Chapter 1

Introduction

1.1 Geneses of the study
1.2 Objective of the study
1.3 Hypotheses of the study
1.4 Research Methodology
1.5 Chapterization
1.6 Scope of the study
1.7 Limitation of the study
1.8 Expected contribution of the study
1.9 Conclusion
Chapter 1

Introduction

1.1 Genesis of the study

Retailing is a convenient, convincing and comfortable method of selling goods and services. Retailing, though as old as business, trade and commerce has now taken new forms and shapes. This is because of new management techniques, marketing techniques and also due to ever changing and dynamic consumer psychology.

Retailing is one area of the broader term, e-commerce. Retailing is buying and selling both goods and consumer services. With more number of educated and literate consumers entering the economy and market, the need for reading the pulse of the consumers has become very essential.

Retail marketing is undergoing radical restructuring. This is because of increase in gross domestic product, increase in per capita income, increase in purchasing power and also the ever changing tastes and preferences of the people. The entry of plastic money, ATMs, credit cards and debit cards and all other consumer finances, the taste for the branded goods also added for the evolution of retail marketing.

Retail marketing is not just buying and selling but also rendering all other personalized consumer services. With the Retail marketing picking up it has given a new look for various fast moving capital goods (FMCG) goods. This not only
increased the demand for various goods in the market but also made retail marketing the second largest employment area, the first being agriculture.

Retail Industry, one of the fastest changing and vibrant industries in the world, has contributed to the economic growth of many countries. The term 'retail' is derived from the French word retailer which means 'to cut a piece off or to break bulk'. In simple terms, it implies a first-hand transaction with the customer.

Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable.

Retailing involves a direct interface with the customer and the coordination of business activities from end to end- right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. The industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world today.

Retailing consists of business activities which are involved in the sale of goods to consumers for their personal or family use. It is the final stage in channel of distribution which companies of all the businesses and people involved in the physical movement and transfer of ownership of goods and services from the producers to the consumer. It is rigidly called as pipeline where customer finally picks up the product or service.

Retailing-function includes all activities involved in providing goods and services to the ultimate consumers. So it provides final end products to the consumers, not raw materials, end products in usable form to the consumers. Thereby it creates product utility. Secondly, it is given in the place where it is required by the consumer. That is, retailing outlets are open in the places according to the convenience of the customer and also based on the demand of the consumer. And third, it creates Time Utility. The shops are therefore opened as per the requirement of the consumer that is between 10 and 8 or 10 to 5. Whenever the consumers want to go and shop they
can go and shop at a particular period convenient to the customer. Towards the end, when the product is sold finally it creates Ownership Utility. So, we can conclude that retailing is a marketing intermediary which creates Product Utility, Place Utility, Time Utility and Ownership Utility in providing goods and services to the consumers.

Retail Sector can be basically classified into two segments. One is organized segment and another one is unorganized segment. As far as India is concerned this organized Retail segment contributes only to 3 percent of the retail trade and the unorganized segment contributes to remaining 97 percent of the retail trade. It is because all these days we have been purchasing only from the street vendors and from the local shops and organized retailing was liberalization, this organized sector has come to light and presently it exists in various formats. Not in vogue in India. Only after 1991, after opening up of economy and due to liberalization, this organized sector has come to light and presently it exists in various formats which are as follows:

• Super markets.
• Hypermarkets.
• Departmental stores.
• Specialty stores.

In the early trading days, the primary function of a retailer used to be conducting the entire marketing process starting from bringing the goods produced into contact with the customer. The rules of marketing were determined by the manufacturing companies due to their enormous economic power. However the liberalization policies and globalization privatization has changed the entire market structure due to the fact of changing perception of the consumers their buying behavior, lifestyles and competition. It today has become a fascinating phenomenon of the 21st century the world over, including India.
Organized retail is in its infancy in India but developing fast. The next 5 to 10 years are critical for its scaling up to have a visible impact on the backend operations of retailers. Government and business need to work together to ensure that this opportunity is not lost but is used in a manner that benefits most stakeholders in the chain from retail to tail. This can be done when the government establishes and follows policies for the continued growth of modern retail, and uses tax revenues collected from organized retailers to build infrastructure in commodity chains that helps farmers, wholesalers, and traditional retailers, as well as the procurement activities of modern retail itself. Each commodity chain is unique and needs careful assessment by both business and government. The transition to organized retail can be made more inclusive by bringing farmers and traditional retailers into the mainstream of this structural change, without sacrificing the efficiency of the value chains.

- **Indian Retail Landscape – Rise and Shine**

  Retailing in India is gradually inching its way toward becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. The Indian retailing sector is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector in India.

  It was argued that the best period for Retail in India will be between 2009-13, when the Retail industry will expand and consolidation would set in with most of the top global retailers having a presence in India. Also argued that the Indian market is
unlike the US where the market is already saturated. Hence, if Retailers play their cards right, they can get customers, make profits and all concerned in the entire value chain can grow by leaps and bounds. Industry experts also highlighted that organized retail in India is booming and is set to grow at 42 percent to touch US $70bn by 2013, which means that organized retail would be twice as big as the size of the Mobile Telecom industry in India. Currently, India is the fourth largest economy and is all set to become the third largest by 2013, leaving Japan behind. It is estimated that there would be around 300 million middle class consumers in India by 2013, and organized retail market share would reach 10 percent, this trend will continue and would reach 24 percent by 2025. The game has just begun for organized retail in India. Though the global economy is witnessing a slowdown, the Indian economy is set to grow at 7.5 percent p.a., driving higher consumption and consequently, the Retail industry. Total retail sales in India are estimated to grow at a CAGR of 10 percent to $680bn by the end of 2013 increasing from to $511bn at the end of 2008. The $25.44bn Indian organized Retail sector is still at a nascent stage with barely 5 percent share in the total retail market, the lowest compared to peers in the BRIC countries viz., Brazil (36 percent), Russia (33 percent) and China (20 percent).

Over the last 2-3 years, the Indian consumer market has seen a significant growth in the number of modern-day shopping centers, popularly known as ‘malls’. There is an increased demand for quality retail space from a varied segment of large-format retailers and brands, which include food and apparel chains, consumer durables and multiplex operators. Shopping-centre development has attracted real-estate developers and corporate houses across cities in India. As a result, from just 3 malls in 2000, India is all set to have over 220 malls by 2005. Today, the expected demand for quality retail space in 2006 is estimated to be around 40 million square feet. While previously it was the large, organised retailers – with their modern, up-market outlets, and direct consumer interface - who had been a key factor driving the growth of

organized retail in the country, now it is the malls which are playing the role. Factors such as availability of physical space, population densities, city planning, and socio-economic parameters have driven the Indian market to evolve, to a certain extent, its own definition of a ‘mall’. For example, while a mall in USA is 400,000 to 1 million sq.ft in size, an Indian version can be anywhere between 80,000 sq.ft. and 500,000 sq.ft. By 2005, total mall space in the 6 cities of Mumbai, Bangalore, Hyderabad, Chennai, Kolkata, and National Capital Region (Delhi, Noida, Gurgaon) is expected to increase to over 21.1 million sq. ft. Compared to other big cities, Kolkata and Hyderabad are relatively new entrants in the mall segment, but are witnessing quick growth\(^2\). Smaller cities like Pune, Ahmedabad, Lucknow, Ludhiana, Jaipur, Chandigarh and Indore, are also expected to see a formidable growth in the growth of malls in the near future. But malls in India need to have a clear positioning through the development of differential product assortment and differential pricing, in order to compete effectively in a growing mall market. Segmentation in malls, like up-market malls, mid-market malls, proper planning, correct identification of needs, quality products at lower prices, the right store mix, and the right timing, would ensure the success of the ‘mall revolution’ in India.

- **Raising income and increase in consumerism are fueling retail growth.**

India’s economic growth has accelerated significantly over the past two decades and average household income has almost doubled. With rising incomes, consumer spending too has changed significantly. Economic growth has also impacted urban demographics, leading to increased per capita household consumption with the boom of the service sector and increased industrial output, the growth pace has spiraled in the last decade. This has set a sustainable platform for consumerism and rising per capita spend leading to an inclusive growth. Growing disposable income has led to increasing consumer aspiration, with easy access to consumer finance lending a

\(^2\) Jumbo Retail Report, HSBC, Global Research, Mumbai, pp 4-7, 2005.
source to achieve these aspiration and desires. This can be understood with the help of the table given below.

Table 1.1

<table>
<thead>
<tr>
<th>S.No</th>
<th>Year</th>
<th>$ billion retail growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1998</td>
<td>201</td>
</tr>
<tr>
<td>2</td>
<td>2000</td>
<td>204</td>
</tr>
<tr>
<td>3</td>
<td>2002</td>
<td>238</td>
</tr>
<tr>
<td>4</td>
<td>2004</td>
<td>278</td>
</tr>
<tr>
<td>5</td>
<td>2006*</td>
<td>321</td>
</tr>
<tr>
<td>6</td>
<td>2008*</td>
<td>368</td>
</tr>
<tr>
<td>7</td>
<td>2010*</td>
<td>421</td>
</tr>
</tbody>
</table>

*Estimates
Sources: Retail in India-A CII-AT Kearney report 2010.

As seen in Table number 1.1 there has been a gradual growth in the organized retail outlets in India. This shift has been due to the fact that there is changing economic structure and also resulting in the increase of income of the households and thereby increasing the buying capacity of the consumers, the growth of organized retail outlets in India is due to the improvement in the economic status of the employee.

According to NCEAR forecasts, the number of ‘rich’ households (the target market for modern retail stores) is expected to more than double from 57 million in 2002 to 107 million by 2013. The proportion of India’s population that is less than 25 years of age stands at more than 50 percent currently while more than 80 percent of the population is below the age of 45 years. This ‘young population’ segment is driving the changes in consumption habits and spending patterns. An increasing proportion of the young population is joining the work force, and adding to overall spending, which should bode well for the growth of modern retail formats in India. Growing
urbanization (malls are likely to be concentrated in urban areas) is also fuelling modern retail format growth.

Accordance of ‘industry status’ to retail in India is an issue that needs to be addressed soon. Recognition would ease financing prospects, as well as standardize and unify taxes for the industry. An alignment of the retail sector with the tourism sector could also promote India as a global shopping hub.

For the retail sector to achieve further growth, the spread of organized retailing has to become a national phenomenon. The top 6 cities will account for 66 percent of total organized retailing. Although many international retailers and brands still regard India as too difficult, they would welcome the opportunity to create an appropriate joint venture, if they felt India was changing. The growth of the organized retail industry in the country will mean thousands of new jobs, increasing income levels and living standards, better products, and services, a better shopping experience, and more social activities.

**Retailing in Mumbai**

Retail industry in India, both in form of traditional high-street retail as well as organized retail, has enjoyed a consistent growth in the last three years or so and the trend appears to continue further. This trend of growth and the strengthening of organized retail activity in India is due to the steady growth of the disposable incomes, greater awareness and discern in customers and opportunity to retailers for a greater accessibility to real estate at affordable prices.

Indian urban population in general and urban population residing in the mega cities, are the chief patrons of organized retail activity.

Mumbai being the commercial capital of the country has witnessed huge rise in mall and hypermarkets in the last few decades. The cosmopolitan face of Mumbai, which is still dominated by the traditional retail sector, has successfully embraced the new formats and leads the way of this retail trend with maximum number of established,
ongoing as well as proposed organized retail centers or malls in India. Statistics about the growing middle class indicate that the retail scenario is only going to be better as published data by NCAER reveals that there are 17.4 million urban households in India, which classify as consumers.

Research done by consultants show that brand conscious urban customer segment is growing at a decadal rate of 3.2 percent (against decadal population growth of 2.13 percent during 1991-2001), consumer spending has increased by 11.5 percent annually and the retail prices in mega cities have been realistic. Mumbai is a classic example of this new retail development and it is interesting to study and assess the phenomenon of development of malls in Mumbai³.

Development of organized retail in Mumbai: The focus of retail has traditionally been South Mumbai with Bandra being the only exception. Till now there have been mainly standalone shops and shopping complexes that have catered to the shopping public. However, the trend of lavishly built shopping malls spread over several thousand square feet of space on multiple floors is fast catching up in Mumbai. The opening of the swanky mall called "Crossroads" at Haji Ali in 1999 revolutionized the concept of retailing in Mumbai. Since then a large number of malls have been announced and a still larger number are being planned.

Based on announcements till now, we estimate that in Mumbai, there is a potential supply of around 6.4 million square feet of malls or 37 malls in Mumbai, proposed to be operational by the year 2005. Over half of this supply is in various stages of planning, construction and implementation, and the balance is either completed or in the concept stage.

At present, retailing in India is estimated to be a US $ 230 billion industry, of which organized retailing is a mere 3 per cent. By 2010, organized retail is expected to touch US $ 30 billion with an expected growth rate of about 400 per cent. A study

³ www.economictimes.com 14/10/2010
conducted by Fitch expects the organized retail industry to continue to grow rapidly, especially through increased levels of penetration in larger towns and metros and also as it begins to spread to smaller cities and B class towns providing a huge ‘space’ of opportunity for this sector⁴.

Top notch cities like Mumbai, Pune and Ahmedabad are leading the way but the second tier cities like Nagpur and Surat are catching the eye of all retailers. Fuelled by changing consumption patterns, a strong economy and favorable demographics, the retail sector in the western parts of the country is witnessing a dramatic transformation. In an industry that is largely driven by consumer demand, organized players are going the extra mile to woo customers.

According to a recent study by the McKinsey Global Institute, India is poised to become the fifth largest consumer market by 2025. With the largest population of ‘young people’ in the world over 890 million people are below 45 years of age, India is indeed a resplendent market. As a result of economic growth, household incomes have risen at a fast pace and a change in consumer mindsets has been rather drastic. Today, even middle class consumers are loosening their purse strings, thriving on loans and credit cards and are on a spending juggernaut⁵.

Retail activity in western India especially in Mumbai is growing thick and fast. Almost all large retailers - such as the Future Group, Reliance, RPG, Lifestyle, Trent, the Rahejas, Piramyd Retail, etc. have set up shop here and have major expansion plans in place. From small towns to metros, India’s new-found obsession with malls is visible everywhere. Mumbai has a shopping mall stock of 4 million square feet, a figure that can go up to 15 million square feet by 20012-13! Reliance announced that it will invest $3.4 billion to become the country's largest modern retailer by establishing a chain of 1,575 stores by 2013⁶. Considering the diversity in terms of

---

taste and preferences existing in India, the retailers are going for experimentation to identify the winning format suited to different geographies and segments. For example, the taste in the west is different from that in the north or south and this brings challenges to the retailers. Therefore, many retailers are region-centric at this point in time. The Landmark group, which has its dominance in the western region, operates multiple formats such as hypermarket (Max), departmental store (Lifestyle), Shoemart and Funcity12, etc.

These changing scenarios fascinated the researcher in taking up this topic and conduct a thorough exploration in this field. The scope of this research covers the city of Mumbai and understanding the impact of retailing on the changing consumer behavior.

1.2 Objectives of the Study

1. To study the existing Organized Retail Sector in Mumbai.

Organized retail space in Mumbai is expected to grow by around 130 per cent, from 8.72 million sq ft at present to 20 million sq ft by 2012, according to a report by independent property consultant Knight Frank India. The report, India Organized Retail Market 2010, forecasts that during 2010-12, around 55 million sq ft of retail space will be ready in Mumbai, NCR, Bangalore, Kolkata, Chennai, Hyderabad and Pune. Besides, between 2010 and 2012, the organized retail real estate stock will grow from the existing 41 million sq ft to 95 million sq ft. In Mumbai, 6.4 million sq ft of retail space was available by the end of 2010 and about 4.7 million sq ft will be ready over the next two years.

Rituraj Verma, national director, retail agency, Knight Frank India, in her report said that this kind of report is the first report that ties consumption with availability of retail space. Accordingly she interpreted and generalized that it in the right way which will enable both developers and retailers to move towards profitable growth. She also
was of the opinion that this will develop coordination between the developers and the retailers.

Samantak Das, national head (research), Knight Frank India conducted a research and focused on developmental projects in these regions he opined that opportunities are huge in the micro markets of the island city (Nariman Point to Dadar) and the western suburbs (from Bandra to Bhayander) and developers must focus on projects in these stretches of the city as there is an undersupply of organized retail space. He also concentrated on an intensive survey of all major operational and upcoming malls and two prominent high streets in the city and came to conclusion that in the next five years there would be extensive increase in the organized retail space. He also concentrated on an intensive survey of all major operational and upcoming malls and two prominent high streets in the city and came to conclusion that in the next five years there would be extensive increase in the organized retail space. He also concentrated on an intensive survey of all major operational and upcoming malls and two prominent high streets in the city and came to conclusion that in the next five years there would be extensive increase in the organized retail space.

2 To evaluate the culture of Retail industry with development of Mall Culture.

The Indian Retail Sector is booming and mall growth is being seen as a clear indicator of the economic prosperity in India. These shopping cum entertainment options are getting bigger and better, sporting multiplexes and food courts to woo shoppers. Dominant retail activity is visible in the top cities even the tier II and III cities are also witnessing change. Read about the huge investments in malls and what the future holds for them malls are springing up in every city and are fast becoming sought-after entertainment hotspots, with shopping as the by-product. From a situation where there were no malls about a decade ago, the country will have over 300 malls translating to over 100 million sq.ft. in available mall space in the future.

---

7 Organised Retail grows; Mumbai leads the pack, The Financial Express, 15th August 15, 2011.
3. To examine the factors contributing to the popularity of organized retail management.

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP\(^8\). The Indian retail market is estimated to be US$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people\(^9\).

India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3 percent of Indian population)\(^10\).

Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51 percent ownership and a bureaucratic process.

In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Walmart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple\(^11\). The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus\(^12\).


\(^11\) "Retailing in India Unshackling the chain stores". The Economist. 29 May, 2008.

\(^12\) Agarwal, Vibhuti; Bahree, Megha "India puts retail reforms on hold". The Wall Street Journal 7 December, 2011.
In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100 percent ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores.

4 To identify consumer behavior towards organized retail sectors with reference to retail management.

The Organized Retail industry has been the talk of the business world with some of the big players like Reliance-Fresh and Spencer's, Bharti wall Mart and Birla group 'MORE' entering into this zone. These stores are looking to maximize market share by attracting consumers on the basis of price and atmospherics. Nonetheless, only 3 percent of Indian market is organized retail which leaves a gigantic gap for supermarkets to fill. A recent Price Waterhouse Coopers study suggests that the size of organised retail in India is only $666million which is likely to grow 30 percent per-annum. There has been considerable growth amongst middle-class sector in India, increasing the spending power of consumers. "With growth in disposable incomes and improving infrastructure, consumers have a wide choice of stores where they can choose to shop. It is therefore, necessary for retailers to understand shoppers' motivations." 


Moreover, significant changes in lifestyle with new tastes and preferences have developed amongst consumers. As people gain purchasing power the market is shifting from price-linked to value-linked where more value is given to design, atmospherics and differentiation suggests. Retail Stores are offering a new shopping-experience to all demographics by providing services that offer convenience and comfort along with great-value. In the cultural-context there has been transformation and adaptation towards western ways of life which has specifically influenced young and the middle-age groups. Traditionally, joint-family culture persisted at Indian homes however statistics determine a drastic shift towards nuclear families. This has increased the pace of life and time is of great value. Transformation to this lifestyle demands services that keep-up with the pace and offer convenience and comfort. As a result, the whole idea of all commodities available under the same roof is likely to fit-in the newly formed culture.

Earlier consumers solely relied on corner-shops/vendors but the entry of international supermarket retailers paved the way for retail industry. The shift in consumer behavior and an organized management with retail industry resulted in the development of the organized retail industry.

5. To suggest the effective measures to be adopted by organized retail sectors based in consumer behavior.

Consumer is the king and hence it is the consumer who determines what a business is, therefore a sound marketing program was started with a careful analysis of the habits, attitudes, motives and needs of consumers all the behavioral activities carried out by a customer during and after the purchase of a product are termed so as “buyer behavior”. In today’s world Purchases are made to satisfy the needs of the consumers. Some of these needs are basic and needed for survival, while other needs are not required for survival and vary depending on the purchaser’s taste and preferences. It probably makes more sense to classify needs that are not a necessity as wants or desires. In fact, in many countries where the standard of living is very high, a large portion of the population’s income is spent on wants and desires rather than on basic
needs. For marketers it is important to understand how consumers treat the purchase decisions they face. If a company is targeting customers who feel a purchase decision is difficult (i.e., Major New Purchase), their marketing strategy may vary greatly from a company targeting customers who view the purchase decision as routine. In fact, the same company may face both situations at the same time; for some the product is new, while other customers see the purchase as routine. The implication of buying behavior for marketers is that different buying situations require different marketing efforts. At this stage a study of consumer behavior yields great insights into the strategy which must be adopted by the organized retail sector in India. Consumer behavior is seen to involve a mental decision process as well as physical activity. The actual act of purchase is just one stage in a series of mental and physical activities that occur during a period of time. Some of these activities precede the actual buying, while others follow it. However since all are capable of influencing the adoption of products and services, they will be considered as part of the behavior of consumers. Therefore it is essential for the retailer to adopt effective measures in targeting the consumers by understanding their behavior.

1.3 Hypotheses of the Study

In the light of the framed objectives, the researcher has set up the following hypothesis for the present study

1. Malls are patronized more by women than men.

2. Compared to women more men feel that the development of organized retail outlets have changed their buying behavior.

3. More women opine that development of organized retail outlets have reduced their visits to unorganized sectors.

4. People from business people feel that the development of malls has created an impact on their budget.
5. Service class people opine that products are cheap in organized retail outlets than in unorganized sectors and they end up in making impulsive purchase.

1.4 Rationale of the study

With the increase in competition in the business world, it is very important to survive and so there has been a revolution in marketing and the Indian consumer changing rapidly. Retail management has become an important activity as it has been seen that the nations have enjoyed the greatest economic and social progress due to this sector. This sector has become popular also because there is easy accessibility to variety of products, freedom of choice and also higher level of consumer services. In retail management organized sector plays a very important role as it is the modern version of retailing which was established in India in the 20th century.

The importance of organized sector is also felt due to the development of residential areas, growing number of professionals and also rapid increase of double income. This required the convenience of availability of goods at one place. With the help of this study the concepts in the Organized retail Management will be further cleared and also this study will help in knowing Consumer behavior towards the changing scenario in Retail management.

The study also helps in knowing the importance of understanding the growth of Traditional Retail Industry into Organized Retail outlets.

The aim of this study is to evaluate and understand the effectiveness of the organized retail outlets especially in Mumbai and also to know how the consumer behavior fluctuates in making decisions to use their resources such as time money and efforts for buying and disposing of goods and services. This momentum and magnitude of growth of Retail management in organized sector and also the fluctuation in consumer behavior has initiated the researcher to conduct a planned study.
1.5 Research Methodology

1.5.1 Secondary Data

The main sources of data are:

i. Various Reference Books on the topics concerned along with Articles in Newspaper, Magazines and Journals published from time to time have been referred.

ii. Visit to Retailers Association of India (RAI) Andheri to refer reports and statistics published by them and to understand the concepts and to use the data, so that there can be a right approach towards the study.

iii. Information was also collected from Internet.

1.5.2 Primary Data

The topic is based on primary data collection mainly to get the factual responses from the retailers, policy makers and planners from malls and the consumers in Mumbai. The instruments like questionnaires were used for primary data collection from the retailers, policy makers and planners from malls and the consumers. Interviews of major players in organized retailing, large manufacturers, and small manufacturers were also conducted.

1.5.3 Sampling Frame

In choosing the sample respondents, the area is restricted to eastern Mumbai. The data was collected in the first stage from approximately 200 dealers.

In the second stage the data was collected from 900 customers residing in Mumbai which would include the people belonging to the following income groups as shown in the following table:
Table 1.2
Sample Size

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Middle Class</td>
<td>300</td>
<td>300</td>
<td>600</td>
</tr>
<tr>
<td>2.</td>
<td>Higher Class</td>
<td>100</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>3.</td>
<td>Elite Class</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>4.</td>
<td>Retail Managers</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>5.</td>
<td>Retail Executives</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>550</td>
<td>550</td>
<td><strong>1100</strong></td>
</tr>
</tbody>
</table>

1.5.4 Techniques of Data Collection

Data collection was conducted by tapping both secondary and primary sources. Researcher went through the enormous amount of published literature available in various forms. It included information obtained from various books journals magazines newspaper and published reports etc. Visits to the libraries of management institutions, Mumbai S.N.D.T University, libraries of reputed colleges, Bombay Chambers of Commerce, and other places helped the researcher in the collection of useful data for the research study. Web and internet support was also sorted by the researcher for the purpose of secondary data.

Data collection through primary source included information obtained from the consumers, retailers and mall managers this was obtained through field work. The researcher prepared three types of questionnaires and the questions were closed ended.

1. Questionnaire for the consumers.
2. Questionnaire for the organized retailers.
3. Questionnaire for the managers and the management associated with malls.
Chart 1.1
Sources of Data Collection

Data Collection

- Literature Scanning
  - Reference Books
  - Journals
  - Business Magazines
  - Research Reports
  - Newspapers
  - Internet

- Survey
  - Organized Retailer
    - Consumers
    - Mall Managers

- Discussion and Interviews
  - Academicians
    - Trade Associations
    - Industry Professionals
1.5.5 Data Analysis and interpretation

The researcher for analysis and interpretation of the collected primary data used statistical tools as simple averages, mean and Chi-square test.

1.6 Chapterization

Present study has been divided into eleven chapters; the sequence of the presentation is as mentioned under.

(a) Chapter 1 – Introduction

This chapter consists and highlights the detailed design of the study. The chapter begins with giving an idea about the origin or birth of the retailing in India and the global scenario. This chapter also touches the areas like the retail scenario in the city of Mumbai; it also discusses the various attributes introduced by government. The chapter also includes various questions that initiated in selecting and conducting research in this topic. There is mention of the objectives of the study, hypothesis framed which needs to be tested it has mention of research methodology with briefing of sample size a detailed chapterization followed by the scope significance limitations and also mention of the contribution of this research for further study.

(b) Chapter 2 – Conceptual framework of retail marketing management

This chapter deals with the conceptual framework of retail marketing management. The areas included in this chapter deals with definitions, theories and strategies. In this chapter the researcher tried to cover concepts relating to logistics and supply chain management advertising and publicity and also matters related to customer relationship management. The researcher with the help of this chapter tries to provide a conceptual clarity to the research topic.
(c) Chapter 3 - Review of literature

An attempt has been made by the researcher in this chapter to conduct an authentically review of the literature which was available in various forms. Researcher mainly relied on the data available in the form of reference books, journals, periodicals, published reports as well as newspapers clippings. There was an attempt by the researcher to collect lots of contemporary data from business magazines and newspapers. The review in this chapter is divided into conceptual factors relating to, organized retailing, consumer behavior in retail marketing aspects related to retail development and modernization finally followed by concluding remarks.

(d) Chapter 4 - Overview of Retail Trade in India

This chapter has a complete overview of the India retail industry since the time of its inception giving an idea of how retailing developed in India and it touches the following area:

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people.

India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3 per cent of Indian population).

Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51 per cent ownership and a bureaucratic process.
In November 2011, India’s central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Wal-Mart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple. The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus.

In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100 per cent ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores.

In June 2012, IKEA announced it has applied for permission to invest $1.9 billion in India and set up 25 retail stores. Fitch believes that the 30 percent requirement is likely to significantly delay if not prevent most single brand majors from Europe, USA and Japan from opening stores and creating associated jobs in India.

Through the 1990s, India introduced widespread free market reforms, including some related to retail. Between 2000 and 2010, consumers in select Indian cities have gradually begun to experience the quality, choice, convenience and benefits of organized retail industry.

**Chapter 5 - Consumer Behavior in Organized Retail Outlets.**

The chapter helps in understanding, that consumer is a rational person, who tries to use his or her money income to derive the greatest amount of satisfaction, or utility, from it. Consumers want to get "the most for their money" or, to maximize their total utility. Rational behavior also "requires" that a consumer not spend too much money irrationally by buying tons of items and stock piling them for the future, or starve themselves by buying no food at all. Consumers (we assume) all engage in rational behavior. Each consumer has preferences for certain of the goods and services that are
available in the market. Buyers also have a good idea of how much marginal utility they will get from successive units of the various products they might purchase. However, the amount of marginal and total utility that the people will get will be different for every individual in the group because all individuals have different taste and preferences. The consumer also has a fixed, limited amount of money income. Because each consumer supplies a finite amount of human and property resources to society, he or she earns only limited income. Every consumer faces a budget constraint there is infinite demand, but limited income, goods are scarce because of the demand for them. Each consumers purchase h is a part of the total demand in a market. However, since consumers have a limited income, they must choose the most satisfying combination of goods based partially on prices. For producers, a lower price is needed in order to induce a consumer to buy more of their product. Most marketing activities seek to influence markets involving interactions among suppliers, competitors, regulators, the courts, government agencies, and customers. Consequently, the researcher in this particular chapter discusses all the aspect related to consumer behavior and the impact of organized retail outlets with special reference to Mumbai the study also deals in specifying of how marketing activities influence consumer buying behavior is a central part of the discipline of marketing. A clear and fundamental understanding of consumer behavior should help the marketer more accurately to predict consumer response to marketing interventions.

(e) Chapter 6 – Emergence of Mall Culture in India

The chapter helps in understanding the concept of mall culture it also tries to specify that it is the world of Modernistic outlook, Ultra hip architecture, air-conditioned interiors, this is the battleground of the brands and lifestyle fighting for consumer attraction, this therefore justifies that it is the world of the all new mega mall culture in India. The chapter also deals with the present Indian retail scenario that is attracting both the domestic and international investors to capitalize on this great Indian market scene, its ever growing customer base and their spending potential, and the customers never ending pursuit of good things in life. The chapter unfolds with justifying on the
controlled factors which makes the mall culture more acceptable and how the purchasing power of the consumer is on a constant rise, which is presently on a decline now due to world financial crisis, this in turn leads to a better adaptability of the people to the one roof multi divisionary market place which is presented in the form of these malls. It also discusses that these malls are redefining the old ways of shopping, gone are the days of compromises and pseudo satisfactions. Now comfort, luxury, satisfaction and a happy shopping experience are the few main factors which all the malls are building their motto on. The dazzling discounts, the larger than life feel and the comfortable bargains ensure the satisfaction of the typical Indian shopper, leaving both the parties satisfied. The choice of quality and quantity is what keeps the customer involved in shopping, this basic principle is applied in the malls where the choice between the products is always maintained by the already established and accepted brands and the wannabe brands, in the end of the day the key to market success lies in the hands of the customer and from the customers point of view the mall represents a battlefield for the various brands which ultimately works towards his own maximum satisfaction. Hence the promotion of the mall culture is good in terms of brand promotion also.

The chapter concludes by giving an overview of the future of malls stating that while the new age consumer is slowly getting accustomed to the mall culture, the owners of the malls are also busy planning the erection of the glass and steel futuristically designed malls. The commercial as well as the residential real estate business is also following an upward trend, thanks to the popularization of malls. The range and scope of the economic activity generated from mall culture promises many things to many people.

Chapter 7 - Future of Indian Retail Sector

The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. The industry is moving towards a modern concept of retailing. The size of India's retail market was estimated at US$ 435 billion in 2010. Of this, US$ 414 billion (95 percent of the market) was
traditional retail and US$ 21 billion (5 percent of the market) was organized retail. India's retail market is expected to grow at 7 percent over the next 10 years, reaching a size of US$ 850 billion by 2020. Traditional retail is expected to grow at 5 percent and reach a size of US$ 650 billion (76 per cent), while organized retail is expected to grow at 25 percent and reach a size of US$ 200 billion by 2020. The US-based global management consulting firm, A T Kearney, in its Global Retail Development Index (GRDI) 2011, has ranked India as the fourth most attractive nation for retail investment, among 30 emerging markets. As India’s retail industry is aggressively expanding itself, great demand for real estate is being created. The cumulative retail demand for real estate across India is expected to reach 43 million square feet by 2013. Around 46 per cent of the total estimated demand between 2009 and 2013 will be come from Tier-1 cities. For instance, Pantaloon Retail added 2.26 million square feet (sq. ft.) of retail space during the fiscal 2011 and booked over 9 million sq. ft of retail space to fructify its expansion plans in future. This chapter includes the future trends to be followed by the Indian retail industry and also the challenges it is going to face.

Chapter 8 – Analytical Study of organized Retail Outlets in Mumbai Metro Division.

This chapter discusses about the growth of organized retail outlets in Mumbai Metro Region. In this chapter the researcher tried to study the growth phase since the development of organized retail outlets. The chapter also has the challenges and growth opportunities generated in this region.

This chapter being the core of the study gives a detailed descriptive analyses and interpretations of the impact of organized retail outlets on consumers in Mumbai. It also tries to justify the factors due to which consumer behavior changed.

Chapter 9 – Conclusions and Findings

The findings of the survey along with the conclusions are provided in this chapter. The findings and conclusions in this chapter are divided into three categories, namely
objective wise, general and specific conclusions and findings based on the entire research conducted by secondary and primary data.

Chapter 10 - Suggestions and Recommendations

This chapter consists of suggestions and recommendations suggested by the researcher which she arrives on the basis of findings and conclusions. The suggestions provide a base to the entire stakeholder associated with retail industry. The topic also offers specific recommendations and provides a model through which both organized and unorganized retail sector can co-exist peacefully.

1.7 Scope of the Study

The topic under the study covers the study of retail management in organized retail outlets in Mumbai and its impact on consumer behavior. The study was conducted in Mumbai taking the multiple formats of organized retail operators, the malls, departmental stores and hypercity. This study will help the retailers to understand the underlying principles of consumer behavior. This will also help the retailer to understand what sort of merchandise mix he should display, what should be the marketing mix and the promotion mix, what kind of visual merchandising and store layout should be planned and what kind of location to prefer keeping in mind the customer preferences. Retailers also have to keep in mind the major factors that were discussed and the attitudinal shift towards malls and organized retailers to face the competition better. This study also will give a insight to the mall operators to keep a keen eye on the management of their staff for the motivational and satisfaction of their staff to be increased.

1.8 Limitations of the Study

The present study is largely exploratory in nature and focuses on the impact of organized retail outlets in Mumbai. Thus not withstanding its richness of data, it lacks control of variables (either through experimental design or through statistical
techniques) influencing the research results, therefore the expectations are not fully satisfied, it would have been idle if the researcher would have conducted research covering entire country of India, but time, cost and other resources have been a constant factor. Therefore the researcher confined herself to Mumbai, so there is a scope to improve it. Mall culture has thrived rapidly throughout India and this created a distinctive effect on consumer behavior the researcher tried to find out the reasons and development of these malls and the effect of these malls in the future on the behavior of the consumer. But since this was the research conducted by an individual who has the constraints of physical ability, time and cost therefore it was limited to the city of Mumbai.

The limitation of this study is its scope, as the study is based to only the city of Mumbai, the findings may not be applicable in the other cities and countries. Future changes in economic conditions could again change the playing field and the results would deviate.

Another limitation is associated with the consumers since they were important variable of this study and all possible efforts have been done to get authentic inferences. The consumers are selected on the basis of quota sampling, by considering the age profile, their income and occupation. The researcher due to time and cost constrains had to limit the sample size and a sincere effort has been made by the researcher to collect data that is complete in all respect. The major problem that the researcher faced was from the organized retailers and mall owners who in spite of lot of cajoling was not ready to share their confidential data.

Other limitations may arise considering the volatile nature of the Indian economy which witnessed a period of recession in the year 2011. The researcher conducted the entire research in the period of recession and when the retail industry is facing a major problem of FDI. The recession has put brakes to the growth of the Indian economy and to what extent it will affect the economy in the future remains to be seen. Therefore the conclusion drawn by the researcher after the research may not provide the required benefit and will result in dilution.
1.9 Expected Contribution of the Study

The growing popularity of the organized retail formats indicates that this industry is poised for impressive growth. Retail is clearly the sector that is poised to show the highest growth in the next five years. The sector is set for a revolution, as both the present players and new entrants are gearing up to explore the market. The organized retail industry is rightly termed as the “Sunrise Industry of twenty first Century” and this industry is all set to create a great impact on the traditional unorganized retail industry. This sector contributes 10 percent of India's GDP and the current growth rate is 8.5 percent. The present size of the organized retailing sector is approximately 3 percent and is expected to grow to 25-30 percent by the year 2013. There are about 300 new malls, 1500 supermarkets and 325 departmental stores currently under construction. Many players are coming up with huge investments, due to which the present 12 million mom-and-pop shops and kirana stores fear losing their business. Most predictions say that the sector might reach to US$ 400-600 billion by the year 2015. It has also been seen that the Indian consumer behavior is rapidly changing with a shift in new generation's preference towards luxury commodities. Global retail giants such as Wal-Mart, Tesco, Germany's Metro AG and many others are ready to enter the retail markets. The rising demands of branded products and increase in purchasing power have lured these companies to enter the market.

The study aims at ascertaining the growth scenario of this industry in India and to understand the impact that it is creating in the consumer behavior. The researcher also tries to find out the future of this industry in India and provides with the necessary database of the changing behavior of consumer and to see that it is handled and tracked in an effective way. This research will act as a valuable input source for the academician, social workers the corporate and government officials, political officials so that they can provoke their thought process.
1.10 Conclusion

The recent years have witnessed rapid transformation and vigorous profits in Indian retail stores across various categories. This can be contemplated as a result of the changing attitude of Indian consumers and their overwhelming acceptance to modern retail formats. Asian markets witness a shift in trend from traditional retailing to organized retailing driven by the liberalizations on Foreign Direct Investments. For example, in China there was a drastic structural development after FDI was permitted in retailing. India has entered a stage of positive economic development which requires liberalization of the retail market to gain a significant enhancement. Understanding the changing consumers’ behavior towards shopping and the significance of retailers’ strategies are important to know the emerging trends in modern retail formats. Results of the present study are the sales and shifts due to retail outlets, the strategies of retailers’ like indicative of the fact that there is a significant relationship retention strategies (understanding the customers, between modern retail formats, its attributes, changing customer delight, store image, better environment, preferences of consumers’ across these retail formats and attractive merchandising, loyalty programs and the marketing strategies followed by the retailers’ for customized technology); promotional strategies effectiveness and enhancing the sales of the retail outlet.
Chart 1.2

Bird’s Eye View of Research Work

1. SELECTION OF THE TOPIC
   (Discussion With)
   - Research Guide
   - Academia
   - Industry Professionals
   - N.G.O.
   - To study the existing Organized Retail Sector in Mumbai
   - To evaluate the culture of Retail Industry with development of Mall Culture.
   - To examine the factors contributing to the popularity of organized retail management.
   - To identify consumer behavior towards organized retail sectors with reference to retail management.
   - To suggest the effective measures to be adopted by organized retail sectors based in consumer behavior.

2. DEFINING MAJOR OBJECTIVES

3. REVIEW OF LITERATURE
   (Secondary Data)
   - News Papers
   - Reference
   - Journals and Business Magazines
   - Internet

4. FORMULATION OF HYPOTHESES

5. RESEARCH DESIGN
   - Components
   - Sample Size
   - Sampling Method
   - Mall Developers
   - Consumers
   - C.R Formats

6. DATA COLLECTION
   (Primary Data)
   - Survey Form/Quotationnaire
   - Personal Interviews
   - Observation

7. DATA ANALYSES AND INTERPRETATION
   - Tabulation
   - Measures of Central Tendency
   - Ratio Analysis & Simple Averages

8. TESTING OF HYPOTHESES
   - Chi-Square Test

9. CONCLUSIONS AND FINDINGS
   - General Conclusions
   - General Findings
   - Specific Conclusions
   - Specific Findings

10. RESEARCH REPORT

11. BIBLIOGRAPHY/APPENDIX