CHAPTER - 7
CONCEPTS UNDERLYING RESEARCH:

The research delves in fulfilling following objectives.


2. Changes in the Indian Economy.

3. Impact of organized retailing.

4. Employment.

5. Impulse buying.

6. Retail Promotion.

7. Store Loyalty Programme.

1. CONSUMER BENEFITS:

If a product or service satisfies customers needs and is available at a price which is considered as fair by the buyer then we can say that business has created value for the buyer. Robert B Tucker in his book "Customer Service for the new millennium" defines value as a combination of three elements quality, service and price.
Price and wide array of products are the USPs of organized retailers, products are available under one roof at price lower by 2 to 60 percent over the corresponding market price. The high quality of service, good ambience implicit guarantees and continuous discount programmes have helped big retailer to pull the customer in the stores. The success of retailing depends not only on selling but on buying, big retailers have evolved a system which help both the producers and consumers by eliminating the string of middlemen in between so by gaining supply chain economies. The cost same is passed on to customer in the form of discount that in turn encouraged bulk purchases by customers. Regular promotion and discount offers during the festival contributed towards high traffic in large stores. The consumers normally gets better price, quality selection convenience for purchases at organized retailing.

2. **CHANGES IN INDIAN ECONOMY:**

Retailing environment has been changing rapidly leading to ever changing shopper expectations and realignment of the choice set of stores. This phenomenon gains more importance in Indian context with the introduction of large retail formats by organized players. These formats provide new experiences and shopping option to the customer. Organized retail sectors in India offering varieties of products which fall into three categories **the first ready to go** comprises several sub
categories in which organized retailers can build position because each of sourcing, proliferation of produces, and consumer acceptance have reached a level that permits the exploitation of advantages of scale and range. These ready to go sectors include.

1. Men's clothing, sports clothing.

2. Dry groceries (grains and cereals, packaged food, toiletries and household items).

3. Electronics

4. Books and Music

5. Life style / Fashion accessories segment.

The second category of product retailed through organized stores are shape / adopt including.

1. Fresh groceries

2. Women's clothing

3. Fast food

4. Furniture
Indian are still not ready to get fresh fruit and vegetable from a supermarket most prefer to buy fresh produce every day precisely because they are short of refrigerator space. City dwellers are beginning to show a willingness to buy from stores that are cleaner and better stocked and that provide non seasonal produce, but their prices must be competitive, Retailers in these sectors must invest substantially to shape the supply chain and persuade consumers to change their buying behaviour.

The third category of product come into "Wait and Watch":

Comprises undeveloped sector that provide no immediate opportunity for retailers. Pharmacy produces and liquor are two examples of such sector liquor retailing will not take off because of stringent and varying regulation of alcohol in each Indian state. In the case of pharmacy products shopper would like to finish the purchase as soon as possible they do not value the presence of good ambience in the store.

3. IMPACT OF ORGANIZED RETAILING:

The organized retail industry is in its formative stage and needs significant investment in property IT, and technical capabilities, supply chain and employees. Retailer are educating and converting the ordinary consumer into an informed customer ready for tomorrow. Indian retailing industry at the
turn of the 20th century, mainly driven by the growth of organized retailing sector and increased personal consumption of customers on account of rising incomes. Increased exposure to foreign goods and growth in nuclear families and double income families. An emerging middle class and affluent class with an urge to demand more is driving the retail market in India with rising incomes and busier lifestyle, leisure time is limited in the daily life of the urban masses, and visit to the organized store can do a lot for a busy family. 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 service sector are the key growth drivers of the organized retail sector in India. Development of India as a sourcing hub shall further make India an attractive retail opportunity for global retailers, organized retailing over the next decade creating more opportunities for employment and better absorption of the agricultural output. Organized retailer will provide a big boost to food products including vegetables, fruits, fishery and dairy products with food chains going for direct procurement from farmers and investing in cold chains and other infrastructure, similarly textiles and garments, leather products will benefit from large scale procurement by big retailers and will create more jobs at various levels. Retailing is
not limited to big cities with growing satellite T.V. and mobile communication in small cities and rural areas people are increasingly exposed to modern living. Success of organized retailing will depend on efficient supply chain network, customer service and trained staff and over all conditions are favourable for the growth of retailing in India.

4. **EMPLOYMENT:**

Indian consumers are becoming more discerning. Today they have carved out a balance of unorganized and organized store for their shopping needs. Unorganized sector is still winning the battle on factors like loyalty, familiarity, trust and proximity. They have their own strengths, there are consumers who find it difficult to break their relationship of many years with their own Kirana Stores they unorganized sector commonly associated with low cost retailing minimum rentals, low cost labour and negligible overheads and taxes the small stores cater to very specific need of instant access and easy reach which is almost impossible to be catered by the big retail stores. The Government has kept the interests of small and medium sized retailers in mind and therefore has not allowed 100% F.D.I. Retailing in India is gradually inching its way to becoming the next boom industry. The whole concept of shopping has altered in term of format and consumer buying behaviour. Emergence of big organized stores mainly in urban areas with proper facilities
for car parking entertainment targeted to provide a complete shopping variety under one roof providing the customer with value, variety and volume. Growth of organized retailing estimated 40 percent (CAGR) over the next few years. Modern retailing is likely to grow from its current 3-5% to 15-20% upto 2010. Time and quality of life for consumers are becoming relatively more important than money. Multiple modern retail formats have sprung up across different cities and effective consumer promotion help the growth of organized retailers. Non organized retail business have to struggle more than ever in future to survive in competitive market.

**Employment Potential:**

Organized retail in India has the potential to generate some 2.5 million direct jobs through retail operation and over 10 million additional jobs in retail support activities including contract production, and processing, supply chain and logistics, retail real estate development and management etc. The retail industry is going to emerge as a major hirer in the coming years and about 8% of the country's work force may be working in this sector. Retail sector is the second largest source of employment in India and it is expected to grow by another 30-35 percent in coming years with large number of big stores expected to be set in the country. Young graduate can look forward to a new career option called retailing, retailers recruits the qualified employee
form reputed business school like NIFT, AIFD, MID which are conducting the courses in the area of retailing, fashion apparel merchandising and logistics management. The concepts delved in detail are:

1. Brand Management in organized retail.
2. Retail promotion
3. Impulse buying
4. Customer Loyalty programmes

In retail context the name of the retailer works as a brand communicating to consumers. The type of merchandise and services offered by the retailers, there are some retailers who develop store brand which are exclusively sold through their channels. Retail brands provide value to both consumers and retailers.

Successful brand building by organized retailers can help in attracting customers and entice them to purchase merchandise from their stores. Customers usually opt for branded merchandise because of the assurance of the reliability of the store which is associated with the product or service.

Strong retailers have a strong brand image are able to attract customers even with premium pricing.
Retailers who enjoy strong brand Image can utilize it to introduce new retail concept with lesser marketing efforts.

Successful brand building by retailing firm help to differentiate from competing firm by creating long term association with customers. Branding act as the icon and symbol for retailers which conveys to the customer a feeling of trust towards fulfillment of their expectations.

In order to enhance and build customer retailer have to work out strategies and programmes to reinforce confidence of the buyers confidence in the brand. Customers through repeated purchase from a retailer may develop preference for it. Branding helps the retailer in gaining customer loyalty, some customers prefer to visit the same retail outlets on most occasional or on a regular basis. This buyer characteristic referred as a store loyalty implies that the buyer will:

- Develop a positive disposition towards the store on the basis of a positive brand attitude.

- Develop a store preference (visit the store more than other store).

- Continue to patronize the retail outlets over a period of time.
Organized retailer through effective brand management are working towards developing brand loyalty and in order to enhance and build brand loyalty the retailer are offering desired range of merchandise, right type of reward (loyalty schemes) to ensure the retention of their customer.

5. **IMPULSE BUYING:**

Unplanned purchases constitute a large part of sales at organized stores, many retailers are attempting at trying innovative methods to increase the incidence of impulse buying. Impulse purchases are one kind of unplanned purchases. There are merchandise or items brought spontaneously and are completely unpremeditated purchase. Such purchases are made quickly without evaluation of the necessity of such items retailer have adopted various strategies to lure customers to go for impulse purchases. The strategies include.

- Use attractive visual merchandising

- Adding value to consumers shopping experience

Through the stores which provide right mix of shopping, lasting joints customers care initiatives, special offer events and promotion that attracts the higher footfall in the stores.
6. **RETAIL PROMOTION:**

Retail promotion involves a mix of communication activities carried out by the retailers in order to make a positive influence on the customers perception, attitude and behaviour which can lead to increase in store loyalty store visit and product purchases. The basic purpose of a communication programme is to inform customers about retailer. Through promotional campaign retailer seek to:

- Provide information and knowledge about the products to the consumers.

- Ensure that the customer develops a favourable attitude towards the retailer.

Forms of retail promotion include advertising sales promotion, store atmosphere, websites, publicity, word of mouth communication etc.

**Advertising:**

Advertising is generally used for the purpose of changing eating of customers towards the store and their products, the various types of advertising include.
• **Product advertising** – Product advertising is used to promote merchandise which is new, exclusive and superior in certain specific aspects of quality design and its benefit.

• **Mark down event Advertising** – To create excitement about a particular period during which products are being offered at lower prices by the retailer.

• **Institutional advertising** is used to highlight about the benefit of the store as a pleasurable place to visit and shop.

**Sales Promotion:**

Sales promotion is an important controllable variable used by the retailers which create psychological association in the buyer's mind with the power to change their purchasing pattern. Sales promotion activities include point of purchase (in store displays designed to increase sale) discount coupons, gift offers, frequent shopper programmers, prices, samples, etc. Such sales promotion activities create excitement, increase footfalls and motivate people to enter and shop at the store.

**Store Atmosphere:**

Stores physical characteristics layout, sign, display, lighting effects, visual merchandising etc together have a positive
influence creates right appeal and image of the store in the customers mind.

**Retailers Web Site:**

Most of the leading retailers to communicate with their customers. The websites are used by retailers to build their brand image inform customers about attractive pricing of their merchandise, special schemes.

**Publicity:**

Publicity is a form of communication involving unpaid presentations about the retailers in the form of a news story in the news paper or mass media TV coverage F.M. Radio etc. Retailers by giving suitable press releases and photographs to the media creating a positive image of the store in the minds of its target market.

**Word of Mouth:**

Communication between customers and retailer is personalized and involves no additional cost for the retailer. Satisfied customer become opinion leaders and convey a positive picture of the retailer and merchandise to their friends and it will create a positive impression on the store's performance.
Retailer have realized the importance of communication, customers would prefer to receive information which help them in decision making. The increasing competition in the market augments the need for communication to attract consumers and convert potential customers to actual one.

7. **STORE LOYALTY PROGRAMMES:**

Customers are constantly changing, there expectations also rising consumer behaviour in the organized retail industry has altered drastically in the last few years. The retail market is growing not in term of numbers but also in term of status, Image and class, one of the challenges that organized retailers face is retaining customer loyalty. Many retailers have devised scheme to encourage the customer loyalty by providing the membership card. Retailers use frequent shopper programmes encourage card holders to participate and use the membership card. Through these programmes retailers provide incentives in the form of discount offered on purchases made from the retailers or awarding points for every rupee of merchandise purchased. These points are then redeemable for contain special awards. "Shopper stop" card holders gets birthday card with special discount to celebrate the occasion or "We Miss you" card when they have stayed away from the outlets for a while. This has reaped rich dividend for shopper's stop and about 55% of the its business comes from customer who hold such cards. Globus
loyalty programmes are among the best in the business. It offers privilege customers a guaranteed holiday package on a cumulative purchase of some amount. Loyalty programme is another way of providing an opportunity for mutual benefit to both customers and retailers.