CHAPTER – 1
INTRODUCTION

1.1 Introduction
The Indian economy has witnessed phenomenal growth during the last decade. The country posted positive growth even during the recent economic slowdown and is among one of the fastest growing economies with an impressive average growth of over 7.4 percent gross domestic product (GDP) for the last five years. The real Gross Domestic Product (GDP) stood at 6.9 percent in 2009-2010. The GDP growth projection for 2015-2016 is 7.9 percent. The key drivers of India’s growth include a booming domestic market by increasing consumption and a surge in investment, supported by certain inherent fundamental strengths such as favourable demographics. Over the last two decades, the market sectors have undergone some significant qualitative structural changes due to liberalization of trade in 1991 and recent industrial policies in 2006 resulting in a competitive retail environment. Furthermore, shifting demographics, increasing disposable money, changing lifestyles, and rising consumer expectations resulted in today’s consumers becoming more knowledgeable, more sophisticated, and more demanding. The characteristics of new consumers include wanting more for less; education about purchases; convenience; value for time; and personal attention and empathy. The concomitant changes in retailing have indeed enabled the emergence of new types of retail formats such as supermarkets, convenience stores, discount stores and hypermarkets. The new expansions, which are adoptions of western formats, have brought about paradigm shift in the concept of shopping and shopper buying behavior from low price to convenience, value and superior shopping experiences.
Consequently, the new wave of consumerism has enabled the country to be one of the largest consumer markets in the world. Over the next two decades, India is going to become fifth largest consumer market from its present 12th position and overtakes Germany to be behind the US, Japan, China and the UK.

That real consumption would grow from current Rs 17 trillion to Rs 70 trillion by 2025. The conspicuous structural shifts in consumption pattern, changing lifestyles, eating and food habits have also immensely contributed to the growth and development of Indian retailing.

The fastest growing retail sector in Indian economy is expected to be dynamic and sales are expected to follow an upward line with 8% constant value CAGR (compound average growth rate). In 2010, the Indian retailing is estimated at USD 410 billion which grew from USD 120 billion in 1990 (A.T Kearney Global retail development Index report 2010). It reveals that the growth in the retail sector has grown by around 4 times. Similarly the organized retail is estimated at USD 20 billion in 2010 which has grown about 35 times from USD 0.6 billion in 1990.

The new retail formats changed the total concept of shopping and shopper’s buying behavior, leading a revolution in shopping in India. As there is high growth being registered in the retail sector in the developed countries and the developing countries such as India which is almost on the verge of a retail revolution, there is a high research interest in this area. In addition to the high growth in the organized retail in the recent times, the retail format choice becomes an area of concern for a retailer as well as consumer.
Standing on the threshold of a retail revolution, Indian food and grocery retailing has witnessed a rapid transformation in many areas of the business by setting scalable and profitable retail formats across categories. In India organized retailers are trying out a variety of formats, ranging from supermarkets, discount stores to organize. Gaining and sustaining a strategic competitive advantage in retailing requires knowledge of the store attributes that consumers value and use to discriminate between stores and why those attributes are important. Hence, there is a growing need to evaluate the true drivers of shopping behavior in the Indian context. The trademark of Indian food and grocery retailing, the Neighborhood kirana stores with high level personalized service, is making consumers reluctant to depart from traditional ways of shopping. The innovations brought by retailers and marketers in the practice of retailing have been providing new paradigms in the way shoppers have been disposed towards their act of shopping. Studies on shoppers in India have largely been limited to their time and money spending pattern, demographic profile, and preferences for a particular format. Numbers of consumers divide their patronage among multiple formats which can satisfy their needs. The new expansions are adaptations of western formats based on store choice and patronage are widely studied across the world. The emerging modern retail formats conforming to the changed shopper expectations and realignment of the choice set of stores providing new experiences and options to shop for the consumer. Both retailers and shoppers are currently in an evaluation phase with no clear verdict as to what may drive the choice of retail formats and patronage in the longer term. The store attributes like ambience, accessibility, price, and number of SKUs, type of merchandise, service mode and number of brands that would determine the choice of store formats based on the utility in grocery
retailing. It is also empirically examined that the shoppers perceived utility and the store image is crucial in making the store choice. Research also exists on how store environment cues influence consumers’ retail format choice decision criteria, such as perceived merchandise value and shopping experience.

Retail format choice has also been seen in the context of the risk reduction strategies of the shoppers.

Notwithstanding the obvious importance of detecting the general product and store attributes that influence consumer decisions, related research suggests that the importance of specific criteria may be partially determined by the socioeconomic, demographic and geographic attributes of the consumers. Although understanding and fulfilling shoppers’ requirements is the essence of building retail patronage, the retailing and marketing literature contain few studies which attempt to explain the way in which consumers patronage intentions vary with store image formed on store attributes which are congruent with each other.

The classifications produced from store attribute research have largely been done from customers’ viewpoint rather than that organizational or operational of customers, which means that it related to consumer behaviour theory to help explain consumer behaviour.
1.2 Introduction to Retailing

Retailing is as old as exchange. Retailing is one of the oldest businesses in the world and was practiced in prehistoric times. Earlier it was the exchange of food and traditional weapon which followed the emergence of traders and peddlers. The day barter has been replaced by exchange through money (in any form) the retailing came into existence. In fact during barter system also retailing was present in a sense, however that was between two persons who were both the producers and consumers simultaneously. With the growth of division of labour and specialization the trade, business expanded and the retailing assumed significance. With the development of concept of market and marketing retailing started playing a vital role in the economic growth. It is estimated that by 3000 BC shops came into existence. During the Greek and Roman period, a number of stores and something like specialty shops, developed in the form of open booths, where people from various countries use to have buying. By 14th Century retail trade assumed great importance. Merchants have started playing a crucial role in social political and economic life. A philosophy known as Mercantilism became popular in U.K, Italy, Holland and other European countries. Small stores, selling special line of goods became quite popular during 18th Century. The development of civilization, economic systems, modernization and consumerism the role and importance of retailing has been increasing and assuming various dimensions. India has a long history of trade and commerce and retailing in the traditional form has been prevailing since the ancient period. Now the organized retailing is gaining momentum and the globalization has opened vast opportunities for retailing.

Lots of types of businesses, with very different requirements and different users are classified as "Retail." As a single category of modem real estate, retail includes businesses that serve everyday needs, such as groceries and drug stores, restaurants, clothing and apparel as well as stores that sell specialized products for narrow markets such as navigation equipment and supplies for aviators. Clearly these businesses have very different spatial and location requirements, but they all are selling goods and services to their end users.

Despite this variety, there are consistent patterns to the requirements of all retail. The two obvious and crucial elements to a successful retail business are a sufficient market,
visibility and access. Without a demand for the product or service, the retail endeavor is bound to fail. Likewise, if no one knows that it is there, or if it is difficult to get to, it will also face difficulties. Visibility is the most basic form of marketing. Locating on highly travelled routes suggests a market, visibility and access. In accordance with this, minimum daily traffic counts are often required by modern retailers; however high speeds are not very desirable since they reduce visibility and access to site. At the same time, extreme traffic congestion can be a deterrent to access and shoppers.

Trade in goods, services and lemonade has been the center of activity in cities for thousands of years. For most of history, retail services have located in cities to be close to concentrations of customers- this provided people with easy access to daily needs and a steady market for business. The demographic trends of the second half of the 20th century saw a shift in population as people moved to low density suburbs. The lemonade stand made a quick debut in the first ring suburbs and disappeared in the low density suburbs. In pursuit of this suburban market retailers were forced to adapt.

The trade and commerce is increasing which is a natural corollary to high growth. The role of marketing has assumed significance in the process. The development in the field of technology, provisions of World Trade Organisation and spread of consumerism has given flip to marketing: A number of foreign companies are entering in the country to exploit the potential of Indian market, with these Multinational Corporations, various new marketing strategy and practices also introduced in the country. Rise in incomes, jump in the number of women working in the country's urban centers, increased promotion have made goods more possible and tempting to a larger portion of the population. In this process, retailing got significant position and Retail has emerged as a big industry. In India, both the organised and unorganised retailing are prospering mean while there has been some opposition to organised retailing with the apprehension that it may harm traditional retailing and may result into increased unemployment, however organised retailing is getting momentum in a big way for its basic desired functions and contribution.

Strongly emerging retail sector can contribute hugely to the monetary growth of any country. With a leading retail sector, the farmers or other suppliers are capable of selling their products straightaway to the foremost retail firms so as to ensure stable revenue. On
the contrary, to certify fixed supply of goods, the retail firms can inoculate cash into the production scheme. This whole method can result into a more proficient production and supply system for the economy as a whole. The Indian retail commerce is expected to generate 10 to 15 million jobs by indirect/direct effects. This huge employment generation is possible because being reliant on the retail sector shares a lot of backward and forward connections. India is now prepared to tap the massive latent of the retail sector. Wal-Mart, the world’s major retailer, is engrossed in opening shops in India. Other popular brands like Archies (U.S.), Pantaloons and Big Bazar (India) are rapidly cumulating their market share in the retail area.

1.3 Meaning of ‘Retail’
Retail concept comes from the French word retailer, which refers to "cutting off, clip and divide" in terms of tailoring (1365). It was first noted as a noun with the connotation of a "sale in trivial measures" in 1433 (French). The scrupulous meaning for retail was to “cutting off, shredding and trimming”. It is the concluding stage of any economic movement. By the virtuous fact, retail conquers chief place in the world’s economy. According to Philip Kotler, All the activities intricate in selling services or goods to the final customers for personal, non-business use are included in retail. Defining retailer or retail store we can say that it is any business enterprise whose sale capacity comes chiefly from trading. These are the final commercial objects in a supply channel that links producers to customers. Products are typically made by manufacturers and sold to retailers or wholesalers. Wholesalers sell these goods to the retailers and finally retailers sell these products to the last one i.e. the consumers.
Retailing is buying in huge amount from a whole seller or straightaway from a manufacturer and selling the services or goods to consumer for private consumption.
Retailing encompasses the business activities including services and goods to their consumers for their personal family / household use. Usually, a retailer buys merchandises or products in greater amounts from producers or importers through a wholesaler or directly and then sell individual items in small amounts to general public.
Any organization vending to final customers whether it is a manufacturer, wholesaler or retailer is doing retailing. The path of sale i.e.by person, mail, telephone, vending
Retailing broadly involves:

1. Emphasizing the consumers’ needs
2. Mounting good merchandise assortment and
3. Displaying the stock in an attractive manner so that customers find it easy to buy.

It thus comprises of all deeds involved in the marketing of merchandises and services directly to the patrons, for their personal use. The distribution of completed products initiates with the producer and finishes at the ultimate consumer. The middleman between the two is the retailer. Retailing adds value to the products sold to the consumers for their use. Retailing also includes the sales of services: Pizza delivery, overnight, hotel lodging, a haircut, renting a car. Retailing covers selling over the mail, the internet, and door-to-door visits – any passage that could be used to approach the customer. Retailing is responsible for matching discrete demands of customer with provisions from all the manufacturers. Retailing has become such a fundamental part of our normal lives that it is habitually taken for granted. The countries that have adored the supreme economic and social progress have been those with a robust retail segment. Retail business is conquered by regional stores and small family run chains. Progressively more and more marketplaces in the Western world are being taken over by billion-dollar cosmopolitan firms, such as Wal-Mart, McDonald’s, Marks and Spencers, etc. The larger retailers have set up huge supply/delivery chains, record management systems, funding pacts, and wide gauge advertising plans which have allowed them to offer better services at reasonable prices.
Definitions

Retailing: selling goods and services to consumers for their personal, family, or household use. Retailing is the last stage in the distribution process.

Wholesaling: an intermediate stage in the distribution process during which goods and services are not sold to final consumers but to business customers

Functions: Retailing has brought in extraordinary variations in the whole course of production, supply and consumption of consumer goods all over the world. In the existing world utmost of the established as well as establishing economies are using the retail industry as their vibrant growth appliance. In fact, the strength of the retail industry lies in its ability to generate large volume of transaction and perform various functions which are essential for growth of economy and welfare of the people.

Retailing performs various functions in our day to day life. Its main role is seen in distribution channel of marketing. It serves producer, consumer and economy as a whole in a big way.

Producer- Retailer serves the producer / manufacturer in facilitating the distribution. The product may not reach to the needy customer in absence of proper retailing activities. The producer may develop a huge inventory which increases the cost and tell upon the profitability of the organization. He conveys the message of producer and promotes products by passing information to the consumer particularly in those cases where brand image and loyalty is not significant.

Consumer- Retailer is key medium to the availability and accessibility of the products to the consumer. Retailer offers the finished products to the customer at a proper place' and proper time. Thus, he increases the utility to the customer. He provides choices to the customer since his stores variety of products at a place. The assortment of products in various categories help customer to select products of their choices and compare the value of various products. He also helps the customer in providing products at proper and convenient time by opening the shop. The location of the retail is very important to the customer. Moreover, retailer may provide many other services to the customer and consumer. The satisfaction and thereby happiness of the consumer depends largely upon the existence and service of the retailer.
1.4 Retail Concepts

Retail as a concept- Retailing involves all the steps in which a product reaches to the final user after its fabrication. It is a process of distribution passage. It finds place everywhere whether it’s a metro or a small village. In the process of distribution it is necessary that customer gets greater satisfaction and producer gets a reasonable profit by selling the product without building a huge inventory. The retailing concept has four pillars.

**Customer orientation**- It must be recollected that contentment of consumer/customer is the crucial goal of all commercial activity since any other activities, like production, distribution and exchange are meaningless if they are not able to offer satisfaction to the purchaser. It is therefore necessary that retailing is conducive to increased customer orientation. Retailer has to identify the needs, choices, preferences and likings of the customer. Moreover a retailer has to satisfy many other needs of the individual customer.

**Coordinated effort**- It is apparent that retailing is the last stage of the process in which any product is produced by various factors of production, thereafter it is marketed to reach to ultimate customer. In between there are distributor, wholesaler and a whole range of persons engaged in promotional activities. Then only the retailer emerges on the scene. Thus, it required coordinated efforts on the part of these channels. A failure in any of the link will frustrate the objective of customer satisfaction.

**Value driven**- Since only production does not lead to value addition, all other activities also add value to the product. The retailer provides many services which are unique to him and thereby results in value addition. Keeping various brands of a product helps customer in making choices, comparing price, quality and other features of the product and enables customer to get greater satisfaction. Sometimes various services 'exclusive to customer' are also provided by the retailer such as selling on personal credit, making home delivery, providing entertainment in a mall, etc. This is nothing but value driven approach which provides increased satisfaction to the customer.

**Goal Orientation**- Retailer helps producer in achieving its goal of increased sales, increased profit, enhancing share, building image of the product, etc. Retailer helps in achieving the goal of producer, consumer as well as society at large. A suitable strategy is needed to be evolved by the retailer in accordance with the goal.
Organized v/s Unorganized Retail

Retail industry can be broadly classified into two categories namely- organized and unorganized retail. Organized retail: who are approved for trading activities and recorded to pay levies to the régime. Unorganized retail: It consists of unofficial small shops - conventional Kirana shops, general stores, corner shops among various other small retail outlets - but remain as the radiating force of Indian retail industry.

Figure No.1.1

Retail Industry

![Retail Industry Diagram]

Source: Big Strategic Management Consultants, Jan 2012.

Modern Organized Retail can be referred as the mall setup (Reliance Mart/Big Bazaar) and standalone format (Raymonds stores/Koutons Stores) aligned centrally in respect to merchandise/ manpower/ planning/ touch & feel, display alignment and technology integration. By Dr. Ravindra Pratap Gupta, Organized Retail refers to the set-up of any retail chain supported by a well-defined Supply Chain. This Supply Chain has fewer number of distributors related to the unorganized sector. Due to a number of factors like cutting down of distributors, removing of blockages along the supply chain, resourceful processes, etc., the end user gets a better product at a cheaper price compared to the unorganized retail sector. As the Consumer base is growing by the minute, the Organized Retail sector has immense growth potential said B. Y. Subramaniam N R.

“Unorganized retailing” is defined as an opening, run locally by the possessor or caretaker of a shop that absences procedural and secretarial calibration. The supply chain and sourcing are also done locally to meet local needs. Its organized complement may not
attain its supplies from local sources. It is based on the principle of harmony and unorganized retailing is based on the principle of distinctiveness.

Indian retail is subjugated by a unorganized retail containing of the local *kirana* shops, owner-manned general stores, chemists, footwear shops, apparel shops, *paan and beedi* shops, hand-cart dealers, street vendors, etc. which together make up the so-called unorganized retail or traditional retail.

1.5 Retail Mix

Retail Mix: The set of variables that the retailer can use to gratify the client’s needs to maximize affect their buying behavior and compete successfully in the marketplace. Retail directors must regulate the finest mix of retailing activities and co-ordinate the rudiments of the mix. The aim of such association is for each store to have a distinct retail image in consumers’ mind.

**Rudiments of Retail Advertising Mix:**

Rudiments of Retail Advertising Mix: The best grouping of diverse rudiments of the mix is merchandise varieties, Site, rate, visual marketing, store atmosphere, and customer service, announcement, upgrades and particular selling.

**Product/ Goods Assortments:**

Product/ Goods Assortments: Cataloging process or accumulating range of goods and services from a variety of dealers’ breadth or width of goods - The number of merchandise groups (E.g.: food stuff, textiles, electronics, jewellery and other accessories available in a retail outlet-department stores).

Depth of merchandise: The number of items in a category - Stock Keeping Units (SKUs) (E.g.: Wide range of mobile available in a mobile sales and service unit in a retail outlet-Specialty stores).
Location:
The issues that affect Location scrutiny & Location conclusions are:

- Consumer choice - Customer’s verdict of where to shop.
- The need for modest advantage - Best locations can give latitude for further advance.
- Consideration of movements - Recent social and operational changes.
- High investments - High investment and long lead times, involves long term financial implications.
- Property asset - Final property of company can be valued high as their annual turnover.
- Declining number of sites - Restricted number of new sites, government policy guidelines and less opportunity to obtain planning permission.

Price:
The ability of a yield to customer consummation is resolute by its value i.e. ‘price tag’ A retailer needs to ponder the part of a product in rapport of its influence to the overall viability to the retail business Thus prices are observable & extremely delicate part of Retail Marketing Mix. Prices affect consumer behavior.

Visual Marketing:
It is the Retailer’s Presentation. The use of Visual Merchandising comprises visual constituents and window demonstrations used in retail outlets to inspire sales. Visual merchandising is a non-personal and in-store presentation/exhibition of merchandise, along with printed form of statement. This Ensures extreme acquaintance enhances product’s look, provides sales and product information. Allows storage and security of stock and generates additional sales through impulse purchase.

Store atmosphere:
Atmospherics of the store and the store’s location are the important environmental and physical aspects of the place. The social atmospheres include possibility of communication amid customers for verdict, evading crowding manner. The motive of the shopping trip can be specific or vague and this resolves the mood of the customers.
Customer service:
A treaty to service delivery fretful with creating levels of services is offered such as self-service requires no attention to customer, while personalized service means dedicated services to customers.
There are 5 dimensions to measure service quality:
1) Tangibles – uniforms, toilet supplies, mirrors, fitting rooms.
2) Empathy – demonstrated by providing caring, personalized services.
3) Assurance – to deliver reliability that the service standard will be upheld.
4) Reliability – based on the ability to perform the service dependably and accurately.
5) Responsiveness – by reaching in a timely manner with the right information & at the right time.

Advertisement:
A paid form of non-personal communiqué through the media about a product that has a known sponsor is the definition of advertise. It is normally associated with mass communication, where overseas target marketplace is to be communicated. Models of Advertising DAGMAR which is an acronym for: Defining Advertising Goals for Measured Advertising results. The sequence of stages in DAGMAR: Inexperience Awareness Understanding to offer Principle Action or Inaction Advertisement.

Promotions:
Retail promotion is descriptive term for the mix of communication. Retailing promotion has the main objective of swaying customer opinions, approaches, manners, in order to upsurge store loyalty, store visits and store purchase and there is also need to impact trade contactors such as agent, suppliers and judgment formers such as journalists, writers and critics. Everyone needs to be influenced by promotions.

Personal Vending:
Personal vending is an effort to gain benefit through face-to-face or telephonic contact between the seller and the probable buyer. Whatever circumstances befall in the buyer-seller relationship, trust is the significant aspect of any communication. Trust affects the reliability in the communiqué between seller and customer, all of which leads to commitment and greater trustworthy intention and reliable behavior.
1.6 Retail Customer Behavior

A main dare faced by the retailer is generating products & services which would be successful in the market. A precise understanding of consumer requirements helps the retailer form a product that is possible to be successful in the market. Consumer understanding is the initial point of scheme creation. Understanding helps in determining the conduits of communication and the products which needs to be created to satisfy the needs of the purchaser. The manufacturer needs to study consumers to see how his product is professed and whether it is a good match or not.

Retailers need to know the various inspirations that lead up to a purchase, not just the store where the buying was made which include looking at a host of external & internal influences.

The process starts with:

1. Considering how the need for a merchandise/service was determined.
2. Considering how information was pursued by the customer.
3. The process of appraisal of various products & stores.
4. The payment process.
5. The post purchase behavior.

The original efforts to study Consumer Behaviour were inspiration research, which relied heavily on Freudian Techniques. Customers can be studied in diverse ways including interviews, electronic surveillance, thorough observation, surveys, experimentation and sales analysis or intake research. Companies must examine the demographics of customers. Populations not being static in the long term move around with ebbing and flowing. Growth areas materialize vastly. Businesses examine these population trends, and make plans to arrive or leave markets accordingly. It is important to know how, when and where the clients buy the merchandise or service that the retailer sells. An objective scrutiny of internal strengths & weaknesses must also be made. This is often difficult, for strengths are often extravagant while weaknesses understated. Some firms welcome competition even trying to locate near opponents so that a ‘critical mass’ can be created.

Finally, the peripheral market factors are to be considered but also technological and lawful/political issues as well. The retailer needs to understand the competitors and how the clients identify them. It is also important to understand why consumers choose the
competitors product over your product. At the heart of every business strategy must be deep understanding. The famous book ‘Why we Buy, The Science of Shipping, brings out some key facts about how customers buy and the various influences on the same.

**Steps of consumer buying process**

The steps of the consumer buying process are presented in a sequence of 5 steps as shown below.

![Figure 1.2 - Consumer Buying Process](image)

However, whether a consumer will actually carry out each step depends on the type of purchase decision that is faced. For instance, for minor re-purchases the consumer may be quite loyal to the same brand, thus the decision is a routine one (i.e., buy the same product) and little effort is involved in making a purchase decision. But for more complex decisions, such as major new purchases, the purchasing process can extend for days, weeks, months or longer. So in presenting these steps, marketers should realize that, depending on the circumstances surrounding the purchase, the importance of each step may vary.

**Need recognized:** In the first step the customer has to resolve his need and the good which he/she desires. For instance, internal triggers, such as hunger or thirst, may tell the consumer that food or drink is needed. Exterior factors can also trigger buyer's needs. Marketers are particularly good at this through. At this stage the decision-making process may stall if the consumer is not motivated to continue. But if the customer does have the core drive to satisfy the need they will continue to the next step.
Search for Information: Once the customer recognizes his need, to satisfy his need he will move on to the next step i.e. he undertakes a search for information on possible solutions. The sources used to acquire this data may be remembering information from past experience or the he may take significant effort to locate data from outside sources. To appeal to consumers who are at the search stage, marketers should make efforts to ensure consumers can locate information related to their product. For example, for marketers whose customers rely on the Internet for information gathering, attaining high rankings in search engines has become a critical marketing objective.

Evaluate Options: Consumers' search efforts may result in a set of choices from which a choice can be made. There are two levels to this stage. At level one the consumer may create a set of possible solutions to their needs (i.e., product types) while at level two the consumer may be evaluating particular) products (i.e., brands) within each solution. Marketers need to understand how consumers evaluate product options and why some products are included while others are not. Most significantly, marketers should decide which criteria customers are using in their selection of possible options of goods and possibly the evaluation of those criteria. Marketing tactics will be most effective when the marketer can tailor their efforts by knowing what benefits are most important to consumers when selecting options and then determine the order of importance of each benefit.

Purchase: In many cases the solution chosen by the consumer is the same as the product whose evaluation is the highest. However, this changes when it is actually time to make the purchase. Marketers whose product is most desirable to the consumer must make sure that the transaction goes smoothly. For example, Internet retailers have worked hard to avoid consumers from abandoning online purchase by streamlining the checkout process. For marketers whose product is not the consumers selected product, last chance promotion efforts may be worth exploring, such as offering inducements to store personnel to "talk up" their product at the checkout line.
**After-Purchase Evaluation:** Once the consumer has made the purchase they are faced with an evaluation of the decision. If the product is below the consumer's expectation then he/she will re-evaluate satisfaction with the decision, which at its extreme may result in the consumer returning the product while in less extreme situations the consumer will retain the purchased item but might take a bad view of the product. Such evaluations are more likely to arise in cases of expensive or highly important purchases. To help ease the concerns consumers have with their purchase evaluation, marketers need to be receptive and even encourage consumer contact. Customer service centers and follow-up market research are useful tools in helping to address purchasers' concerns.
1.7 Factors Influencing the Consumer Buying Behaviour

The consumer decision making does not occur in a vacuum. The decision process is strongly influenced by Cultural, Social, Individual and Psychological factors:

**Figure No. 1.3**
Factors that Affect the Consumer decision-Making Process

(Source: McDaniel, Lamb, Hair, Introduction to Marketing, Thomson South-Western, pp.162)
1.8 Understanding the Retail Customer
Every business activity revolves around a customer, a consumer or a prospective buyer. Be it a manufacturing unit, a marketing firm, a service organization or an institution all of these look for a prospective buyer who can purchase their products or utilize their services and act as a source of revenue for the organization ultimately fulfilling the profit earning motive of the organization.
Retailing is an activity which is generated because of the existence of the ultimate consumer. Had there been no customer, there would have been no retailing. So, a consumer defines the retailing activity. The effectiveness of a retail strategy depends on how well a firm identifies and understands its customers and formulates a mix of strategies that appeal to them. This involves identifying consumer characteristics, needs and desires, attitudes, behavior and understanding the buying motives of the customers. This requires understanding how people make a purchase decision, why they prefer a brand over the other, and a retailer over the other; and then devising the proper retail strategy mix. So, it can be said that understanding the consumer behavior; shoppers’ behavior in terms of retail is of utmost importance to develop a successful retail strategy.

1.9 Concept of Consumer Behavior in Retail
Consumer behavior in retailing refers to the buying behavior of the ultimate shopper or end consumer. It is all about understanding how people prefer to spend their money and time in buying and consuming various goods and service they desire.
In the context of retail sector, retailers would specifically be more interested in understanding the shopper’s shopping behavior. This involves an understanding of the decision variables regarding what, when and from where to shop (shopping product, timing and choice of retail store and format etc.). These decision variables could be demographic, psychographic or behavioral, related to the shopping environment or to the lifestyle of the shopper. A retailer needs to analyze and understand these decision variables to know the factors that influence the purchase decision of a shopper. He needs to understand the factors that develop a positive perception about a retailer in the shoppers’ mind and then create a self-regulatory positive reinforcement towards that retailer or the retail store.
1.10 Retailing implication of factors responsible for changing organized retailing for the study

In the present study the research scholar has identified major factors or decision variables affecting the shoppers’ perception about organized retailing after an extensive review of the literature. These factors broadly encompass almost every aspect of the retailing which may or may not affect the perception of the shopper and influence him to make a purchase. These factors and their impact have been discussed below to give an overview of how the objectives of the research have been achieved.

One stop shopping experience: In a fast paced life today, the consumer wants to have everything under one roof. He wants to go to a place where he gets everything at one go, as he does not want to go places to shop for each of his requirement. Moreover he wants to reduce his cost per shopping trip as the soaring prices of the petroleum products also affects his monthly budget. Keeping this in mind a retailer tries to create a perception in the minds of the shopper that he will get everything at one shopping trip if he/she visits his store. The emerging modern retailers can do this better because of the modern retail formats like hypermarkets, chain stores, supermarkets, shopping malls etc. Thus, if a retailer manages to create a perception that coming to an organized retail outlet will fulfill all his needs in one shopping trip, he will ensure that the shopper will prefer the modern form of retailing. One stop shopping is thus, an important decision variable and thus included in the study.

Wide Merchandise assortment/variety: this is another important factor as customer always prefers variety for his shopping. The modern retailers have this advantage over the traditional ones that they have better assortment and variety of the products at their outlet. This factor helps them create a perception in shoppers mind that they will get the best of all if they visit a modern retail outlet. Thus, this can be a factor which may influence the shoppers very much and force them to shop from an organized retail outlet rather than a traditional one.
Sales Promotion schemes: Retailing is an activity which is highly affected by the value for money aspect. If the customer feels that he is going to get best deal out of every single rupee he is spending on his purchase, he is satisfied. Modern retailers use various sales promotion schemes that not only help them boost their sales but also give their customers a feel that they will get best value for their money. This variable is an important one as it helps creating a positive perception about organized retailing and may motivate them to prefer the modern retail formats over traditional ones.

Whole family entertainment along with shopping: Entertainment is sought by everyone in life and in present retail scenario it has become an important factor to attract shoppers to the retail outlets or shopping malls. Retailing has been changed altogether these days, shoppers look for entertainment along with their shopping. They want their kids to play and enjoy while parents shop. Customers today look whole family entertainment while shopping. Shopping malls today have become a place of enjoyment, fun and frolic for the entire family. This can attract customers and affect their perception and thus, preference positively towards the modern formats of retail.

Status Symbol: India has almost 95% of unorganized retail that means only 5-6% of retail is organized. People still are very selective when it comes to shopping. Shopping from organized retailing was considered to be status symbol in India in the initial phase of modern retail and in this era also this factor may be affecting the perception of the customer. Keeping this in mind the scholar has considered this factor in the study. This factor may also be affecting the preference level of the shoppers for organized retailing.

Multiple brands under one roof helps comparison: Modern retailing has this advantage of offering a wide variety of merchandise and large number of brands in one product category to its customers, this help the shoppers to choose a product that best suits his requirements, his shopping budget and give him satisfaction by letting him compare different brands and ensures best buying. Thus, this factor may act important in creating a favorable perception about organized retailing and if shoppers perceive it to be important they may prefer modern form of retailing.

Prime locations ensure approachability: People generally look for convenience in shopping. They avoid travelling long distances to purchase their daily needs as this may require lot of time as well as money (travel cost). Location of the retail outlet may also
play an important role in purchase decision. If the retailer is located in a prime location and is approachable, shoppers may prefer the outlet. The main thing in increasing the footfall in a retail outlet is that people perceive it to be approachable.

**Attractive visual merchandising/display:** Display plays an important role in creating perception of the shoppers as visual impact is more powerful than the verbal. Eye-catching Visual merchandising or display of goods acts as a silent sales person. People these days are attracted by the visual aspects of retail. Best or the latest items on display helps shoppers to make a perception about the retail outlet which may turn into his preference for the retailer.

**Good parking facilities:** With the increasing number of four wheelers, parking has become a big problem for the shoppers as they go out for shopping. Parking may also act as an important factor in deciding for a purchase or a retailer. Retailers who offer ample parking space for the shoppers may be at an advantage as compared to the retailers where parking is a problem. Thus, shoppers who perceive that organized retailing offers good parking facility may prefer the newer form of retailing for their shopping needs.

**Organized retail caters to the needs of all income groups:** With the rise in the number of hypermarkets, supermarkets and discount formats, it is generally assumed that these modern retailers provide goods for the shoppers of all income levels. If the shoppers perceive it to be true, this may act positive for the modern retailers as the shoppers of all income groups may prefer the newer retail formats for their shopping.

**Excellent customer service:** Modern retailing is assumed to offer excellent customer service by the learned sales people around to help the shoppers in making their purchase decisions. They are assumed to have a professional approach towards selling and offering the shoppers a delightful shopping experience at their outlet. Moreover, various customer relationship management practices adopted by the modern retailers may also act as an important factor for a shopper to make a decision regarding the choice of a retail outlet. If the customer perceives that the organized form of retailing offers better customer services than the traditional ones, he may prefer the organized retailer for his shopping needs.
**Good ambience**: Ambience refers to the overall visual appeal of the retail outlet. It encompasses the overall environment including the interiors, exteriors, atmospherics, displays etc. of a retail unit. This factor may also act important in creating a positive image of a retailer in customer’s mind and thus, may affect his perception. If a customer perceives that organized retailers offer good ambience he may prefer the retailer for his day to day needs. Thus, these factors have been considered by the research scholar for the purpose of achieving the research objectives of understanding the customers’ perception about organized retailing, towards the changing retail environment. These decision variables can be utilized as the basis for the formulation of a business model for the retail strategy. The model can be used by the retailer to understand the retail consumer’s shopping preferences and thus, help him formulate a strategy accordingly.

To identify the future prospects of organized retail in Maharashtra, the scholar has tried to generate information from the respondents of the said geographic region regarding their satisfaction towards the modern retailing and he has also tried to identify the factors responsible for changing organized retailing. The study aims at identifying attitude towards traditional retailing. These research objectives are fulfilled by analyzing the information generated through the questionnaire in the further chapter, Findings and conclusions.
1.11 The Statement of Research Problem

Retail has achieved a remarkable success in retail markets in India. The Ministry of commerce and excise department of India is providing various schemes and development programs to cater the needs and growth of retail merchants and business people, who are playing a vital role in controlling the market trends in the national scenario with their all-round performance. In the present scenario, customer motivation and satisfaction is under the control of business people, especially retailers. The situation of market and trends in price of commodities are mainly under the control of these departments. They can raise the prices and they can down the prices according to the market situation.

The growth and development of any retailers are depending on their marketing skills and business performance. The marketing skills depend on two factors, i.e. nature of commodity and attitude of customer towards the commodity and the business performance depends on marketing situation and schemes introduced to attract the customers. It is necessary for a retailer to measure the sort and long term activities performed to attract motivate & satisfy customers by identifying factor which affect the buying pattern.

Nanded city was looking forward to be a planned industrial cluster having industrial presence and providing investment opportunities for investors. It also encouraged Infrastructure development in Nanded city. MSMEs (Ministry of Micro Small and Medium Enterprises) were provided the platform to setup their companies which would impact in the rise in consumption and increase the preferences in buying behavior.

The retail sector in Aurangabad city was encouraged and the city had 10 Malls of organized retailing. The consumer behavior was undergoing a change from a semi-urban
lifestyle to an urban lifestyle. This encouraged me to carry out my research work in retail sectors of two major cities of Marathwada region viz. Nanded and Aurangabad.

In this juncture the topic has been selected for the study is “A Study of Retailing with reference to Nanded and Aurangabad Cities.”

1.12 Need of this topic
The semi-urban city - Nanded of Marathwada was witnessing a start to changing taste and preferences among customers. The city was influenced by the growing industrial belt around a developing city like Aurangabad.

Nanded witnessed its first Mega mall at Kautha around the same time of a huge National conference – Nanded Ahead – Investors’ Meet – 2011, an initiative by Nanded chamber of Commerce and Industries by the support of Govt. of Maharashtra.

The conference was concluded on a very encouraging note of planned industrial development, cluster, industrial presence, investment opportunity and resources of Nanded. It also focused on Infrastructure development in this Marathwada belt. The conference aimed at encouraging MSMEs to setup their companies which would impact in the rise in consumption and increase the preferences in buying behavior.

At the same time Aurangabad was moving from a status of semi-urban city to a to-be urban and one of the prominent cities of Maharashtra. The retail sector was encouraged and the city also had its share of organized retail outlets and Malls. The consumer behavior was undergoing a change from a semi-urban lifestyle to a more lavish urban lifestyle. This encouraged me to carry out my research work in retail sectors of two major cities of Marathwada region viz. Nanded and Aurangabad.
1.13 Objectives of the Study

Researcher was completely aware that for any study to be effective, it must have well-defined objectives framed else it would be like a football field without goal posts. Based on the insights the researcher was about importance of customer needs which when satisfied with the value for money to preposition leads to customer satisfaction, customer loyalty and ultimately customer delight. Researcher was interested in understanding the customer needs, expectations and customer satisfaction.

Therefore following objectives for the study were formulated:-

1. To study the demographic profile of the customers visiting and shopping at organized retail outlets.
2. To study customer satisfaction in retailing under study area.
3. To know the customer attitude towards modern retailing.
4. To understand customer buying pattern of retailing.
5. To identify factors responsible for turning to organized retailing.

1.14 Formulation of Hypotheses

Hypothesis has been derived from the review of literature. Since the study is any exploratory in prime, the hypotheses have been formulated in null form and alternative form.

1. Demographic profile of customer effects on customer satisfaction.
2. Various Shopping factors lead to customer satisfaction.
3. Customer prefers modern retailing due to facilities available in the modern retail outlet.
4. Buying pattern of customer depends on income.
1.15 Scope of the Study

The Indian market has seen vast changes in political, economic and social environment, which has a great impact on consumption. With the Indian as well as international corporate entering into the Indian retail. Scenario the market has been divided between the unorganized sector and the organized sector. The Indian retail scenario is presently facing the similar situations as the mom and pop stores in the developing nations faced at the emergence big box retailers. There are various issues that need to be addressed, like what would be future patterns of consumption, which formats of retail would be preferred by consumers and will the rise of organized retail affect the traditional retailers.

The scope of study was well defined; it included customers from Aurangabad and Nanded cities only. Organized retail outlets were visited to measure the effect of retail scenario and the responses from the respondents were recorded; the customers were mainly from semi-urban area within the Aurangabad and Nanded municipal corporation limits. The scope covers both the cities for organized and unorganized retail. The scope of the research extended to FMCG and which easily available Aurangabad and Nanded organized retail.

1.16 Overview of Data Collection and Analysis

To meet the objectives of the study, formal interviews were conducted with different Mall in Nanded and Aurangabad cities of Maharashtra. Academic expert’s opinions and suggestions were sought to develop a survey instrument. Retail customers were convenience sampling technique using mall intercept survey method for collection of
primary data by administering a structured non-disguised questionnaire at Mall. The survey was conducted during June, 2012 to December, 2012.

The data analysis and results were based on 400 usable questionnaires duly filled up by the retail customers, who actively participated in marketing survey. Both descriptive statistical tools are used such as Mean, cross tabulations and inferential statistical techniques such as factor analysis, chi-square to test the formulated hypotheses from research frame work.

1.17 Organization of the Chapter Plan

This section provides an overview of the organization of the thesis.

Chapter 1- Introduction:
The first chapter provides introduction, statement of the problem, need for the study, research objectives, scope of the study, overview of data collection and analysis, underlying assumptions of the study and end with chapterisation.

Chapter 2 - Growth and development of Retailing:
This chapter explains the background of the retailing. The chapter includes Ancient India and Retailing, Sectorial segmentation and India’s ancient demographics, Global Retailing Scenario, Indian Retailing Scenario. Finally, Contribution of Retailing to the Indian Economic Scenario.

Chapter 3- Review of literature:
This chapter provides the review of the literature that is related to this study. Further it includes Purpose of Review, Objectives of Review, and Books & Article Review and at last it includes conclusions based on the review.
Chapter 4- Research Methodology:

The research methodology is adopted for the fulfillment of the research objectives. Formulation of hypothesis, research design, tools for data collection, and measurement variable. The definition of the research problem and the purpose of the study are presented in this chapter. In addition, reliability and validity of the study is also discussed.

Chapter 5- Analysis and Interpretation of Data:

This chapter presents the data analysis related to research. It includes the detail analysis with help of tables’ figures. SPSS (Statistical Package for the Social Sciences) is used for data analysis and cross table also prepared to find out the relation between variable related to study. It is followed by a test on the hypothesis developed in the above chapter.

Chapter 6- Findings, Conclusion and Recommendations:

This chapter presents the findings, recommendations & suggestions and conclusion of the research. It begins with a description of the demographic analysis followed by an analysis on the shopping factors. After that, cross analysis has been done on the demographics, perception and preference variables. The findings related to two cities considered for the purpose of the study. Finally, the conclusions of the research work have been discussed.

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