organizing, planning and controlling of the firms, customer imaging resources, policies and activities with view to satisfying the need want of chosen customer group at a profit.

- **Harry Hanson**
  “Marketing involves the design of product accepts to the consumer and the conduct of those activities which facilitate the transfer of ownership between seller and buyer”

- **William Stanton**
  “Marketing is a total system of interacting business activities designed to plan, price, promote and distribute satisfying product and service to present and potential customers.

- **Cundiff and Still**
  “Marketing is the business process by which products are matched
with markets and through which transfer of ownership are affected.

- **American Marketing Association**
  “Marketing is the performance of business activities that direct the flow of goods and services from producer to consumer or user”.

1.5 **The salient features of the Marketing Concept:**
1. Consumer Orientation
2. Integrated Marketing Management Action
3. Consumer Satisfaction
4. Goals Including Profit

1. **Consumer Orientation**
   With the adoption of Marketing Concept consumers became the starting point from which the various other business functions took their inspiration. It was laid the foundation of some middle puzzling questions like consumer might be irrational, whimsical, be might spent thrift throwing away his money easily. The marketing concepts the consumers with all their inherent existing contradiction around which the entire business philosophy resolves. Hence the consumer orientation is the foundation of the marketing concept.

2. **Integrated Marketing Management Concept**
   The manufacturers cannot decide on his own that when he should increase or cut down the production marketing can never be an isolated management function. Every activity on the marketing side will have some bearing on the other functional areas of
management such as production and finance. The financier cannot fix the price or the terms of sale of any product. He may study the cost present various alternatives level of price by himself without consulting the marketing manager. This applies equally to other decision whether it relates to production, production designing or quality of product.

It is obvious that certain segment of consumers might be concerned about the price where a few customers might be concerned about the quality of the product as well. However, with the increasing customer awareness most of the consumers are concerned about the quality as well as price together. It is importance for the marketing wing to study the priorities of the different segments of customer satisfaction and lay the strong foundation for healthy commercial organization.

2. **Consumer Satisfaction**

It is not enough for a firm to succeed in marketing its products with sufficient profit. While marketing its product with enough profit a commercial organization may expand its business and increases its assets. However in this process it cannot ignore the satisfaction of the consumer. Any commercial organization can offered to ignore its consumers at the cost of its own peril.

Some customers may bother about price. Some may be more concerned about the quality and other are concerned about both quality and price and unless the marketing man takes pains in studying consumer preference he cannot succeed in satisfying the consumers and why to satisfy the consumer? Because, consumer satisfaction is the proper foundation in which any business can build its future.
3. **Goal Including Profit**

Consumer satisfaction is the major theme of marketing concept. If a concern has succeeded in building consumer satisfaction, it implies that it has produced a quality product, it has offered a competitive price and creation of the profit is essential requirement for any business. The marketing concept is against profiteering but not against profit, since earning profit is an essential requirement for any business organization for its survival. Reasonable return which essential profit is for the survival and growth of any business organization along with consumer satisfaction should be the concern of the manufacturer. The concern has right to earn a profit by giving full satisfaction to the consumer.

1.6 **Marketing Mix**

The marketing mix is a tool which can be used both to develop long term strategies and short term tactical programs.

The marketing mix can be described as

The marketing mix is a set of four controllable variables, product or services, price, place, and production and their intensity or level that any firm uses to leverage the marketing program intended to influence the target market.

Many marketing experts have made attempts of various types of marketing variables but it was E. Jerome Mc Carthy in his treatise “Basic Marketing-A Managerial Approach” and advocated four Ps (4Ps), i.e., Product, Price, Place, Promotion.
Any variable under the control of the company that can influence the level and intensity of customer buying behavior and response and help in simplifying buyer – seller equation are a set of variables called marketing mix variables.

(Figure 1.2: Mc Carthy classified marketing mix)

**Product**

A product can be defined as any conceivable item offered by someone in the market for attention, acquisition, use, re-use or consumption, and it may include physical objects, services, personalities, places, organizations and ideas.
Price
It is not easy to define ‘price’ but whenever the price of a product is quoted, it is related to same assortment of goods and services. So, price is what is charged for ‘something’. That something is generally value of the product attributes or utility value of the product or services.

Place (Physical Distribution)
Physical distribution can be defined as the set of operations or tasks in planning, organizing and controlling the actual flow of goods whether raw materials utility parts or equipment or semi finished goods from the point of source, production or warehouse to the point of use or consumption to meet the needs of customers or end users.

Promotion
Promotion means any activities which aim to pursue to customers. Promotion is the persuasive communication about the product by the offered to the prospect.

Marketing starts with need of the customer and ends with the satisfaction of consumer. The role of marketing in society “to deliver higher standard of living” and the managerial definition of marketing as “the art of selling products”.

So marketing starts with a well defined market, focuses on customer needs, coordinates all the activities that will affect the customers and products profit by satisfying customers.
1.7 Significance of Marketing
Marketing plays an important role in modern business organization. The importance of marketing to the business firm may be summarized as under

1. **Helpful in business planning and decision making**
   Marketing is helpful not only to plan the business production but it is also helpful in business planning and taking various decisions regarding the business. In today’s economy production is planned according to the capacity of sale. The firm will produce only that much quantities which it can sale and will never produce as per its production capacity. Thus the marketing decision remarkably affects the overall business decision.

2. **Helpful in increasing profits**
   Every business is carried on which the profit motive. Marketing helps in increasing the business profit by reducing the selling cost on one hand and by increasing demand of the product through advertising and sales promotion activities on the other hand.

3. **Helpful in communication between firm and society**
   Business collects various information regarding consumer’s behavior and make change from time to time through marketing research. Marketing also provide information to the firm regarding the competitor’s production policies, distributor channel, their price. It helps the firm in framing its own policies of marketing and making necessary adjustments.

4. **Importance of marketing in under developed economy**
   Marketing has a special significance in under developed
economies. A rapid development of economy is possible only by adopting the modern methods of marketing. Under developed economy is still in its infancy. Industrialization and marketing goes with the application of modern refinements in the field of marketing. An effective marketing system alone can bring the fruits of production to the people.

5. **Importance of marketing In developed economy**

In such economies or economies of developed countries the way of life itself cannot make a certain degree of development of marketing. In such countries the volume of production with demand in order to maintain a level of production is disposed off readily in the country itself or abroad on the basis of competition. This is possible only by sound and advance marketing system.

6. **Importance of marketing in seller’s or buyer’s market**

Seller’s market is one in which the demand for goods and services exceeds the supply. In such a situation there is tendency of growing monopolies. On the other hand buyers market is one in which the supply of goods exceeds the demand.

1.8 **Role of Marketing in Business**

1. Marketing helps in continuous up gradation and improvement of products for better customer satisfaction. Marketing management derives its strength from customer satisfaction and hence continuous and sustained marketing efforts are needed to maintain this satisfaction level. The marketing companies sell their products and services to satisfy consumer needs. However, with changing
consumer buying behavior products need to be upgraded or modified and this process should be continuous, otherwise the product will become either obsolete or undesirable. Take any product says the domestic refrigerator, which was modified to defrosting arrangement, subsequently further modified to have automatic defrosting facility and now we have anti frost refrigerator.

2. Marketing concept gives rise to better and more effective packaging of consumer products. The consumers are looking towards products which are packed in suitable material which protects as well as convenient to handle. These days, consumer’s particularly urban consumers have become sophisticated and need easy to use packed product or products packed in attractive and well designed packs. The consumer market is full of attractively designed packs of personal and toilet products, foods products, cooking medium and other consumer products.

3. Marketing efforts result in extended product life cycle for consumer products as well industrial products: The marketing efforts result in product modification with the help of research and development and consumer surveys. The improvement of product features or attributes and packaging can improve or extend product life and sustain consumer acceptance. The industrial products are constantly improved to give better performance and longer trouble free operation or service and give customers better satisfaction and thus results in getting new customers. New product application can be used for getting additional sales.
4. Marketing management technique aims for better and effective distribution network resulting in improved product availability at reduced cost. The effective designing of distribution as well as logistic system of products gives consumers higher level of satisfaction and may result in higher sales and profit for the company. Consumer surveys have been constantly used to improve distribution and retail system. The success of international brands like Sony, Toyota, Levi’s, Philips, Coca Cola, Pepsi and IBM are all due to their excellent distribution system all over the world. Some Indian products like Tata Steel, MRF Tyres, Hero Honda motor cycles, Maruti cars, Dabur personal products, Hindustan Levers products, ITC’s cigarettes and McDowell’s products have all been famous for very efficient and large distribution systems operating in India.

5. Marketing management helps in improving quality of products or services: emphasis is given on consistent quality products. Products from house of TATAs, Philips, ITC and Levers, Godrej, HMT in consumer sector are bought because consumers have faith and confidence in products manufactured by these companies who believe in offering consistent quality products to consumers.

6. Marketing gives rise to competition: With the increase demand of products and services due to rising disposable income as well as higher awareness, the number of manufacturers has increased and this has led to fierce competition for the market share. Obviously, the consumers have benefited from increased competition as this gives them better leverage in terms of choice of products, brands,
marketing help in economic growth and activity: Marketing helps in economic growth of societies by producing acceptable quantities of products. With increasing competition, the investments in manufacturing units, transport, warehousing, distribution system and retail outlets all contribute to the growth of economic activities. The growth of ancillary units, particularly for industrial products like steel, petrochemicals, cement, refractory, engineering, electrical, have contributed to the growth of industrial infrastructure essential for development of industrial society.

Marketing helps in creating employment opportunities: Marketing helps in improving employment potential. With higher economic activity, there will be all round requirement of manpower at manufacturing units, for manning transport, distribution and sales activities. Thus, marketing helps in improving employment potential directly and indirectly in other allied fields also.

Marketing helps to increase activity in other related fields: Marketing also helps in improving other fields or activities like advertisement, sales promotion and direct marketing efforts. This not only improves the volumes of business in these areas but also brings in noticeable improvement in quality of products and services.
1.9 Consumer Behavior

All of us are consumers. We consume things of daily use; we also consume and buy these products according to our needs, preferences and buying power. These can be consumable goods, durable goods, specialty goods or, industrial goods.

What we buy, how we buy, where and when we buy, in how much quantity we buy depends on our perception, self concept, social and cultural background and our age and family cycle, our attitudes, beliefs values, motivation, personality, social class and many other factors that are both internal and external to us. While buying, we also consider whether to buy or not to buy and from which source or seller to buy. In some societies there is a lot of affluence and, these societies can afford to buy in greater quantities and at shorter intervals. In poor societies, the consumer can rarely meet his barest needs.

The marketers therefore try to understand the needs of different consumers and having understood his different behaviors which require an in depth study of their internal and external environment, they formulate their plans for marketing.

Management is the youngest of sciences and oldest of arts and consumer behavior in management is a very young discipline. Various scholars and academicians concentrated on it at a much later stage. It was during the 1950s that marketing concept developed, and thus the need to study the behavior of consumers was recognized. Marketing starts with the needs of the customer and ends with his satisfaction. When everything revolves round the customer, then the study of consumer behavior becomes a
necessity. It starts with buying of goods. Goods can be bought individually, or in groups. Goods can be bought under stress (to satisfy an immediate need), for comfort and luxury in small quantities or in bulk. For all this, exchange is required. The exchange is usually between the seller and the buyer. It can also be between consumers.

Many of the scholars in marketing have tried to define the consumer and consumer behavior. Adam Smith stated that consumption is the sole end and purpose of all production. Consumer behavior may be defined as behavior exhibited by people in planning, purchasing and using economic goods and services. Consumer behavior is an integral part of human behavior and cannot be separated from it. The term Consumer Behavior is defined by Leon G. Schieffman and Leslie Lzare Kanuk as the behavior that consumers display in searching for purchasing, using, evaluating and disposing of product and services that they expect will satisfy their needs. The study of consumer behavior is the study of how individuals make decisions to spend their available resources on consumption of related items. It includes the study of what, why, how, when, where they buy and how often they buy any particular product or service. Consumer behavior is the act of individuals in obtaining and using goods and services which are exhibited through their decision process consumer purchases are likely to be influenced by physiological and sociological and sociological factors.

Buyer behavior is a comparatively new field of study. It is the attempt to understand and predict human actions in the buying role. It has assumed growing importance under market oriented or customer oriented marketing planning and management. Buyers market for many products
and the growth of consumerism and consumer legislation since 1960 have created special interest in buyer behavior in the market place.

1.10 Definition of Consumer Behavior

Consumer behavior can be defined as the decision making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services.

This definition clearly brings out that it is not just the buying of goods / services that receives attention in consumer behavior but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision making for purchase and using the goods, and then the post purchase behavior which is also very important because it gives a clue to the marketers whether his product has been a success or not.

To understand the likes and dislikes of the consumer, extensive consumer research studies are being conducted. These researchers try to find out:

- What the consumer thinks of the company’s products and those of its competitors?
- How can the product be improved in their opinion?
- How the customers use the product?
- What is the customer’s attitude towards the product and its advertising?
- What is the role of customer in his family?
The following key questions should be answered for consumer research. A market comes into existence because it fulfills the needs of the consumer. In this connection, a marketer has to know the 70s framework for consumer research. Let’s take an example of soap…

<table>
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<tr>
<th>Who constitutes the market?</th>
<th>Parent, Child, Male, Female Occupants</th>
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<tbody>
<tr>
<td>What does the market buy?</td>
<td>Soap, Regular, Medicated, with Glycerine, Herbal what Brand, what size etc.</td>
</tr>
<tr>
<td>Who participates in buying?</td>
<td>Parent, Child, Male, Female Organization</td>
</tr>
<tr>
<td>How does the market buy?</td>
<td>Cash, Credit, Mail order etc. Operations</td>
</tr>
<tr>
<td>When does the market buy?</td>
<td>Monthly, weekly etc. prescribed by doctor</td>
</tr>
<tr>
<td>Where does the market buy?</td>
<td>Supermarket, Retail store etc Outlet</td>
</tr>
<tr>
<td>Why does the market buy?</td>
<td>For cleansing, bathing, Fresh feeling etc</td>
</tr>
</tbody>
</table>

(Table 1.1: Example of soap)

Consumer behavior is a complex, dynamic, multidimensional process, and all marketing decisions are based on assumptions about consumer behavior.

Marketing strategy is the game plan which the firms must adhere to, in order to outdo the competitor or the plans to achieve the desired objective. In formulating the marketing strategy, to sell the product effectively, cost benefit and total cost constitutes the customer value. The
idea is to provide superior customer value and this requires the formulation of a marketing strategy. The entire process consists of market analysis, which leads to target market selection and then to the formulation of strategy by juggling the product, price, promotion and distribution, so that a total product is offered. The total product creates an image in the mind of the consumer, who undergoes a decision process which leads to the outcome in terms of satisfaction or dissatisfaction, which reflects on the sales and image of the product or brand.

Consumer behavior which leads to a consumer to react in certain ways and he makes a decision, keeping the situations in mind. The process of decision making varies with the value of the product, the involvement of the buyer and the risk that is involved in deciding the product/service.

Consumer life style in the centre of the circle. The consumer and his life style are influenced by a number of factors shown all around the consumer. These are culture, subculture, values, demographic factors, social status, reference groups, household and also the internal make up of the consumer, which are a consumer’s emotions, personality motives of buying perception and learning. Consumer is also influenced by the marketing activities and efforts of the marketer. All these factors lead to the formation of attitudes and needs of the consumer.
1.11 Marketing Strategy and Consumer Behavior

(i) Marketing Analysis
   (a) Consumer
   (b) Company
   (c) Competition
   (d) Condition

(ii) Marketing Segmentation
   (a) Identify product related needs
   (b) Group customers with similar needs sets
   (c) Describe each group
   (d) Select target market

(iii) Marketing Strategy
   (a) Product
   (b) Price
   (c) Distribution
   (d) Communication
   (e) Service

(iv) Consumer Decision Process
   (a) Problem recognition
   (b) Information search – internal, external
   (c) Alternative evaluation
   (d) Purchase
   (e) Use
   (f) Evaluation
(v) Outcomes

(a) Customer satisfaction
(b) Sales
(c) Product / Brand Image

Then follows the process of decision making, as shown in the rectangle which consists of the problem recognition, information search then the evaluation and selection procedure, and finally the purchase. After the purchase and use of the product the customer may be satisfied or dissatisfied with the product. This is known as post purchase behavior. The existing situations also play an important role in the decision making process.

Buyer behavior is defined as “all psychological, social and physical behavior of potential customers as they become aware of, evaluate purchase, consume, and tell others about products and services. Each element of this definition is important

1. Buyer behavior involves both individual (psychological) processes and group (social) processes.
2. Buyer behavior is reflected from awareness right through post purchase evaluation indicating satisfaction or non satisfaction, from purchases
3. Buyer behavior includes communication, purchasing and consumption behavior
4. Consumer behavior is basically social in nature. Hence, social environment plays an important role in shaping buyer behavior and
5. Buyer behavior includes both consumer and business buyer behavior
Buyer behavior includes the acts of individuals directly involved in obtaining and using economic goods and services including sequence of decision processes that precede and determine these acts. Actual purchase is only a part of the decision process. In buyer behavior we consider not only why, how, and what people buy but other factors such as where, how often and under what conditions the purchase is made. An understanding of buyer behavior is essential in marketing planning and programs. In the final analysis buyer behavior is one of the most important keys to successful marketing.

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<thead>
<tr>
<th>Influencing Group</th>
<th>Job / Situation Centered Factors</th>
<th>Person Centered Factors</th>
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<tbody>
<tr>
<td><strong>Individual</strong></td>
<td>Aim at obtaining lowest prices</td>
<td>Personal values and needs receive priority</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td>Meetings and joint consultation to fix specifications</td>
<td>Informal on the job interactions may take place</td>
</tr>
<tr>
<td><strong>Organizational</strong></td>
<td>Buying policy prefers local supplier</td>
<td>Personal evaluation methods may be adopted</td>
</tr>
<tr>
<td><strong>Environmental</strong></td>
<td>Anticipated changes in prices may affect purchase</td>
<td>Political climate in an election year may affect buying.</td>
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(Table 1.2: Examples of variable influencing organizational buying behavior)
1.12 Nature and Scope of Consumer Behavior

Consumer behavior obviously refers to behavior of consumers in deciding to buy or not to buy or use or not to use or dispose of or not to dispose of the products which satisfy their needs. Consumer behavior also refers to the use of scarce resources like time, money, and effort on consumption items.

Consumer behavior tries to answer the following questions:

- What products and services consumer buy?
- What makes them buy them?
- When these are brought?
- From where?
- What is the frequency of buying? How often are they used?

Let us take an ordinary example of deciding to buy soap. We have a large choice of soaps (Janta soap, premium soaps, special antiseptic soaps, transparent soaps, sandalwood soaps etc.). There are a number of brands available (Lux International, Lux, Lifebuoy, Haman, Rexona, Pears, Mysor Sandal, Dettol, Savlon, Niko, Palmolive, Dove, Cinthol and so on). What prompts us to buy a particular soap? Because it is a complexion soap or deo sop, or moisturizing soap. From where do we buy it? From the neighborhood grocery soap or a general store. We can buy it from a chemist shop or a departmental store like Akbarallys. How often do we buy soap? Once a week or twice a week. How often do we use it? Once a day or more than once a day. All these are dimensions of consumer behavior.

Just consider another product, say a consumer durable like a photocopier. Who are the customers for photocopying machines? What do they look
for in a photocopying machine? What types of documents are photocopied? What for is they photocopied? What incentive do they need to replace their old photocopying machine?

We will have to undertake what is known as consumer research to find the answers to the above questions. These answers will provide insight to the manufacturers in the design and development and further improvement of their product. It also enables them to design their promotional strategies.

Consumer research is not restricted to just buying decisions. After the purchase is made, what wind of experience do we have with the product? If it is a mobile, does it run without any problem? Is it fuel efficient? Does it have a good pick up? Does it deliver those values that it promised? Either we are satisfied; post purchase dissatisfaction has implications for the marketers.

What do the consumers do after using a product? Are they interested in throwing it off or in lending it to someone? They may gift it to somebody. They may sell it off. They may store it. They may rent it off. They may store it. They may rent it. There are several possibilities. Replacement market is a very potential market. What the consumer does with a product is an indicator of the changes of the product being replaced. Replacements frequency or repeat buys are to be matched to production plans.

Consumer themselves are individuals who buy products for their own use or household use or as gifts. But there is one more type of consumers – organizational consumers which are business, government and
instruments of government and instruments of government, and institutions who buy products to run their organizations. The book treats the behavior of individuals’ consumers and omits organizational buying behavior.

A purchaser or buyer is not necessarily a user e.g. stationary is brought by parents for their children. Sometimes a product bought may be used jointly. It is also to be noted that the decisions to buy may be influenced by a number of persons. A marketer has to direct his promotional efforts either to the buyer or the user or the influencers. Some think that the best audience is that of buyers, while some others think that it is that of the users. It is possible to play safer by directing the promotion to both the buyers and users. Medicines are promoted through the doctors, who take the product selection decision, but are neither buyers nor users.

### 1.13 Importance of Consumer Behavior

This subject is useful to the marketers, consumer behavior; we learn the logic behind consumption related behavior. It makes us wiser consumers. Marketers benefit by understanding how consumers take consumption decisions which enable them to formulate suitable marketing strategies. They can anticipate the reactions of the consumers to various cues, both informational and organizational. It is likely to give them a competitive advantage.

As students of consumer behavior, we learn the logic behind consumption related decisions and motivations which propel them to take certain decisions. It becomes a fascinating subject, drawing from various disciplines like psychology sociology, social psychology, anthropology and economics. To begin with a consumer was conceived as economic
Initially, marketers thought that if they are able to predict consumer behavior they will be able to influence it. This is a positivist approach to consumer behavior. Consumer behavior was thus considered just applied marketing management. However, drawing from diverse disciplines, consumer behavior developed into an interdisciplinary subject. It becomes a subject of study going beyond narrow marketing and managerial perspective. There is focus on simply understanding all nuances of consumer behavior, and this approach is called interpretive experience. Experience plays a great role while buying and each such experience is affected by a host of factors. Therefore, interpretive is also called experientialism. Both these approaches are complementary to each other. As students of management, we definitely are interested in this book in the positivist approach. But at the same time, enough care is taken to understand the consumption related decisions. This integration contributes to enrich our study of consumer behavior and formulation of better marketing strategies.

The area of consumer behavior is related to the marketing concept which evolved in the late 50s. We have traveled from production orientation to sales orientation to marketing orientation. Marketing orientation simply means producing those products which the consumers need and want. General electric adopted this approach in mid 50s. It came to be known as the marketing concept which emphasizes the needs and wants of the target markets, and delivery of products to satisfy these better than the competition. This concept spread widely, and so also the study of consumer behavior. In order to produce want satisfying products it is
necessary to assess those needs and wants. Marketing research was therefore, necessary. Consumers were then recognized to be extremely complex individuals with a variety of needs and wants. Each consumer segment had unique needs. Thus it was felt that in depth study of consumers and their behavior will be necessary to design suitable products and marketing them. Marketing concept is the fountain necessary to design suitable products and marketing them. Marketing concept is the fountain head of consumer behavior studies undertaken for formulation of the marketing strategies.

Consumer research as also two approaches, a more objective positivist approach which seeks causes of behavior or a qualitative interpretivist approach based on small samples.

1.14 Growth of Consumer Behavior
Consumer behavior is a multi disciplinary field which draws its concept from several fields of study. It is useful to the marketing organizations, consumer groups and governmental authorities. It is an applied field since the concepts of behavioral science disciplines are applied to the understanding of human behavior as far as consumption is concerned. By its very nature, it increases appreciative content of marketing, and leads to more effective and consumer oriented marketing programs. Consumer behavior is interwoven with the emergence of the marketing discipline and has extended the motivation research of 1950s. By 60s consumer behavior acquired a formidable body of knowledge. The following table summarizes the growth of consumer behavior as a subject of study.
<table>
<thead>
<tr>
<th>Name of researchers</th>
<th>Year</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katz and Lazarsfeld at Columbia University</td>
<td>1955</td>
<td>Information dissemination and interpersonal influence</td>
</tr>
<tr>
<td>Katona and his colleagues at University of Michigan</td>
<td>1960</td>
<td>Expectations and attitudes</td>
</tr>
<tr>
<td>Bauer at Harvard</td>
<td>1960</td>
<td>Communication and consumer response under conditions of uncertainty, perceived risk</td>
</tr>
<tr>
<td>Kuehen</td>
<td>1962</td>
<td>Learning theory</td>
</tr>
<tr>
<td>Howard</td>
<td>1963</td>
<td></td>
</tr>
<tr>
<td>Evans</td>
<td>1959</td>
<td>Personality and social character</td>
</tr>
<tr>
<td>Kassarjan</td>
<td>1965</td>
<td></td>
</tr>
<tr>
<td>Engel</td>
<td>1963</td>
<td>Cognitive dissonance</td>
</tr>
<tr>
<td>Kassarjan and Cohen</td>
<td>1965</td>
<td></td>
</tr>
<tr>
<td>Cox</td>
<td>1967</td>
<td>Perceived risk.</td>
</tr>
<tr>
<td>Steffler</td>
<td>1968</td>
<td>Perception preference mapping</td>
</tr>
<tr>
<td>Green</td>
<td>1969</td>
<td></td>
</tr>
<tr>
<td>Levy</td>
<td>1959</td>
<td>Symbolic interactionasim</td>
</tr>
<tr>
<td>Day</td>
<td>1969</td>
<td>Attitude</td>
</tr>
<tr>
<td>Bourne</td>
<td>1957</td>
<td>Reference groups</td>
</tr>
<tr>
<td>Sandfford</td>
<td>1966</td>
<td></td>
</tr>
<tr>
<td>King</td>
<td>1963</td>
<td>Interpersonal communication and diffusion</td>
</tr>
<tr>
<td>Zaltman</td>
<td>1965</td>
<td></td>
</tr>
<tr>
<td>Levy</td>
<td>1966</td>
<td>Social class</td>
</tr>
<tr>
<td>Wells</td>
<td>1966</td>
<td>Life style</td>
</tr>
<tr>
<td>Bauer</td>
<td>1965</td>
<td>Sub cultures</td>
</tr>
<tr>
<td>Sturdivant</td>
<td>1969</td>
<td></td>
</tr>
<tr>
<td>Kuehen</td>
<td>1962</td>
<td>Model of consumer behavior (limited aspects)</td>
</tr>
<tr>
<td>Niccosia</td>
<td>1966</td>
<td>Comprehensive consumer behavior model</td>
</tr>
<tr>
<td>Howard and Sheth</td>
<td>1969</td>
<td>Comprehensive consumer behavior model</td>
</tr>
</tbody>
</table>

(Table 1.3: Consumer Behavior-Growth in 1960s)
Models which are integrative are a significant development to resolve contemporary problems of consumer research. As there is no single unified theory of consumer behavior, several theories function for a single model. These models draw upon many theoretical areas such as social class, attitudes and perception. As many concepts of consumer behavior are contributed by diverse disciplines, sometimes the research findings lack consistency and are disjointed, attracting the label of too academic for the entire subject. Consumer research should be related to the problems that are relevant for the managers and the findings must be communicated adequately.

Business executives should also learn to value the research findings and use them in their decision making process. Researchers should not lose sight of the marketing realities while undertaking their research. We can think of having some trained individuals as links between the marketing practitioners and research workers. These individuals can be called social science technicians or social engineers.

1.15 Consumer Scene in India
India is a country of great diversity. India is unique because there is unity in her diversity. Indian consumers of 60s and 70s had seen the independence struggle from close quarters. Some of them must have been midnight children. There was a streak of idealism running through them. They were inspired by a galaxy of freedom fighters. Nehru was influenced greatly by the soviet experiment of socialism and wanted India to adopt a planned economy where public and private sector would co-exist. But the commanding heights were occupied by the public sector. India talked of social equality and slogans like Garibi Hatao were popular. India wanted to be self sufficient and Gandhi’s Swadesi had let
to protective policies towards Indian industries. The emphasis was on core sector where government companies had a dominant role.

The teeming millions found that Indian’s 6 lacs and odd villages had little to offer by way of opportunities. It led to migration towards town and cities. People felt security only when they got government jobs such as that of LIC, public sector undertakings and administrative services. It is out this sense of security that a huge savings rate was observed. People put a restraint on their acquisitive habits, and restricted their purchases to some white family goods. Cars, TV and fridge which are so common today were considered luxury goods, and were meant as status symbols only. The bread earners were traditionally the males in the family, and women played the role of a home maker.

We now shift to the period of 70s and early 80s. Indira Gandhi declared the Emergency during this period. India was given 20 point economic program. In 1982 Asian games were held in Delhi, and colour TV entered Indian market. Rajiv was sworn in as PM after Mrs. Gandhi’s cruel assassination in 1984. India got a multi party system. India started slowly opening up of the economy. It wanted to be open to new technologies like computers. India wanted to catch with the rest of the world, having realized that she has already lagged behind many other nations. India was a nation in hurry.

The previous generation had worked hard and had provided a launching pad to the new consumer. He was already a secure person. He confidently invested in capital markets, housing and banking. He expected fair returns. Through the consumer was willing to take risks, he wanted immediate rewards and gratification. Private sector emerged as a strong
but still an opportunistic, force. Consumers wanted indulgence, and had acquisitive tendencies.

In the late 80s and 90s the consumer was exposed to a far more liberal economy. Eating out became a common thing. White goods are purchased to improve quality of life, and are no longer status symbols. Many of the luxuries of yester years have become necessities today. Consumers were no longer interested only in functional aspects of the products. There are many double income households.

Man woman roles now overlap. Foreign things are no longer a craze. In British India, the UK was the bench mark. Reference has now shifted to the US. Even south Asian Giants like Japan are looked up to, though they have lost some of their charm due to Asian currency crisis and stock market crash recently. Indian consumer shows the following core values

- Family orientation
- Value seeking
- Progress orientation
- Class consciousness
Madhukar Sabanvis of O & M compares and contrasts the two generations of consumers in India.

<table>
<thead>
<tr>
<th>Previous Generation</th>
<th>Today’s Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>Confidence</td>
</tr>
<tr>
<td>Idealism</td>
<td>Practicality</td>
</tr>
<tr>
<td>Risk avoidance</td>
<td>Risk taking</td>
</tr>
<tr>
<td>Saving oriented</td>
<td>Investment oriented</td>
</tr>
<tr>
<td>Job security</td>
<td>Job satisfaction</td>
</tr>
<tr>
<td>Postponement of gratification</td>
<td>Instant gratification</td>
</tr>
<tr>
<td>White goods as stamps symbols</td>
<td>White goods for lifestyle</td>
</tr>
<tr>
<td>Considered decisions</td>
<td>Impulsive</td>
</tr>
<tr>
<td>Habitual</td>
<td>Experimentative</td>
</tr>
<tr>
<td>Gender roles defined</td>
<td>Gender roles overlap</td>
</tr>
<tr>
<td>Icons god like</td>
<td>Icons are human</td>
</tr>
<tr>
<td>Filial betterment</td>
<td>Improvement of previous generations</td>
</tr>
</tbody>
</table>

(Table 1.4: Comparison between two generations of consumers)

The consumer is more demanding today. He is experimental, and is open to new products and ideas. For him, value is not just price, but price quality combination. He is ready to fight against all odds. In promotion, there is emphasis on both rational and emotional appeals.

1.16 Participants in Consumer Buying Decision
For any marketing man, it is important to know who makes the decision to purchase consumer durables or a non durable products generally, for ordinary household products, family members use the knowledge and experience to decide to buy a particular bran depending upon quality and
price whereas men are normally involved to make decisions to purchase utility items and expensive goods. There are certain products like colour TV, video camera, VCD, washing machines, cars etc. purchase which are decided not by a single member of the family but by more than one member of the family. However it has been observed that for expensive and durable consumer products, men takes decisions in 2/3rd cases whereas western countries, very rarely all family members are actively involved in purchase decisions in India, predominantly men take decisions for consumer durable products and female and family members are consulted. This situation is somewhat better in middle class or upper class in India’s urban society where opinion of female members are given due consideration. Therefore, it is essential to know that characteristics of a consumers which will be helpful in making marketing efforts. P.G. Herbs in his work. Conceptually framework for studying the family in early 50s has observed four types of families such as:

A very important area for marketing firms is to determine the decision maker or the real customer in the purchase decision of products and services. For purchasing liquor and cigarettes, men take decision whereas for buying kitchenware’s, baby products, house furnishing, purchasing decisions are taken by women. For buying an apartment car or going for vacations, decisions are taken by majority members the family. The firm must find out the characteristics of such persons who play a significant role in influencing the decision to make a purchase.

There are five different participants in any consumer buying decision

1. **Initiator**

   Initiator is the person who first suggests the needs of the idea or
the need for a particular product which should be brought for satisfying certain requirements.

2. **Influencer**
   After the initiator has suggested the idea for a particular product, the influence is the person who gives more information or gathers more information which will influence the decision of the purchase.

3. **Decider**
   A decider is the person who ultimately decides to buy a particular product depending upon the situation. He is generally the dominating member of the family or head of the family who carries out the role.

4. **Buyer**
   The decision has been made for certain goods the buyer goes to purchase from the shop, the actual purchase made by the buyer will depend on the convenience of the family members or of the group and it may depend on the earning members on head of the family.

5. **User**
   The user is generally one who actually consumes or uses the product or services and he may or may not be the initiator, decider or buyer. For example, the buyer of kid’s products is adult members but the actual users are kids.

It must be borne in mind that the consumers buy a certain product or services so that it is required to satisfy a variety of needs the physiological, social, psychological or spiritual. Any product or services offered by sellers should give maximum utility value to the consumers for which they have paid. Marketing people try to give maximum customer
satisfaction in terms of satisfaction of needs or requirements for the product or service which was purchased by consumers.

1.17 Buying Characteristics Influencing Consumer Buying Behavior
If the marketing firm tries to understand and analyze a purchase of consumer goods by a buyer, it would be seen that some factors and characteristics play an important role to result in the purchase of particular brand or goods. Therefore, the buying process following major factors plays a significant role they are (1) buyer (2) product (3) seller (4) situation. All these factors are inter related and buying process takes place only if the four factors are present and interact positively to result in the purchase. The above factors are broadly discussed below.

Buyers Characteristic
For any marketing company, it is important to know the basic characteristics of the buyers or the target audience to whom products will be sold. The needs and wants of a particular consumer group will depend on cultural, social, personal and physiological factors, which influence buying behavior. Cultural factors include culture from which the consumer comes or taste for a particular product will depend on cultural background. Social factors include the influence of other people who normally interact with the consumer which depends particularly on the reference groups, family role and status. Personal characteristics would mean age, educational level and income level, occupational and mental build up of the consumer. Personally of the consumer will also be important for physiological characteristics. Finally, psychological factors will include attitudes and beliefs, religious feelings, motivation, perception and learning.
Product Characteristics
The consumer will evaluate various product characteristics and value of product and services which come closest to satisfy their needs and these product characteristics are attributes, feature, style, brand image, quality reliability, packaging appeal and the product performance. The price of the product and product value is a prime consideration for majority of consumers. For few consumers in affluent and high income category, non price product features which enhance their lifestyle and status are important considerations. Many products are preferred for their efficient after sales service, availability of spare parts and conveniently located service centers. Products and brands offer promise and value which are important characteristics and they are valued by all consumers.

Seller Characteristics
Generally, the identity of sellers will influence buying decisions as the quality of the product is related to the manufacturer. Reliability of the product and after sales service would be better if the seller’s reputation is high. Products like Omega, Seiko or Rolex watches, Mercedes Benz, Indica and Maruti cars, CEAT or MRF Tyres, Goderj typewriters, Amul butter, Sony or machinery products manufactured by Larsen & Toubro enjoy very high reputation and reliability with the consumers. Sometimes, the reputation, reliability and after sales services of authorized stockiest or dealers who are actually selling the products on behalf of the manufacturers can also reinforce these characteristics. Generally, certain makes and brands enjoy spontaneous acceptance in the consumer market due to their previous reputation.
Situational Characteristics

An important part in marketing effort is to determine the situation in which the consumer decides to buy a product; the situational factors compel the buyer to buy to satisfy a need. Some products are seasonal in nature and they are sold either in summer, winter or rainy season. Sometimes products are brought in impulsive situation like soft drinks, fast food, novelty items and magazines and books. Sometimes, scarcity in products create artificial demand whereby a situation is created when consumers buy more quantities to stock than normally required by them and the tendency to buy and overstock such products are for situational reasons.

(Table 1.5: The Comparative age profile of some countries)

<table>
<thead>
<tr>
<th>Country</th>
<th>Population mix (in 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0-15 yrs</td>
</tr>
<tr>
<td>India</td>
<td>34</td>
</tr>
<tr>
<td>USA</td>
<td>21</td>
</tr>
<tr>
<td>China</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: UN, CLSA & International data of the US Census bureau

(Table 1.6: Item wise distribution of private consumption expenditure)

<table>
<thead>
<tr>
<th>Item</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, Beverages &amp; Tobacco</td>
<td>47.2</td>
</tr>
<tr>
<td>Transport</td>
<td>12.0</td>
</tr>
<tr>
<td>Health Care &amp; Medical</td>
<td>7.7</td>
</tr>
<tr>
<td>Rent, Fuel / Power and Water</td>
<td>11.5</td>
</tr>
<tr>
<td>Clothing and Footwear</td>
<td>3.5</td>
</tr>
<tr>
<td>Education</td>
<td>2.3</td>
</tr>
</tbody>
</table>
Furnishing & Household 2.2
Entertainment & Hotel 1.4
Others (Misc. goods services) 12.4

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: CSO.

1.18: Performance Appraisal

Performance appraisal indicates the level of desired performance level, level of actual performance and the gap between these two. This gap should be bridged through personnel department techniques like training, executive development etc. A unit/organization’s objectives can be achieved only when people/employees put in their best efforts. How to ascertain whether an employee has shown his/her best performance on a given job? The answer is performance appraisal. A performance appraisal is a process of evaluating an employee’s performance of a job in terms of its requirements. In fact performance appraisal is the basis for personnel department. It was viewed that performance appraisal was useful to decide upon employee promotion, transfer, demotion, termination, salary determination and the like.

Definitions:

(1) Scott, Clothier and Spiegel. “Merit rating is the process of evaluating the employee’s performance on the job in terms of the requirements of the job.”

(2) In the words of Dale Yoder, ‘The term personnel appraisal refers to the formal procedures used in working organizations to evaluate the personalities and contributions and potential of group members.’
(3) Performance appraisal may be defined as a systematic evaluation of an employee’s performance on the job in terms of requirements of the job.

(4) In the words of Alford and Beatty—“It is the evaluation or appraisal of the relative worth to the company of a man’s services on his jobs”.

**Objectives of Performance Appraisal:**

Mc Gregor Says, ‘Formal performance appraisal plans are designed to meet three needs, one for the organization and the other two of the individual. They are as follows:

- They provide systematic judgment to back up salary increases, transfers, demotions or terminations.
- They are means of telling a subordinate how he is doing and suggesting needed changes in his behavior, attitudes, skills or job knowledge.
- They are used as a base for coaching and counseling the individual by the superior.

If put in details, they are used for following purposes: (1) Promotion, (2) Transfer, (3) Training and development, (4) Wage and salary administration, (5) Personnel Research and (6) Self improvement.

**Some of the Significant Features of Performance Appraisal may be captured thus:**

- Performance appraisal is the systematic description of an employee’s job-relevant strengths and weaknesses.
- The basic purpose is to find out how well the employee is performing the job and establish a plan of improvement.
- Appraisals are arranged periodically according to a definite plan.
- Performance appraisal is not job evaluation. It refers to how well someone is doing the assigned job. Job evaluation determines how much a job is worth to the organization and, therefore, what range of pay should be assigned to the job.
- Performance appraisal is a continuous process in every large scale organization.
- Employee’s ability and skill are evaluated in it.
- It is a search of employee’s strengths and weaknesses.
- The appraisal is done by the supervisor or by somebody conversant with the employee.

**The Main Purposes of Employee Assessment are:**

- To improve the job performance of employees and also to identify their potentialities.
- To create and maintain a satisfactory level of performance.
- To help for superiors to have a proper understanding about their subordinates.
- To effect promotion based on competence and performance.
- To know the areas where employees need training.
- To reduce grievance of the personnel.
- To make and develop wages plans which are just and rational.
- To contribute to the employee growth and development through training, self and management development programmes.
- To act as a basis for certain decisions involving selection promotion, demotion, transfer etc.
- To guide the job changes with the help of continuous ranking.
Contents/Criteria of Performance Appraisal:

Every Industrial unit has to decide upon the content to be appraised before the programme is approved. Generally the content to be appraised is determined on the basis of job analysis. The content to be appraised may vary with the purpose of appraisal and type of level of employees.


(Table 1.7: Methods of Performance Appraisal)

<table>
<thead>
<tr>
<th>Traditional Methods</th>
<th>Modern Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confidential Report (CR)</td>
<td>Management by Objectives (MBO)</td>
</tr>
<tr>
<td>Graphic Rating Method</td>
<td>Assessment Centre</td>
</tr>
<tr>
<td>Forced Choice Description</td>
<td>Psychological Appraisals</td>
</tr>
<tr>
<td>Free from Easy Method</td>
<td>Human Resource Accounting</td>
</tr>
<tr>
<td>Critical Incidents Method</td>
<td>Behaviorally Anchored Rating Scales (BARS)</td>
</tr>
<tr>
<td>Group Appraisal (Paired)</td>
<td>360 Degree Appraisal</td>
</tr>
<tr>
<td>Comparison)</td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Field Review Method</td>
<td>Self Appraisal</td>
</tr>
<tr>
<td>Check Lists (Simple and Weighted)</td>
<td>Others</td>
</tr>
<tr>
<td>Coast Accounting Approach</td>
<td>Others</td>
</tr>
</tbody>
</table>

**When to Appraise?**

Informal appraisals are conducted whenever the supervisor or personnel managers feel it necessary. However, systematic appraisals are conducted on a regular basis, say for example, every six months or annually.


This study is based on Performance Appraisal of Selected Shopping Malls in Gujarat. This study was used for following purposes: (1) Consumer behavior towards Shopping Malls (2) Management of Shopping Malls towards Consumers.
1.19: About Gujarat

Gujarat is recognized as one of the leading industrial states in India, augmenting the growth of the services sector and leading to immense prosperity for its people. The state's manufacturing sector has been instrumental in its growth and development, with the small and medium enterprise (SME) sector playing a key role in shaping the manufacturing industry.

Gems & Jewellery is one of the fastest growing sectors in the country. The state of Gujarat has the distinction of being the world's second largest producer of gold jewellery, contributing the highest share (85 per cent) to the total national jewellery production. With eight out of 10 diamonds in the world being polished in Surat, it is known as the 'Diamond Capital of the World' having the world's largest diamond processing hub with a 72 per cent world share and 80 per cent of the Indian market.

GUJARAT AT A GLANCE:

<table>
<thead>
<tr>
<th>Geographical Area</th>
<th>1,96,024 sq.km (6.19% of India)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>Gandhinagar</td>
</tr>
<tr>
<td>Districts</td>
<td>26</td>
</tr>
<tr>
<td>Population</td>
<td>50 million (5% of India)</td>
</tr>
<tr>
<td>Languages</td>
<td>Gujarati, Hindi and English</td>
</tr>
<tr>
<td>GDP (at current price)</td>
<td>US$ 45.3 billion</td>
</tr>
<tr>
<td>Per Capita Income (at current price)</td>
<td>US$ 915</td>
</tr>
<tr>
<td>Urbanization rate</td>
<td>38 % (vis-a-vis India's 28%)</td>
</tr>
<tr>
<td>Per Capita Power Consumption</td>
<td>1,354 units (National Average : 665)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Cellular Connection</td>
<td>41 per 1000 persons</td>
</tr>
<tr>
<td></td>
<td>Motor Vehicles</td>
</tr>
<tr>
<td></td>
<td>(National Average: 57)</td>
</tr>
<tr>
<td>Percentage of State</td>
<td>4.93</td>
</tr>
<tr>
<td>Population to all India</td>
<td>Population</td>
</tr>
<tr>
<td>National Highway Length</td>
<td>1572 Km.</td>
</tr>
<tr>
<td>Road Length</td>
<td>74,018 km-95% surfaced road.</td>
</tr>
<tr>
<td>Railway</td>
<td>5188 km (8.25% of India)</td>
</tr>
<tr>
<td>Ports</td>
<td>42</td>
</tr>
<tr>
<td>Industrial Zone and</td>
<td>263</td>
</tr>
<tr>
<td>Parks</td>
<td></td>
</tr>
<tr>
<td>International Air Port</td>
<td>01</td>
</tr>
<tr>
<td>(Ahmedabad)</td>
<td></td>
</tr>
<tr>
<td>Domestic Airports</td>
<td>13 (Ahmedabad, Vadodara, Surat,</td>
</tr>
<tr>
<td></td>
<td>Rajkot, Bhavnagar, Bhuj, Mandvi,</td>
</tr>
<tr>
<td></td>
<td>Mundra, Jamnagar, Kandla, Keshod,</td>
</tr>
<tr>
<td></td>
<td>Porbandar, Palanpur)</td>
</tr>
</tbody>
</table>

(Table 1.8: GUJARAT AT A GLANCE)

1.20 Gujarat now has its 'Rural Malls'

Ahmedabad: Model fair price shops, grandly described by the government as micro rural malls, are springing up all over Gujarat where village people can shop for all their needs 24x7.
Already 512 such 'malls' have sprouted and another 508 are on the anvil. The state government plans to have 1,000 such malls every year, official sources told the media.

The 'malls' are in effect model fair price shops under a programme launched to de-regulate the scope of services of fair price shops by allowing them to deal with all kinds of goods and services. The revamping of the public distribution system undertaken by the state's department of civil supply is the first of its kind initiative in India, the sources said. There are about 15,000 fair price shops all over Gujarat.

Encouraged by the success of programme, the state has suggested to the central government that the programme be included in the list of plan schemes.

At the rural malls, people can buy not just grains, fortified flour and edible oils and other essential commodities but also get gas cylinders, cosmetic items, recharge vouchers, fertilizers, seeds and packaged goods.

The sources said the malls were proving to be viable commercial centres, meeting diverse needs of villagers.

The concept seeks to make the model fair price shops meet the retail needs on the lines of the modern market, while controlling at the same time the practice of leakages and diversion of essential goods meant for vulnerable sections of the society who are eligible holders of the ration cards,

The owners of the shops used to earn not more than Rs 1,500-2,000 as commission from sales initially. They can now hope for earnings of Rs 5,000 a month.
Gujarat Industry Profile

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Industrial Units</td>
<td>Over 1,200</td>
</tr>
<tr>
<td>Small and Medium Enterprises</td>
<td>Over 3,20,000</td>
</tr>
<tr>
<td>No of Factories</td>
<td>14,055</td>
</tr>
<tr>
<td>Workers Engaged</td>
<td>9.11 Lakhs (9.7% share in India)</td>
</tr>
<tr>
<td>Fixed Capital Investment</td>
<td>Rs.1,19,565 cr. (19.5% share in India)</td>
</tr>
<tr>
<td>Industrial Production</td>
<td>Rs.307955 Cr. (16.1% share in India)</td>
</tr>
<tr>
<td>Value Addition</td>
<td>Rs.47953 cr. (15.4% share in India)</td>
</tr>
<tr>
<td>Exports (2009-10)</td>
<td>19.2% share in India</td>
</tr>
<tr>
<td>Average Annual Growth Rate</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

(Table 1.9: Gujarat Industry Profile)

Gujarat Industry Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Production in Rs. Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refined petroleum products</td>
<td>96,104</td>
</tr>
<tr>
<td>Chemical and pharma</td>
<td>70,487</td>
</tr>
<tr>
<td>Engineering Industries</td>
<td>38,899</td>
</tr>
<tr>
<td>Food &amp; Beverages</td>
<td>29,973</td>
</tr>
<tr>
<td>Metallurgical Industries</td>
<td>22,697</td>
</tr>
<tr>
<td>Textile and apparel</td>
<td>20,054</td>
</tr>
<tr>
<td>Mineral Based Industries</td>
<td>8,890</td>
</tr>
<tr>
<td>Rubber and plastic prod</td>
<td>4,768</td>
</tr>
<tr>
<td>Paper and paper products</td>
<td>2,987</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>All Industry</td>
<td>3,07,955</td>
</tr>
</tbody>
</table>

(Table 1.10: Gujarat Industry Sectors)

Following the initiative, companies like ITC, HLL, major oil companies, Videocon and telephone service providers like Tata, BSNL and Hutch are supplying their wares. Other products include Life Insurance Corporation (LIC) policies and ice cream parlours.

Both state-run and private banks are trying to position themselves in the rural areas by making the malls a sale link for their financial products.

The proliferation of the malls has cut down the time and money people from rural and semi-urban areas used to spend to go to urban centers. The use of computers will be introduced gradually to take care of the Value Added Tax (VAT) calculations.
Selected cities of Gujarat:

(Graph 1.1: Selected Cities of Gujarat)
1.21 Profile of Selected Cities and Malls:

Ahmedabad:

Ahmedabad also known as Karnavati, is the largest city in Gujarat, India. It is the former capital of Gujarat and is also the judicial capital of Gujarat as the Gujarat High Court has its seat in Ahmedabad. It is also financial capital of Gujarat. It is the fifth largest city and seventh largest metropolitan area of India, with a city population of approximately 5.6 million and metropolitan population of 6.4 million. In 2010, Forbes magazine rated Ahmedabad as the fastest-growing city in India, and third in the world after two Chinese cities — Chengdu and Chongqing. In December 2011 a leading market research firm IMRB declared Ahmedabad as the best of India's mega-cities. Ahmedabad is located on the banks of the River Sabarmati, 32 km from the state capital Gandhinagar. The city is the administrative centre of Ahmedabad district and was the capital of Gujarat till 1960. In colloquial Gujarati, the city is commonly called Amdavad.

Ahmedabad was founded on February 26, 1411 by Sultan Ahmed Shah to serve as the capital of the Gujarat Sultanate, and was named after him. Under British rule, a military cantonment was established and the city infrastructure was modernized and expanded. Though incorporated into the Bombay Presidency during British rule, Ahmedabad remained the most important city in the Gujarat region. The city established itself as the home of a booming textile industry, which earned it the nickname the "Manchester of the East." The city was at the forefront of the Indian independence movement in the first half of the 20th century. It was the centre of many campaigns of civil disobedience to promote workers’ rights, civil rights, and political independence.
Since the creation of the state of Gujarat in 1960, Ahmedabad had become a bustling metropolis with beautiful classical and colonial European styled buildings, lining the city’s thoroughfares. The city is witnessing a major construction boom and population increase. A rising centre of education, information technology and scientific industries, Ahmedabad remains the cultural and commercial heart of Gujarat and much of western India.

(Graph 1.2: Industrial clusters of Gujarat)
Economy:

A mall in Ahmedabad. Retail Industry is one of the largest employers in the city. (Source: Main article: Economy of Ahmedabad.)

The gross domestic product of Ahmedabad metro was $16 billion in 2010. In the 19th century, the textile and garments industry received strong capital investment. On 30 May 1861 Ranchhodlal Chhotalal founded the first Indian textile mill, the Limited. This was followed by the establishment of a series of textile mills such as the Calico Mills, Bagicha Mills and Arvind Mills. By 1905 there were about 33 textile mills in the city. The textile industry further expanded rapidly during the First World War, and benefited from the influence of Mahatma Gandhi’s Swadeshi movement, which promoted the purchase of
Indian-made goods. Ahmedabad was known as the "Manchester of the East", for its largely expanding realms of the textile industry.

Gujarat under the rule of Mr. Narendra Modi has witnessed a rise in its Real Estate Sector. And Ahmedabad has become a hot spot for real estate development many developers are eyeing the Ahmedabad market for development of residential property. Recently Tata Housing Development Company entered into a JV with Arvind Ltd for development of residential property. This is the largest development that TATA Housing will be undertaking. Ahmedabad will be next detroit of east, after TATA Nano project FORD, SUZUKI, Peugeot will establish their plant near Ahmedabad.

It is believed that all governments of Gujarat chose to develop economy in Gandhinagar and thus neglected Ahmedabad in many ways. More over time to time riots, revolutions, movements slowed down the economic growth of Ahmedabad.

Ahmedabad is a Thriving center for Chemical and Pharmaceutical industries. Two of the biggest pharmaceutical companies of India - Zydus Cadila and Torrent Pharmaceuticals—are based in the city. The city serves as the corporate headquarters of the Adani Group, which is a leading multinational trading and infrastructure development company. The Ahmedabad Stock Exchange is located at Ambavadi area in the city. It is Ahmedabad's oldest and only Stock Exchange. The Nirma group of industries, which runs a large number of detergent and chemical industrial units, has its corporate headquarters in the city. In recent year many foreign companies have set up their sales offices and production facilities in Ahmedabad. Amongst them are Bosch Rexroth, Germany (Hydraulic components); Stork, Netherlands (Textile machinery; joint
venture with ATE, India's leading textile equipment trading house); Rollepaal, Netherlands (pipe extrusion equipment); and Johnson Pumps, Sweden.

The completion and operation of the Sardar Sarovar Project of dams and canals has improved the supply of potable water and electricity for the city. In recent years, the Gujarat government has increased investment in the modernisation of the city's infrastructure, providing for the construction of larger roads and improvements to water supply, electricity and communications. The information technology industry has developed significantly in Ahmedabad like Tata Consultancy Services opening its offices in the city as well as in Gandhinagar. A NASSCOM survey in 2002 on the "Super Nine Indian Destinations" for IT-enabled services ranked Ahmedabad fifth among the top nine most competitive cities in the country. City is the largest supplier of denim and one of the largest exporters of Gemstone and Jewellery in India. GDP of Ahmedabad was 59 billion USD in 2010. The Government has started vibrant Gujarat program to attract more foreign investment. The state is fastest growing state in India at present. A diverse labour force of migrant workers from different parts of Gujarat and neighbouring states is integral to the economy of the city. These workers provide vital household labour and services for the city's large middle class. Ahmedabad plays a strong and significant role in providing commercial resources and market access for the economies of neighbouring cities. A majority of the working-age citizens of Ahmedabad are traders and business people. This has led to the creation of major mercantile corporations and Artisan guilds that are a key influence on the economic life of Gujarat. The city's educational and industrial institutions have attracted students and young skilled workers from the rest of India.
Ahmedabad is changing and it is changing at so many fronts very fast. In first episode of this series ‘Ahmedabad is changing’, how malls, supermarkets, hypermarkets and chains of retail stores altogether are changing Ahmedabad city and the people of Ahmedabad. Malls are as follow:

- Big Bazar malls near Iscon temple and at City pulse multiplex (Ten acre) in Raypur area, Ahmedabad.
- TATA’s Star Bazar, Satellite road, Ahmedabad
- TATA’s lifestyle superstore ‘Westside’ Mithakhali area, Ahmedabad
- Pantaloons’ lifestyle superstore at Mithakhali area and Ten acre mall (Raypur)
- V – Mart stores at Law Garden and at Fun republic
- Vishal supermarket at SG highway and Juna Shardamandir-Law Garden road
- 10 Acres, Opposite Arya Samaj Mandir, Ahmedabad,
- Galaxy Super Mall, 23,Harekrishna Complex,Near Cadila Crossing, Ahmedabad.
- **Pyramid Mall**: A very popular and leading mall in Ahmedabad, Pyramid Mall consists of number of stores and shops of many domestic and international brands. Near Parimal Garden,Ellisbridge, Ahmedabad - 380 006
- **Himalaya Mall**: A centrally air conditioned mall, it is situated in prime location of the city. It has stores of all the major brands related to clothes men & women, shoes, accessories etc. Near Indraprastha Tower, Drive In Road, Memnagar, Ahmedabad - 380 052
• **R3 The Mall**: A premier shopping and leisure destination in the city, it is one of the upcoming malls in the city which houses about 200 shops, food courts and a multiplex. Opp. Manav Mandir, Nr. Mayflower Women’s Hospital, Memnagar, Ahmedabad-380052.

• **Iscon Mall**: One of the famous and popular malls in the city, it comprises all the famous international and domestic brands in categories of garments, electronics, cosmetics, accessories, shoes etc under one roof. Satellite, Polytechnic, Ahmedabad - 380 015.

• **Parsvnath Mall**: A fabulous life style destination, Parsvnath Mall is a shopping mall cum multiplex. Where you can do shopping in various branded store and can watch movies as well. Vastrapur, Ahmedabad - 380 015;

• **Gallops Mall**: A newly built mall in Ahmedabad, it is built over 3.46 lakh square feet which consists of a small multiplex of about 76 seat capacity apart from the stores of leading domestic and international brands., S G Highway, B/H Iscon Temple, Satellite Area, Ahmedabad - 380 015.

• **APM Shopping Mall**: Yet another Mall in the area, APM features a number of branded stores like Arrow, Louis, Philippe, Levi’s, Lee and many more. Shyamal Char Rasta, Satellite, Ahmedabad - 380 015
Vadodara:

Vadodara formerly known as Baroda, is the third most populated city in the Indian State of Gujarat. It is one of four cities with a population of over 1,200,000 million. Historical and archaeological findings date this place back to the 9th century when it was a small town called Ankottaka (present Akota) located on the right bank of the river Vishvamitri (whose name is derived from the great saint Rishi Vishwamitra). Ankottaka was a famous centre of Jainism in the 5th and 6th century AD. Some of the Akota bronze images can be seen in the Vadodara Museum. The city was once called Chandanavati after its ruler Raja Chandan of Dor tribe of Rajputs, who wrested it from the Jains. The capital had also another name "Virakshetra" or "Virawati" (a land of warriors). Later on it was known as Vadpatraka or Wadodará, which according to tradition is a corrupt form of the Sanskrit word Vatodar means 'in the heart of the banyan tree'. It is now almost impossible to ascertain when the various changes in the name were made; but early English travellers and merchants mention the town as Brodera, and it is from this that the name Baroda is derived. Again in 1974 the name changed to Vadodara.

Vadodara is the third most-populated city in the Indian state of Gujarat after Ahmedabad and Surat. It is one of four cities in the state with a population of over 1 million, the other being Rajkot. It is also known as the Sayaji Nagari (Sayaji’s City after its famous ruler, Maharaja Sayajirao Gaekwad III) or Sanskari Nagari (The City of Culture, a reference to its status as the Cultural Capital of Gujarat). Vadodara or Baroda, formerly the capital city of the Gaekwar State, is situated on the banks of the Vishwamitri, a river whose name derived from the great saint Rishi Vishwamitra. It is located southeast of Ahmedabad, 139 km from state capital, Gandhinagar. It is the administrative headquarters
of Vadodara District. Both the railway line and national highway connecting Delhi and Mumbai, passes through Vadodara.

Vadodara is home to almost 1.6 million people (as of 2005), the beautiful Lakshmi Vilas Palace and the Maharaja Sayajirao University of Baroda (M.S.U.) which is the largest university in Gujarat. Its famous for the Science, Fine Arts, Performing Arts, Technology, Management, Psychology, Social, Law and Medicine streams. It has a high literacy rate by Indian standards of 78% (2001). Major industries include petrochemicals, engineering, pharmaceuticals, plastics and Forex. Famous companies such as Reliance Industries, Larsen and Tourbo, DuPont, General Motors, Oil & Natural Gas Corporation, Sun Pharmaceuticals, GSFC, Alembic, Apollo Tires, CEAT Limited, Suzlon, Kemrock, GACL, Vasu Healthcare, all have a strong presence in this city, also it has presence of IT multi-national companies.

Industry and Commerce:

Vadodara enjoys a special place in the state of Gujarat. Until the early 1960s Vadodara was considered to be a cultural and educational centre. The first modern factory (Alembic Pharmaceuticals) was established in Vadodara in 1907 and subsequently companies such as Sarabhai Chemicals, and Jyoti came up in the 1940s. By 1962 there were 288 factories employing 27,510 workers. At that time, the dominant industrial groups were chemicals and pharmaceuticals, cotton textiles and machine tools. The establishment of Bank of Baroda by Sayajirao III in 1908 also help industrial growth.

In 1962, Vadodara witnessed a sudden spurt in industrial activity with the establishment of Gujarat Refinery and Indian Oil Corporation Limited at
the nearby village of Koyali. Several factors like raw material availability, product demand, skillful mobilisation of human, financial and material resources by the government and private entrepreneurs have contributed to Baroda becoming one of India’s foremost industrial centres.

The discovery of oil and gas in Ankleshwar led to the industrial development of Gujarat in a big way. The Vadodara region is the largest beneficiary in the process of this industrialization. Gujarat Refinery went into the first phase of production in 1965. The refinery being a basic industry made vital contributions on several fronts at the regional and national levels.

In Vadodara various large-scale industries such as Gujarat State Fertilizers & Chemicals (GSFC), Indian Petrochemicals Corporation Limited (IPCL, now owned by Reliance Industries Limited) and Gujarat Alkalies and Chemicals Limited (GACL) have come up in the vicinity of Gujarat Refinery and all of them are dependent on it for their fuel and feedstock. Other large-scale public sector units are Heavy Water Project, Gujarat Industries Power Company Limited (GIPCL), Oil and Natural Gas Corporation (ONGC) & Gas Authority of India Limited (GAIL). In addition to these public sector enterprises, a number of other large-scale enterprises have come up in the private sector such as Bombardier Transportation, a Canadian company manufacturing the Delhi Metro from its site in Savli. Baroda also has quite a few established manufacturing units such as; General Motors, ALSTOM, ABB, Philips, Panasonic, FAG, Sterling Biotech, Sun Pharmaceuticals and Areva T&D, Bombardier, and GAGL (Gujarat Automotive Gears Limited). There are also a number of glass manufacturing companies in and around Vadodara, including Haldyn Glass, HNG Float Glass and Piramal Glass.
The establishment of large industrial units in a region automatically brings into existence a number of smaller enterprises. Vadodara is no exception and the city and the surrounding areas are today humming with industrial activity. The industrialization of Vadodara has attracted entrepreneurs not only from Vadodara but also from all over Gujarat and the rest of India.

In line with the 'Knowledge City' vision of the Confederation of Indian Industry, Vadodara is gradually becoming a hub in Gujarat for IT and other development projects. Vadodara is also home to the Vadodara Stock Exchange (VSE). Malls are as follow:

- **Inox Leisure Ltd**: Road No-21, Gopal Baug, Gotri, Vadodara, Gujarat 390021 - 0265 2386600
- **Subhiksha Trading Service Ltd**: Sb 1 To 5 Alien Complex Near Navdeep Complex, Nizampura, Vadodara, Gujarat 390002
- **Adani Enterprises Limited**: 402, Duruv Avenue, Shobhana Nagar Society, Vasna Road, Vadodara, Gujarat 390015
- **Centre Square Mall**, Vadodara, Gujarat.
Surat:

Surat also known as Suryapur, is the commercial capital city in state of Gujarat. Surat is India's eighth most populous city and ninth-most populous urban agglomeration. It is also administrative capital of Surat district and one of the fastest growing cities in India. The city proper is the third cleanest city in India. Surat is Gujarat's second largest city with a population of 4.5 million. Surat ranks fourth in a global study of fastest developing cities conducted by the city Mayors Foundation, an international think tank on urban affairs. It is the fastest growing Indian city in terms of economic prosperity. The city has registered an annualised GDP growth rate of 11.5 per cent over the past seven [2001–2008] fiscal years, according to the data compiled by economic research firm Indicus Analytics.

The city is located 306 km south of state capital Gandhinagar, and is situated on the left bank of the Tapti River (Tapi), the centre being around 22 km (14 mi) from its mouth. A moat divides the older parts of the city, with its narrow streets and handsome houses, and the newer suburbs. The city is largely recognised for its textile and diamond businesses. It is also known as the diamond capital of the world and the textile capital/Manchester textile city of India, a distinction it took over from Ahmedabad. It is also known as the "Embroidery capital of India" with the highest number of embroidery machines than any other city. 92% of the world's diamonds are cut and polished in Surat. It has one of the highest GDP growth rates in India at 11.5% as of 2008. Surat was the primary port of India during the Mughal period, a distinction it lost to Bombay during the British Raj.
Economy:

The gross domestic product of Surat metro was estimated at $10 billion in 2010. Surat is known for diamonds, textiles and recently for diamond-studded gold jewellery manufacturing. Real Estate is a new emerging business in Surat.

The City accounts for: +70% of the world’s total rough diamond cutting and polishing, +90% of the nation’s total rough diamond cutting and polishing, +40% of the nation’s total diamond exports, +40% of the nation’s total man made fabric production, +28% of the nation’s total manmade fiber production +18% of the nation’s total fabric production, and +12% of the nation’s total fabric production.

Diamond polishing

Surat is famous for its diamond industry and textile industry, along with silk and chemicals. It is at the heart of the world's diamond-polishing industry, which in 2005 cut 92% of the world's diamond pieces and earned India $15 billion in exports. Gujarati diamond cutters emigrating from East Africa established the industry in 1901 and by the 1970s Surat-based diamond cutters began exporting stones to the US for the first time.
Though much of the polishing work takes place on small weight stones, Surat's workshops have set their eyes on the lucrative market for finishing larger, pricier stones in the future.

The 18 November 2008 issue of the Wall Street Journal had an article about the diamond industry in Surat. It claims that 80% of the world's finished diamonds are cut and polished in this city. However the wages of the industry's workers remained flat for years and 250,000 workers, or one-third of the city's diamond industry workforce, has left between 2005–2008, leaving about 500,000. Only after a July 2008 strike did the workers obtain a 20% salary raise, their first in a decade. Most of diamonds are polished in Varachha area.

**Textiles**

Surat is known for producing world-class synthetic textiles."

Surti households have been declared the most prosperous in the country by the National Council of Applied Economic Research (NCAER) and Future Capital Research's Roopa Purushothaman in their latest study. The average annual household income (AHI) in the diamond city is Rs 457,000 – the highest in the country. The study says that Surat's AHI is almost equal to China's per capita income of 2007 and double the national per capita income. Even its GDP growth of 11.5 per cent for the many consecutive years is the fastest in the country. Recently Surat's diamond and textile industry faced the recession due to slowdown in US economy but is recovering. Jari, the oldest business in Surat, and 80000 embroidery units make the city a major center of the embroidery industry.
Industries

Surat also has many industrial Giants such as KRIBHCO mammoth fertiliser plant, Reliance petrochemical plant, Essar's 10 million tonne steel plant, L&T's heavy engineering unit, GSEG, gas processing plant of ONGC, Gas Authority India Ltd., Niko Resources Ltd, Ambuja Cement (grinding Unit) at Magdalla port where as Torrent Power has mega power plant and GIPCL has got a huge lignite power plant in kamrej area. L&T colony & Bachelor hostel and ONGC colony are situated near to the airport.

Real Estate

Housing sector is the most preferred segment in Surat too like in other parts of the country. Leading property developers are coming up with all kinds of affordable and luxury homes to woo buyers from all classes i.e. to cater to the needs of both nationals and NRIs. Though the industrial sector of the city is quite well established, expansion work is going on in full swing. Even the retail property sector is developing manifold to meet the recreation needs of its growing population with number of malls, multiplexes and retail outlets opening up across the city. Surat real estate is at its best with builders taking keen interest in developing property in the peripheries of the ‘Silk City’.

Surat based smalltime shop owners now want to work 24×7. They have urged government of Gujarat to do necessary change in ‘Gumasta dhara’ law which has provision to maintain at least one weekly holiday compulsory for shop owners.

South Gujarat chamber of commerce has asked state government that in the era of competition when malls and superstores work for all the days,
why small businessmen, shop owners falling under ‘Gumasta dhara’ low should not be allowed to work in a same way? Malls and superstores earn maximum amount of customers and income in weekends when small shops are closed. Malls and superstores even work on national holidays like 26th January and 15th August which are declared as mandatory closure days by government. Government should allow small shops also to work for all the days. Malls are as follow.

City Mall : Abhushan Complex, Ghod Dhod Road, Parle Point, Surat, 395007

Regency Exclusive Ratail Shop : Opposite Minara Masij, Baranpuri, Bhagal, Surat, 395003

Iscon Mall : Dumas Road, Subhash Nagar, Gujarat 395007 - 0261 3990444

Raj Empire Mall : Fame Raj Empire, Raj Empire Mall, Bhatar Road, Surat, Gujarat 395002 - 0261 2239999

Supreme - The IT Mall : Ring Rd, Sanjay Nagar, Surat, Surat, Gujarat 395002 - 0261 3993000

Big Bazaar Mall : Subhash Nagar, Surat, Gujarat

Surat shopping is enjoyed by the customers as they can choose from a variety of products. There are a number of shopping centers in Surat to shop from. The city has always remained an important trading center from ancient times. With the progress of time, the city has been highly commercialized.
Surat is a highly industrialized city in Gujarat. It is mainly known for the textiles manufactured in the industries. Thus shopping in Surat should include collection of dress materials and silk sarees. Silk sarees from Surat are favorite among Indian women. Customers can also include the beautiful jari works and embroidered fabrics in their shopping list. One can buy the beautiful garments manufactured in Surat.

Surat is also known for beautiful handicrafts. Customers can buy them from the government emporiums. In Surat, tourists will be fascinated by the different decorative items curved out from wood. The city is also famous for diamond cutting. Fashionable women would love to visit the jewelery shops in Surat. The dazzling and beautifully designed jewelery should be collected while on Surat shopping.

Customers visiting Surat can shop from the numerous shopping centers of Surat. Shopping in the shopping malls of Surat is always a pleasurable experience. They can also visit the shopping emporiums maintained by the Government of Gujarat.
Rajkot:

Rajkot is the 4th largest city in the state of Gujarat, India. Rajkot is the 28th urban agglomeration in India, with a population more than 1.43 million as on 2008. Rajkot is ranked 22nd in The world's fastest growing cities and urban areas from 2006 to 2020.

Rajkot is a city of Gujarat state in India and administrative headquarters of the Rajkot District, 245 km from the state capital Gandhinagar, located on the banks of the Aji River and Nyari River. Rajkot was the capital of the then Saurashtra state from 15 April 1948 to 31 October 1956 before merging in bilingual Bombay State on 1 November 1956. Rajkot was merged into Gujarat State from bilingual Bombay state on May 1, 1960.

Economy:

The city contributes to the economy of the state with heavy and small scale industries under the patronage of Gujarat Industrial Development Corporation (GIDC) and Gujarat State Financial Corporation (GSFC). The economy of Rajkot got another shot in the arm with 28 crore World Bank aid for development of infrastructure of the city. Many a renowned business houses made a beeline for grabbing the property market in the city, before it skyrockets. The plans are already in place to beautify and modernize the ancient city, including a Rock Garden, ala Chandigarh. Another 25 crore project to rebuild the Kaiser-e-Hind, the only major bridge linking to the city, is already nearing completion. All such infrastructure development will add to the economic wealth and promote the local business houses.
Rajkot is famous for its jewellery market, silk embroidery and watch parts. The city hosts several small scale manufacturing industries. Some of the industrial products for which Rajkot is known include bearings, diesel engines, kitchen knives and other cutting appliances, watch parts (cases & bracelets), automotive parts, forging industry, casting industry, machine tools, share market and software development. The city is also home to one of the largest CNC machine manufacturer in the country, Jyoti CNC Automation Pvt. Ltd. The Real Estate sector is also booming in the city, as the land prices in the city are some of the highest in India. Rajkot's Famous For its Precise And Punctual Work Is The 'Krishna Industries' And Its Second Unit 'Siva Sai' In Metoda GIDC Plot No-1896, 1897.

Rajkot is well known throughout the world for its casting and forging industries. Over the last few years, it has started to play an increasingly important role in the complex supply chains of many global engineering companies that make products such as electric motors, automobiles, machine tools, bearings, etc. Companies such as Echjay Industries, Solar Technocast Pvt. Ltd, Amul Industries, Prashant Castings (P) Ltd, Doctor Pumps Rolex Rings, Topland Engines etc. are prime examples of this trend and due to huge investments by the Government and private sector in local infrastructure such as highways, ports, power plants etc., many more companies are expected to join them.

There are about 500 foundry units in Rajkot. The cluster came-up mainly to cater to the casting requirements of the local diesel engine industry. The geographical spread of the cluster includes Aji Vasahat, Gondal Road and Bhavanagar Road areas. The majority of foundry units in
Rajkot produce grey iron castings for the domestic market. A very small percentage (about 2%) of the foundry units export castings such as electric motor castings, automobile castings etc.

Rajkot is also famous for its gold purity. It has one of the largest gold markets in India. Rajkot is also growing up in Software Industries and IT’s. There are many companies working in web development and many new multinational software companies and call centers are setting up their operation and development center in Rajkot. Rajkot is also home of one of leading management consulting firm in India, Ikon Marketing Consultants.

In the near future, the government of Gujarat will allocate large land areas for the development of Special Economic Zone which will be parted in three different areas and will include industries such as Software, Auto-Mobiles, etc. As per recent market reviews, Rajkot is becoming Asia's biggest Auto-Mobile Zone.

Rajkot is also famous for its textile printing units, this units products Cotton sulvar-suits and Cotton prints sarees, and also make a pure silk patoda.

Once upon a time Rajkot was the hub of India in the field of Diesel engine and submersible Pumps. Still, Submersible pumps are manufactured in a lot and marketed throughout India and some of the big manufacturers also export them. Malls are as follow.

Cinemax and Grand Central Mall,"Cinemax is good cinema with 3 screen but rates are still high, people will prefer to go far to complex for reasonable price"
Crystal Mall, Rajkot, Gujarat

Brain Storm Shopping Mall, N N C House, Amin Marg, Rajkot, Gujarat 360002.

The Mall culture is catching up gradually in cities with several Malls making their entry in Gujarat retail sector.