



A Study on Store Based Retailing Formats – A Conceptual Frame Work in India

KEYWORDS

Retailing, Selling of goods, Target Audience, End consumer, Traditional formats.

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ABSTRACT *When a man starts to cultivate he finds surplus goods. So he starts to exchange these goods for other goods. There starts the barter system and now has ended in a concept called Retailing. This paper deals with retailing and ends with store based Retailing formats in India. Every business has its own way of carrying out its activities. Retailing remains the same. Selling of goods and service to the end audience (or) consumer for business and non-business use is termed as Retailing. In the intricate trade world, Retailing includes both goods and services for the end user. In the Retail vernacular it is termed as Retail format. In modern days, retailing format are classified in to Stored based and Non-stored based formats. Stored based retailing formats focused on the innovation mix to lead the competition.*

INTRODUCTION:

Liberalization, globalization and privatization in many fields, the entry of developed countries to in the field of supermarket, convenience store, departmental store, etc. has resulted in the emergence of different types of store highly led by life-style, fashion, apparel, accessories, book, music, gifts, appliances, consumer durables, drug and pharmacy etc. They use a attractive creative promotional activity for their brand name and thus try to retain the attention of customers. In recent days, retailing has been the most active and attractive sector in India. It is to be considered as a frequent industry with large number of respondents. Although the evolution of retailing in India has its own roots, with a lot of activities and transition of phases throughout the years, is now it slowly giving way to new and improved international formats of retailing.

FUNCTION OF RETAILING:

1. Purpose of dividing large quantities into small units.
2. Occupation of creating place utility by transporting goods to the point of consumption.
3. Role of providing information to the consumer and wholesaler.
4. Function of estimating the demand of the product to the consumer.
5. Utility of acting as a consumer's agent.
6. Function of showing varieties of goods and products.
7. Intension of creating connecting link between the wholesaler and the ultimate consumers.

IMPORTANCE OF RETAILING:

1. Retailing act as a intermediate in the marketing channel which connects the wholesalers and final consumer
2. Retailing is a method of distributing goods and service to potential consumer by reduction of cost, time, and physical distribution.
3. Producers and manufactures are dependent on retailer to sell their products to the targeted consumers.

OBJECTIVE OF THE STUDY:

1. To identify broad classifications of retails.
2. To know about the role of traditional retail formats.
3. To examine emerging formats of retailing in India.
4. To know the growth and development of retail store and shopping malls.
5. To categorize and know about store based retailing formats.

RETAIL ORGANIZATION IN INDIA:

Indian retailing organization reach masses due to external environmental factors like socio-economic, politico-legal, de-

mographic and economic. Other environmental factors like quick responds, consumer behavior, technology up gradation, collection more brand towards one product, also help these retailing organisation reach new heights. So these result the in development of retail organizations like, department store, specialty stores, franchisee and vending machine etc. Also the form of non-store based retailing like E-retailing, TV shopping etc. also contributes to the development of retailing organization in India.

REVIEW OF LIETRATURE BACK GROUND:

Jayawardhena in a study conducted in Central India, tested a conceptual model of the effects of customer and service orientation (SO) behaviours of individual retail employees on individual customers' perceptions of service encounter quality (SEQ), service quality (SQ), value, satisfaction, and behavioural intentions (BI). The sample was customers of a supermarket in central India, and they completed questionnaires following mall intercept. To test the hypotheses, structural equation modelling was employed. They found that service and customer orientation (CO) behaviours are positively related to SEQ and SQ; SEQ is positively related to SQ and customer satisfaction; SQ is positively related to value perceptions and customer satisfaction; and customer satisfaction is positively related to retail customers' BI. However the study found that value is not related to customer satisfaction.

Hemalatha, Ravichandran and Lakshmi found that there is a dearth of tested instruments which could measure customer-perceived service quality of a retail store in the Indian context. In order to understand the driving factors of a typical Indian retail customer, the key objective of their study was to empirically test the service quality dimensions. The study also carried out the gap analysis and identified the areas for improvements in retail service quality.

Paswan, Pineda and Ramirez in a study conducted in Mexico investigated whether influx of large stores is inevitable, by focusing on consumers' motivation for selecting a retail store, and the association between these motivation dimensions and the shopping patronage. The results indicated that consumer's preference for small stores is positively motivated by functional benefits and familiarity with small stores; and negatively associated with the functional benefits offered by large stores. These motivational dimensions were also found to be positively associated with the share of wallet spent at small stores. It was found that gender exhibited mixed effect on preference for small stores and the share of wallet. The study revealed that women feel that large stores provide better functional benefits and support for the local economy.

Mittal compared the consumer evaluation of store attributes for grocery and apparel retail segment. The author emphasized that the retail format which represents the right mix of various store dimensions, will eventually depend upon the interplay between various store attributes. This study used a research instrument developed by the author in an earlier study for the comparative analysis. A very significant pointer from this research was that while there is some commonality of attributes between retail sectors, the precise importance and mix is, arguably, determined more by the motivation of the customer behind each specific shopping excursion. The grocery and apparel store attributes dimensions that had emerged from this study proved that the factors were different in terms of their composition and importance.

CLASSIFICATION OF RETAIL ORGANIZATIONS:

In India retail organization plays vital role. So retail organization basically is classified to in two organized format. One is store based retail formats, another non-store based retail formats. Product mix, form of ownership, pricing policies, service level offered, operational structure comes under the store based retail formats while door to door sales, mail order retailing, TV Shopping, vending machine, electronic retailing and TV Sales comes under the Non Store based Retail Formats.

STORE BASED RETAILING FORMATS:

1. On the Bases of Ownership
2. On the bases of Product mix
3. On the bases of Pricing policies
4. On the bases of service level offered
5. On the base of operational structure

1. On the Bases of Ownership:

It is based on the type of ownership like, sole proprietor, partners, limited liabilities and joint venture. Retailing is similar to that of any other business. So, the level of the ownership differs according to the management, duty and sharing of profit, company rules and regulation, principals etc. hence retailing classified on the bases of ownership are

- 0.1. Sole proprietorship
- 0.2. Partnership
- 0.3. Limited Liability Companies
- 0.4. Joint Venture

0.1. Sole proprietorship:

The most outlets of retailing in India is by single owner (or) individual (or) sole trader (or) single business. He who has the all the eligible rights and power to run the business without any restriction, risk and other all limitation become the sole proprietor. There is no group decision. All the major activities like buying, selling, accounting, promoting, and goods promotion activities. Advertisement, recruitment etc are decided by a single man called the sole proprietor.

1.2. Partnership:

Division of business (or) sharing of ownership in a business called partnership. Here more than one individual like, two (or) more than two parties, share their ownership to run the business through a legal agreement. The Agreement includes sharing of profit, sharing of risk etc in order to share all other factors in futures. All the decision, investment, accounting are taken by group and jointly. Here decision making becomes very slow due to the involvement of people.

1.3. Limited liability company:

Majority of retailing organisation is run under the ownership of limited liability format. Here the business is taking over (or) runned for a period of time. Normally fifty years. After that it can be extended by the members of the organisation.

1.4. Joint Venture:

Merging of new company, clubbing of two organisation is called Joint Venture. Here in Joint venture, one firm can take

over another firm from existing firm and share capital, even employees, labors in order to start up and form new corporate entity. In most of the developing countries like India, international company and partners usually join with existing one and go for a new business. In this kind of ownership two (or) more projects at a time are undertaken in order to see maximum profit at a certain period of time.

2. On the bases of Product mix:

Most practical way and frequent method of retailing is on the bases of product mix. A product mix is a unruffled of all products which is presented in outlet. In other words, how the retailers, show (or) present (or) arrange their products in order to attract the consumer in their outlets. Product mix includes width, length, depth, consistency. But usually it includes the selection of large quantity of colors, size, style, pattern, brands and packaging. Hence retailing is classified on the bases of product mix as below:

- 2.1 Department store
- 2.2 Speciality store
- 2.3 Super market
- 2.4 Convenience store
- 2.5 Hyper market
- 2.6 Factory outlet

The above classification would detail about the derivation of retailing on the bases of product mix.

2.1. Departmental store:

Departmental store is a place of large-scale retailing business which has an number of specialty goods where we can shop. The main job of departmental store is to supply all product for a single user from a single place. In metropolitan cities like Mumbai, Delhi, Chennai, Bangalore and Hyderabad, people living there mostly like to shop in the departmental store. Departmental store is expected to be in central area of the city.

2.2. Speciality store:

Specialty store deal with very special items such as apparel, accessories, toys, furniture's with mass marketing approach and selective market segments. These formats are very successful than the other formats of retailing. Specialty stores understand the customer needs and work with passion. And also updates the buying behaviours of its customers. These kinds of formats are very successful while dealing with life-style goods like watch, apparel, jewellery, music etc. Raymond's, Music world, Planet M are good examples of speciality stores.

2.3. Super Market:

There is no universal definition for a super market. It is one of the frequent formats of retailing in India. Super market is a large retailing format which is supported by both food and non-food items. The main qualities of super market are low cost, low border and high retail. The product mix includes, goods, dairy products, toys, weekly and monthly magazine, cosmetics etc. Typical super market support even sells prescription drugs. Some of the well-known super market are Nilgiris, Food world, Subhiksha etc.

2.4. Convenience store:

The name itself is self-explanatory. Basically convenience stores are location friendly and time oriented. These kind of retailing format carry many of food and non-food items but within narrow range. These formats are open till late hours and there is no leave during the weekends. So corporate people and professionals like these kind of stores.

2.5. Hyper market:

This kind of retailing formats are mixtures of discount store, super-market and warehousing store all under one roof. The characteristic feature of these stores is merchandise. Product mix of hyper market includes these of grocery product, prescription drugs, cloths, jewellery, sports, and hard ware, even presence of ATM, bakery and beauty salons. Alternative mar-

keting practices and effective management practices, exclusive car parking facilities and customer loyalty programmes are the salient features of Hyper market.

2.6. Factory outlet:

These kinds of retailing formats are operated and owned by manufactures and carry the surplus, old, unsold, out focused, irregular items besides the fresh ones. These kinds of outlets are very famous for sports foot wear, apparels, electronic goods. Absence of middle man and outlets can be profitable in nature, Reebok, Adidas, Allen solly, van-heusen, black berry, Dell, Nokia are some famous factory outlets in India.

3. On the bases of Pricing policies :

Pricing is another practical and frequent way of classifying the Retailer's in India. These kinds of format are useful for sensitive of price market in India. Discount store and ware house store are the categories in formats based on pricing policies.

3.1. Discount stores:

The name is self-explanatory. Adaptation of discount strategies like festival discount, clearance discount, loyalty discount, quantity purchase based discount are enabled in this retail format. The only aim of discount strategies is to compensate for the absence of home delivery, credits, varieties, less fashion and also in place of stores away of land mark of city. So this kind of store gives tuff tough to between the other retail's formats. Margin free stores are good examples of discount stores.

3.2. Warehouse store:

High volume at low price, low categories but more collection, close to land mark of city is the main theme of ware house store. Closer to land mark of city result in advantage of low operating cost. Apparels, clothes goods are very unique for ware house store. These kinds of retailing format are most suitable for developed countries and rare in developing countries like India.

4. On the bases of service level offered:

Level of service offered by the retailer brings the customer loyalty to their store. Service level is getting another form of retailing format which is being practiced in India. Some retailers provide maximum service to customers, make customer loyal to their store. Some of them provide minimum (or) no service at all. Self-service retailers, limited service retailers and full service retailers are the classification under bases of service level offered retailing format.

4.1. Self service retailers:

Customers perform their own "locate-compare-select" process to save money. Low-Touch services are offered. This kind of retailing formats does not offer any service to customers. Here they provide products at low cost due to the over heads and operating cost. Gas stations, Wal-Mart, Target, and Albertson's are some example of Self-service retailers.

4.2. Limited service retailers:

Provide moderate level of sales assistance for customers who need information. Mid-Touch services are offered. These kinds of retailing formats provide much service to customers. Here the service are narrow range like selection of product and they direct the customer for completing the sales. Sears, Best-Buy, Macy's are some examples of Limited service retailers.

4.3. Full service retailers:

Usually carry more specialty goods for which customers like to be "waited on." Hi-Touch services are offered at high level. This kind of retailing format provides the service to customers at high priority. Here, they provide variety of services like product selection, credit, home delivery, sales offers, after sales service, repairs etc. Customer service and adapted service are the main objectives of full service retailers. Nord-

strom, Jewelry Stores, Car Dealerships are some examples of Full service retailers.

5. On the base of operational structure:

Operational structure is another form of retailing format which is being practiced in India. Independent store, retail chain, leased store, franchise are the categories of operational structure retailing formats.

5.1. Independent store:

The name explains a type of retailing format of operational structure. These kind of format are independent and managed by the proprietor, some cases also have assistance from workers. It is transferred from generation to generation and even recognized by the customer at any age level. These kind formats are flexible in their operation for customer preference. They respond quickly to customer needs, even after sales. Value added service by telephone calls, home delivery, and packaging of products are the merits of independent stores. They can easily adopt their business operation to the current trends.

5.2. Retail chain:

Retail chain is also termed as multi shop, chain store (or) multiple chain shops. These kinds of retails stores consists of two (or) more retail chain less than one roof (or) one management (or) one ownership. These stores are tending to behave like corporate image in the atmosphere. Here each shop deals in the same type of goods and also such products are generally fast moving consumer goods (FMCG). So they attract all types of customers. The consistent sales policies are followed by all chain stores.

5.3. Leased store:

Leased store is also known as shop in shop (or) rented store. This kind of retailing is quite famous in every city of the country. Because these store are popular in selling perfumes, cosmetics, jewellery and beauty salon and also for ATM retailing. The profits of the stores earn percentage in profit from the lease (or) rented store operations.

5.4. Consumer co-operatives stores:

The main aim of the consumer co-operatives is to provide essential products at a reasonable price. Due to the interest of common audience (or) common consumer, consumer co-operatives are well established. Also for the better service of all retailing format, 50% of co-operatives are under loss. The main parts of the consumer co-operatives store are run and maintained by the professional managers. A clean and transparent administration is followed at all levels and also there is a concession for the members of co-operative stores. Member of store belong mostly to middle class and lower class groups.

5.5. Franchise:

A franchise is a written agreement between the two parties, where one party gets permission to sell the products and services of other party. The authority of the product is called franchiser and one who gets the product is called a franchisee. The product and the service may include a trademark, symbol, tag line, marketing strategies etc. franchisee can pay license fee (or) percentage in turnover (or) percentage in profit (or) sharing of profit etc. In simple words, franchise means a manufacturer grants permission to a particular retailer to sell his product.

CONCLUSION:

This study is focused on stored based retailing formats in India. At present Indian retailing is going through a very substitution phase. For the healthier operational control and efficiency, a traditional format of retailing gives way to more organisation formats. Store based retailing and Non-store based retailing are major classification of organized formats in India. Product mix, form of ownership, pricing policies, service level offered, operational structure comes under the

store based retail formats and door to door sales, mail order retailing, TV Shopping, vending machine, electronic retailing and TV Sales comes under the Non Store based Retail Formats.

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