Recent Stipulation of Organized Retailing in India: A Literature Review

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Abstract

The sunrise of Liberalization, Privatization and Globalization (LPG) led to the fruition and advancement of the retail culture with organized set up especially in India. Literature suggests that the mall culture came in India during the advent of the 21st century. But there was unorganized retail sector which was doing extremely well in India from centuries. There were small convenient stores or mom & pop stores located in every corner of India irrespective of the scalability of the place, the market and pocket size of the customer. People are quite comfortable in buying their day to day requirements, household usage and monthly accumulation from the unorganized stores popularly know as 'kirana stores'. The kirana business is generally handled and incorporated by family and run from generation to generation. The heart beat of this type of system is personal relation and the way it is integrated with all his customers and catered to their individual needs effectively and efficiently. The overall flow of availing the service from a kirana store is very easy and user friendly. On the contrary the forthcoming organized retailing which comprised of some organized formats viz. malls, hypermarket, super market, specialty stores, super specialty stores, departmental stores etc has created enough buzz in consumer mind and scared the unorganized retail format i.e. small kirana stores with the serious advent of consumerism. Although the research result suggests that the unorganized retail sector comprises 80%-85% of the total retail pie, they are still scared of the minority of the organized retail sector, which is comprised of about 15%-20%. The Point of differentiation (POD) remains the overall service and the experience that the kirana stores could not offer to create sophistication in consumer mind which has created by the organized sector and as a result the business wheel of kirana stores are getting

slower and slower. The research paper is explaining that the origin of organized retailing in different context and the way it has been elucidated and articulated by different authors in different era.

Keywords: Consumerism, Organized retailing, Point of Differentiation (POD), Retail format Unorganized retailing

INTRODUCTION

The retail sector and its environment have experienced radical changes in the last decade. Most of the changes are due to changing demographic, and changes in the retail sector including the addition of Carrefour, K-Mart, etc. This is focusing on the relative importance of the various products purchased at organized retail outlets and the choice of format, choice for Private Label brand and the acceptance level as well.

Retailing in India is currently estimated to be USD 200 billion, of which organized retailing (i.e. modern trade) makes up 3 percent or USD 6.4 billion. Organized retail is expected to grow at 25-30 percent p.a., and is projected to attain USD 40 billion by 2015. At these levels, organized retail would constitute up to 9 percent of overall retail sales.

Some of the key players in the Indian retail market, with a dominant share are: 1) Pantaloon Retail Ltd, a Future group venture: Over 12 mn sq. ft. of retail space spread over 1,000 stores, across 71 cities in India. 2) Shoppers Stop Ltd: Over 1.82 mn sq. ft. of retail space spread over 35 stores, in 15 cities. 3) Spencer's Retail, RPG Enterprises: Retail footage of over 1.1 mn sq. ft. with approx 250 stores, across 66 cities. 4) Lifestyle Retail, Landmark group venture: Has approximately 15 lifestyle stores and 8 Home centres. Other major domestic players in India are Bharti Retail, Tata Trent, Globus, Aditya Birla 'More', and Reliance retail.

Private label is still an emerging concept in the Indian Environment and there is an increasing acceptance of private labels in India. According to a Global Private Label consumer study by AC Nielsen, 56% of their survey respondents in India considered private labels to be good alternatives to manufactures brands. A study done by the AC Nielson (2006) named "Asia pacific Retail and shopper trend", stated that, although private labels are a fairly recent phenomenon in India, it is a trend that is catching up very fast. According to this report, out of a total number of shoppers who shop in supermarkets or hypermarkets in India, 69% are aware of private labels.

Some of the key challenges faced by the sector are:

1) Shortage of skilled manpower - Front-end/retail assistant profiles in stores form a major proportion of the employment in the retail sector while store operations account for 75-80% of the total manpower employed in the organized retail sector.

Unfortunately, there are very few courses specific to the retail sector and graduates/post graduates from other streams are recruited. Further, retail training opportunities such as niche courses for areas like merchandising, supply chain and so on are limited. The condition is more alarming in the unorganized sector where the manpower is not equipped with even the basic level of retail specific and customer service skills, which adds to their incompetence vis-à-vis the organized sector. A cohesive effort to develop skills within the sector can have a significant potential impact on productivity and competitiveness, both within the sector and on the wider economy.

2) Lack of industry status - Due to the absence of 'industry status', organized retail in India faces difficulties in procurement of organized financing and fiscal incentives. The Government should grant the much needed 'industry status' to the sector so that the sops that come with it helps promote both big & small retailers.

3) Policy induced barriers – Organized retail in India is managed by both the Ministries of Commerce & Consumer Affairs. While the Ministry of Commerce takes care of the retail policy, the Ministry of Consumer Affairs regulates retailing in terms of licenses and legislations. There is a need to govern retail operations through a single apex body. A single agency can take care of retail operations more effectively, especially with regard to addressing the grievances of retailers. The development of the retail sector can take place at a faster pace if a comprehensive legislation is enacted.

4) Real estate - Lack of sophisticated retail planning is another major challenge the sector faces. Available space is easily interchangeable between commercial and retail use. In most cities, it is difficult to find suitable properties in central locations for retail, primarily due to fragmented private holdings, infrequent auctioning of large government owned vacant lands and litigation disputes between owners.

BACKGROUND STUDY:

There has been a significant increase in Private Label brands in recent years worldwide and we can announce that in India Private Label brands are moving at a great pace as well. Private Labels are growing faster than manufacturer's brands. They are more popular today than at any time before. Private Labels have gained an increased market penetration and are growing at a rapid rate. A Private Label is defined as 'the products retailers sell under their own names". According to the Private Label Manufacturers' Association (PLMA), "Private Label products encompass all merchandise sold under a retailer's brand. That brand can be the retailer's own name or a name created exclusively by that retailer". The term retailer's own-brand is often used interchangeably with private label, own-label, retailer brand or store brand. Private labels have come a long way over the past three decades. In the

past, Private labels were a cheap, low-price alternative to manufacturer brands but today, private labels have taken on a premium brands image. They are no longer seen as just cheap and poor quality products bought by less affluent customers but rather they Endeavour to be an alternative option of value or quality to manufacturer's brands. Retailer's brands are to be found next to national brands in every category.

Indian retailing set to double in the next three years, to see the emergence of more national retail chains the optimism about Indian retail is corroborated by the KPMG Retail Survey. More than 70 percent of our survey respondents expect to grow in excess of 40 percent per annum in the next three years. Going by the growth plans of the retailers we met, modern retailing is expected to double in terms of the number of outlets and retail space in the next three years, with emergence of more national retail chains. Modern retailing action is in urban areas – but India is witnessing experiments to tap the rural retail potential. A majority of our survey respondents felt that the opportunity for modern retailing is in the urban areas. While there is a large potential in rural areas, fragmentation and the cost of market access are deterrents. Rural retailing is witnessing explorations by both corporates and entrepreneurs – ITC's Choupal Sagar, HLL's project Shakthi and Mahamaza are some of the models being tried out. While conclusive evidence to identify the winning rural retailing model is yet not available, such experiments are steps in the right direction. Opportunity is there for taking – Are the retailers prepared? In such a scenario of rapid growth, the preparedness of Indian retailers in terms of having appropriate formats, scalable processes, appropriate technology and relevant organization capability would be crucial to success. [Source: Retail Asia, KPMG Analysis]

LITERATURE REVIEW:

The escalation of retailer-owned or private label brands (PLs) characterizes one of the most remarkable trends in marketing in recent decades. Indeed, PLs constitute 15% of the sales value of fast-moving consumer goods universally, including 17% in the United States (ACNielsen 2010) and more than twice this figure in some European countries (e.g., Switzerland at 46%, United Kingdom at 43%). Unlike national brands (NBs), PLs are often the only chain-exclusive brands offered, and retailers have a direct impact on their price and quality positioning.

The definition by Private Label Manufacturers' Association (PLMA) states that merchandise sold under a retailer's brand as opposed to the manufacturers brand is private label. Kumar (2007) likewise indicated that if a wholesaler, retailer, dealer, or merchant launch a brand, as distinguished from a brand bearing the name of the manufacturer or product, it is a private label. National brands are often interpreted as higher quality and so demand a premium price (Kumar et al., 2007). However, the market share of private label has expanded gradually, along with the improved quality

of private label (Kumar et al., 2007).

Dhar and Hoch (1997) define private labels are as those products owned, controlled and sold exclusively by a retailer and for what the retailers must accept all responsibility from developing, sourcing, warehousing and merchandising to marketing such as branding, packaging, promoting and even advertising. Nielsen A.C. (2003) defines private label as follows: "any brand that is sold exclusively by a specific retailer or chain". These definitions bring out two main ideas. First, it is the retailer who owns and controls the brand whereas this was traditionally the role of the producer. Second, the retailer has exclusive rights to the product. This means that different retailers do not sell identical private labels, which is not the case when retailers sell manufacturers brands. Thus the development of private labels does not only change the relations between producers and retailers (because of the retailer has a new role), but also affects competition between retailers, as private labels are an additional way of differentiating between retailers. Positive growth rate in Private labels/brands start from 2000 onwards in India. Presently there is an overabundance of different names and definitions used to describe this concept. While some authors use the term private labels, others prefer words like own brands, retailer brands, wholesaler brands or distributor own brands.

Deepika Jhamb & Ravi Kiran (2010) in their work on Organized Retail in India – Drivers facilitator and SWOT analysis has tried to identify the drivers which affect the growth of the Indian retail market and makes a SWOT analysis of organized retail in India. The results of the study depict that infrastructure, economic growth and changing demographics of consumers are the major driver of organized retail in India. The location of the retail store, management style and adequate salaries to personnel enhance the effectiveness of retail business and are important

factors for retailers' success. Another study on Emerging Trends of Organized Retailing in India: A Shared Vision of Consumers and Retailers Perspective by Deepika Jhamb and Ravi Kiran (2012) aims to understand the impact of demographic factors (Income and age) on consumers' preferences towards different modern retail formats in Punjab. Results of the study are indicative of the fact that there is a significant relationship between demographics and visit to modern retail formats. The results highlight that young consumers and high tax payers prefer malls and specialty stores more for shopping purposes. On the other hand, older consumers and no tax payers have different preferences for shopping from the modern retail formats as they prefer Convenience store, discount stores and department stores. Product attributes and store attributes are important drivers influencing consumers' to visit these retail formats. S. P. Thenmozhi & D. Dhanapal (2011) in their research work on Unorganized Retailing in India – A Study on Retail Service Quality aims to identify the Retail service quality factors and explores the impact of Retail Service Quality on Customer satisfaction and loyalty in unorganized retail outlets. Primary survey forms

the basis of the study in Tamil Nadu. The study reveals six retail service quality factors namely Store Merchandise, Access, Personal Interaction, Problem solving, Policy and Physical aspects. The findings of the study also confirm that Retail Service Quality factors have a significant impact on customer satisfaction and customer loyalty in unorganized retail outlets. The retail service quality factors identified by customers in unorganized outlets are Store Merchandise, Access, Personal Interaction, Problem solving, Policy and Physical aspects, the most important of them being are Store merchandise and Access.

From a retail perspective, the flow of good and service relates to classical economics theory, which generally tries to find an equilibrium point between maximizing producer's profit and consumer's utilization. Some authors suggest a relationship between retail activities and society, such as Howard (1933), Nystrom (1948) and Severa (1943). In his writing, "The whole Truth in Retail Advertising", Howard (1933) explained how retail advertising activities affect society behavior. He argued that "manipulative advertising" can destroy social's society structure. Nystrom (1948) examines the minimum wage in retailing and Severa (1943) examined the US Retail Credit in Wartime. The discussion about retail and its effect on society in this era (1925-1945) speaks about retail planning after World War II, price policy strategies and fulfilling the needs of society after war. Copeland (1942) in his commodity theory suggests the need to classify goods and services, based on consumer needs in order to make distribution easy. Zanna and Fazio (1982) and Ajzen (1989) point out that an evaluative dimension is a common feature of all definitions of attitude. Shim et al. (2001) indicates that an individual's positive or negative evaluation of relevant behavior, is characterized by the person's beliefs regarding the perceived outcomes of performing the behavior. From this perspective, knowledge of consumers' attitudes can help explain the reasons behind their favorable and unfavorable evaluations of an object or a behavior. For example it can explain why consumers do or do not buy products of a particular brand name or shop at certain type of store. In a discussion of the most appropriate formats for shopping for various products, Urbany, Dickson, and Kalapurakal(1996) and Ailawadi, Neslin, and Gedenk(2001) specifically developed a scale for measuring attitudes toward grocery shopping. Childers et. al. (2001) developed a scale to measure attitude towards shopping that utilizes a technological device. Donthu and Gilliland (1996); Donthu and Garcia (1999); Beatty and Ferrell (1998); Reynolds and Beatty (1999) and Ellis (1995) observed that shopping enjoyment actually pertains to the "affective" aspect of the shopping attitude which leads to know about the fit match about the types of product and the appropriate retail format . Specialized retailers are developing rapidly in segment s such as consumer durables and white goods, books, music, lifestyle goods, household furnishings, healthcare and beauty. In the late 80's there were approximately 300 different types of cars, 400 brands of beer, and 21000 products in the average super market in the United States (McKenna, 1988). Literature in marketing and related behavioral

sciences suggests a breadth of consumer motives for shopping. Howard and Sheth (1969) have developed the idea that the utilitarian motive to obtain desired items motivates consumers. In the present study, an attempt is made to highlight the most important products being sought at modern retail outlets and the appropriate formats for their sales. The study may prove useful for the organized retailer to understand the consumers' preferences for various products and the appropriate retail formats.

As per the study by the McKinsey Global Institute (Beinhocker, Eric D. et al 2007), an economics research arm of McKinsey's, India has become the world's 12th Trillion dollar economy, and further it predicted that India is well on its way to become the world's fifth largest consumer market by 2025. India has been progressing smooth with 2nd stage reforms in place, India can be reasonably proud of having put in place some of the most widely accepted Corporate Ethics (Labour Laws, Child Labour Regulations, Environmental Protection Lobby, Intellectual Property Rights, and Social Responsibility) and major tax reforms including implementation of VAT, all of which make India a perfect destination for business expansion. The Indian retail market is attracting a large number of international players in anticipation of explosive growth. According to recent Frost & Sullivan report (2009), the retail market is projected to grow to around $570.4 billion by 2016. It has been highlighted in the report that between 2003 and 2007 organized retail formats experienced a Compounded Annual Growth Rate (CAGR) of 19.5%. By 2012, the organized retail market expects to increase at a more aggressive rate, projected at 44% CAGR. The Government of India seems to be on a gradual, but definite path toward allowing foreign retailers into the country. The easing of the retail FDI regulatory environment in India is also making it an increasingly attractive target for international players. Total FDI inflow in 2007- 08, was to the tune of USD25 billion – up 56% over previous year – with investments in infrastructure development and capital market continuing to flow in at a rapid pace.

India's consumer market till now was broadly defined as a pyramid; a very small affluent class with an appetite for luxury and high-end goods and services at the top, a middles-class at the center and a huge economically disadvantaged class at the bottom. This pyramid structure of the Indian market is slowly collapsing and being replaced by a new multifaceted consumer class with a relatively large affluent class at the top, a huge middle class at the center and a small economically disadvantaged class at the lower end. Despite having a large consumer base that is growing steadily, the market is complex and the propensity and capacity for Indian consumers to spend depends on a unique blend of price and value. Therefore, retailers whether domestic or foreign who can understand this complexity will be the most successful at selling to Indians, and stand to reap enormous benefits of scale. In fact, the income induced class movement happening across the rural and urban regions is forcing companies to relook at their customer segmentation and product positioning.

Sharma et al. (2010) showed that in India private brands account for only 5% of the total organized retail market whereas globally it is 17%, hence, private labels have a huge potential here. Vakariya and Chopde (2011) researched on private label and national brands for the apparel segment and found out that store brands provide value for money to the customers and higher margin to the retailers. Customers have strong brand preference for national brands. A study conducted by Roy (2005) on factors governing consumers' choice of supermarkets, analyzed that factors such as add on benefits, general services, convenience and variety influence consumers' choice of supermarkets. Krishna & Venketesh (2008) researched on clothing, textile and fashion accessories segment and showed that the segment occupies a share of 12% in total retail sales and has been growing at the rate of 18% per annum.

Conventional wisdom maintains that PL use is associated with higher store loyalty. For example, Richardson, Jain, and Dick (1996) state that "store brands help retailers increase store traffic and customer loyalty by offering exclusive lines under labels not found in competing stores." Likewise, the Private Label Manufacturers Association (2007) Web site states that "retailers use store brands to increase business as well as to win the loyalty of their customers." However, empirical evidence on the subject is mixed. On the one hand, a positive correlation between PL use and store loyalty has been observed in some studies (e.g. Ailawadi, Neslin, and Gedenk 2001; Kumar and Steenkamp, 2007). Corstjens and Lal's (2000) analytical model supports PLs' ability to build store loyalty, and Sudhir and Talukdar (2004) report indirect support for PLs' store differentiating ability. On the other hand, there is evidence that consumers may not differentiate between different retailers' PLs; that is, PL users may be loyal to PL products in general, not to the PL of a particular retailer (Richardson 1997). If this is the case, it is difficult to understand how PL use would increase store loyalty.

Kunkel and Berry (1968) believed that an image is acquired through experience and thus learnt, and found retail store image to be the total conceptualized or expected reinforcement that a person associates with shopping at a particular store. Crosby et. al (1990); Sharma (1997); Williams (1998) have mentioned that companies should focus on customer satisfaction, trust and commitment through implementation of customer oriented selling, thus leading to a long term relationship. Consequently because salespeople are often communicating with customers, their behaviour and activities are crucial in maintaining relationships with customers and enhancing customer retention. Zimmer and Golden (1988), however, took a different approach, focusing on consumers' unprompted descriptions of image, without directing them towards affective dimensions or specific attributes. Thus these researchers argued that their results captured more deeply consumers' evoked retail store image. Donthu and Gilliland (1996) carried out a study to profile the Infomercial shoppers and found that those who purchased using infomercial advertisements were more convenience

seekers, brand and price conscious, variety seeking, impulsive, and innovators. Moschis (1976) studied the cosmetic buyers and found that besides being store loyal, shoppers were also loyal to the brands that they bought. These shoppers showed a problem solving approach to shopping. Bettman (1979) highlighted that situational variables affect in store decision making in various ways. Store knowledge determines the extent to which product and brand search is guided by internal or external memory. Hutcheson and Mutinho (1998) found that shoppers used a combination of the quality of staff and "the occurrence of low prices and the frequency of promotions" in choosing a store. A study by Venugopal (2001) has investigated the retail business from the perspective of a retailer's expectations from the suppliers. Dash et al. (1976) found that the level of pre-purchase information regarding the brand determined the type of store chosen. Shoppers who had higher levels of prepurchase information generally shopped at the specialty store, whereas shoppers with low pre-purchase information bought at departmental stores. This is mainly attributed to customers adopting a risk reduction policy with regard to their impending purchase. A store is chosen based on the self-confidence that the customer has regarding the store; about the nature and quality of product and service he will receive. Malhotra (1983) proposes a concept of preference threshold. It is suggested that shoppers tend to show a preference for a store depending on the threshold value allotted by the shopper. It is assumed that if the perceived value is less than the threshold, the shopper may not choose the store. Sinha (2003) brought out the shopping orientation of the Indian shoppers. The analysis indicates that the Indian shoppers seek emotional value more than the functional value of shopping. Although there is an indication of shopping being considered as a task and should be finished as soon as possible, this orientation is overshadowed by the entertainment value derived by the shoppers. The study also indicates that though there are some similarities in the orientation of Indian shoppers and shoppers from developed countries, there are some significant differences too. Martin and Turley (2004) studied the attitudes of the young segment (19-25 years old) towards malls, and factors motivating consumption. They found that they were more likely to be objectively rather than socially motivated to patronise. Ruiz et al. (2004) used the activities that shoppers perform in the mall as a basis of segmentation. They identified four segments, namely, recreational shoppers, full experience shoppers, traditional shoppers and mission shoppers. Underhill (1999) observed that when you enter a shopping mall today, you are never sure if you are in a store or a theme park. The importance of creating a positive, vibrant, and interesting image has led innovative marketers to blur the line between shopping and theater. Both shopping malls and individual stores must create stimulating environments that simultaneously allow people to shop and be entertained. Consumers generally desire to trade where store personnel, particularly salespeople, are perceived as helpful, friendly, and courteous (Loudon and Bitta 1993). Bloch et al. (1994) have identified seven dimensions of shopping malls that collectively explain consumers' motives for

visiting malls. These dimensions are: aesthetics, escape, flow, exploration, role enactment, social and convenience. Wakefield and Baker (1998) discovered that gathering information by exploring new products or stores was a perceived benefit of the mall experience. They suggested that exploration taps consumers' desire for variety. For example, many people are interested in learning about new trends in fashion, styles, or technology. Kaufman (1996), many shoppers select shopping areas based on hours of operation and travel time. Retail location theory also posits that consumers prefer to shop as close to home as possible. Because many consumers spend relatively little time at home, a definition of convenience that uses the home as the focal point may be misleading.

Otnes and McGrath (2001) found out that understanding male shopping both as a consequence of gender transcendence and as a venue for achievement can explain the motivations for male shopping in a variety of retail settings. They concluded that men's presence in retail settings and their desire to use the marketplace as venue for achievement should become even more commonplace. Westbrook and Black (1985), in a renowned study, differentiate the underlying motivational basis for shopping into the following seven motives: (1) anticipated utility: expectation of benefits which will be provided by the product to be purchased; (2) role enactment: fulfilling a culturally prescribed role by shopping; (3) negotiation: motivation to seek economic advantages through bargaining with seller; (4) choice optimization: motivation to purchase the optimal product (in order to attain a sense of achievement); (5) affiliation: social needs concerning affiliation with friends, other shoppers, retail merchants; (6) power and authority: desire to attain elevated social position, e.g., to be superior to the retail personnel; and (7) stimulation: seeking new and interesting experiences and stimuli from the retail environment. Groppel-Klein et al. (1999), based on Westbrook and Black (1985), applied factor analysis to derive four factors of shopping motives for furniture shopping: price orientation, stimulation seeking, actual buying intention ('have a close look at products', 'intention to buy', 'search for something special') and desire for advice. Dawson et al. (1990) investigated and showed a relationship between shopping motives and the emotions which consumers experience during a visit to a retail store. This in turn, would most likely also result in the formation of different attitudes among those consumers, probably leading to different results for likeability. Woodside and Trappey (1992) identify an automatic cognitive processing of store attributes by means of which consumers decide which will be their primary store. The study found that customers could quickly name a store when asked what store comes to mind for specific attributes such as "lowest overall prices", "most convenient", and so forth. These top-of mind responses are associated strongly with customers' affiliation with the main store in which they make most of their purchases. Kaur & Singh (2007) found out that the Indian youth primarily shop from a hedonic perspective. They importantly serve as new product information seekers, and the retailing firms can directly frame and communicate the requisite product information

to them. They also view shopping as a means of diversion to alleviate depression or break the monotony of daily routine. In addition to this, they also go shopping to have fun or just browse through the outlets. This age group is particularly found to be considerably involved in the role of information seeker from the market and disseminator of the same to the peer group or to the family.

Kumar and Vishwas (2010) have observed that despite the rapid growth of large modern retail sector, the bulk of retailing in India continues to happen via the small and traditional general stores called Kirana stores in India. These stores take various locally adapted forma and names such as Tiendas in Latin America, sari stores in Southeast Asia and Kirana stores in India. Such stores continue to compete successfully even as modern retailing advances rapidly (Humphrey 2007, Trail 2006) Chattopadhya, Dholakia and Roy (2010) have stated that India is a home of (STS) Small traditional stores. Their research conducted on four cities Mumbai, Kolkatta, Aligarh and Vizag indicates that even as modern retailing makes rapid inroads in India, most STS outlets are resilient in terms of their service mix and remain competitive. Shoppers, even in large metro cities, are still loyal to neighborhood STS outlets. A study by AT Kearney (2011) has found that people are rarely willing to travel more than 15 to 20 minutes from home to shop."Proximity, therefore, will always be a major differentiator and large hypermarkets cannot penetrate every urban area profitably, Mukherjee & Patel (2005) have indicated a study sponsored by Indian Council for Research on International Economic Relations that highlighted a case for introduction of FDI in organized retail over a period of five to six years to boost the pace at which it is growing. An organized retail sector, they suggested, will ensure better quality, prices and service quality to the consumer. It will encourage investment in the supply chain, link local suppliers to large global markets and improve the quality of employment. Their sample of 301 respondents was spread over 14 types of participants in the retail sector, from domestic organized retailers, real estate developers, foreign players and manufacturers to unorganized retailers spread over eight cities. The sample, however, had only 64 domestic unorganized retailers, 50 workers in the unorganized retail and no hawkers. Since this sector generates 6 to 7 percent of the total employment in the economy, there is a need to focus some research on impact of organized retail on this segment alone.

Differentiation through own brands is a pervasive objective among retail practitioners; for example, as Moberg (2006) states, "with PLs, we can better differentiate ourselves and our brands. We can increase customer loyalty." However, recent evidence has suggested that there are limits to this approach (Ailawadi, Pauwels, and Steenkamp 2008). Moreover, there are indications that consumers consider PLs a group of similar brands with common demand drivers across chains (Ailawadi, Neslin, and Gedenk 2001; Bonfrer and Chintagunta 2004) or, as observed by Richardson in an experimental setting, that consumers "perceive no differentiation between … store

brands" (Richardson 1997, pp. 393–94).

This study complements recent studies by Ailawadi, Pauwels, and Steenkamp (2008) and Hansen and Singh (2008), which also involve the possibility of PLs to differentiate from rival retailer-owned brands. Both these studies investigate the association between PL buying and store patronage. In the current study, the central issue is how PL experiences in one chain shape consumers' subsequent quality beliefs about the PL of a rival chain and its choice share vis-à-vis NBs. Thus, our study differs from those of APS and HS not only because we focus on cross-retailer effects through learning dynamics but also because we use a different outcome metric— a PL's choice share relative to NBs within a specific category and store, when the consumer is in that store and has decided on a category purchase.

The development of retailers' brands in France, commonly named private labels (PLs), remains topical 30 years after their creation. Since the 1990s, the PL market share has doubled, and a recent study emphasized that their development is continuing (Moati, 2008). These PLs currently represent 32 percent in value and 37 percent in volume of the sales of consumer products by the mass retail industry, which indicates that PLs have become an inescapable part of what is on offer in supermarkets. These figures obscure the fact that there is a high degree of heterogeneity among departments (PL market share remains low in the 'baby food' and 'health & beauty' sectors, respectively 1.3 and 7.4 percent, whereas it reaches 45 percent for frozen food). According to Raju et al. (1995), PLs are more likely to be introduced in categories with smaller cross-price sensitivity among national brands (NBs) and a smaller number of NBs. Nowadays, the penetration rate of PLs is still disparate across French retailers (from 23 to 45 percent). At the international level, PL development ranges from 16.4 percent in Italy up to 40 percent in Switzerland, Belgium, Germany, and the United Kingdom (percentages are in volume).

Although academic research has provided useful insights to combat increasing PL sales, several gaps in our understanding have yet to be addressed. First, there is a dearth of research on whether and when consumers continue to be willing to pay a price premium for NBs over PLs (for an exception, see Sethuraman and Cole 1999). This is remarkable because the ability of NBs to charge a price premium has a strong impact on profitability (Marn, Roegner, and Zawada 2003). Second, although there has been a lot of research into the consumer-side factors that drive PL success (e.g., Ailawadi, Neslin, and Gedenk 2001; Erdem, Zhao, and Valenzuela 2004), supply-side factors, in particular marketing and manufacturing, have received far less attention (for two exceptions, see Dhar and Hoch 1997; Hoch 1996). Third, almost all the existing research has been conducted in countries in which PLs are highly developed. Although it is reasonable that researchers first focus on these markets to understand how NBs can fight PLs, it is paramount that we conduct research in countries with a more recent PL history. Because the economic and marketing environments of these

countries are different from those of more developed PL countries, the best ways to fight PLs may also differ.

CONCLUSION:

Retail industry is one of the flourishing sectors in Global economy. The concept is emerging drastically with new formats like hyper markets, supermarkets, malls, departmental stores, and specialty stores. Retailing industry has seen phenomenal growth in the last five years (2001 2006). Organized retailing has emerging from the shadows of unorganized retailing and is contributing significantly to the growth of Indian retail sector. The "India Retail Sector Analysis (2006-2007)" report, analyze the opportunities and factors critical to the success of retail industry in India. Western Style mall culture is started appearing in Indian markets. Now the Indian consumer is enjoying world class shopping experience. The industry is in inflexion point, where the growth of organized retailing and rising in consumption levels by the Indian population is turning towards a higher growth trajectory. According to the market research reports 2007, in depth comprehensive cross industry review on Indian Retail Industry which explores the macro economic scenario of Indian economy which coupled with growth of GDP led to the shift of consumer purchase patterns and build up confidence in the retail sector there by giving shape to the Government allowance for FDI in the Indian Retail Sector. In recent times the organized retailing by Indian players emerging with multi formats retail in India. The present study structured in to major four parts. In the first part of the study the attempt has been made to understand current issues in the Indian Retail Industry. In the second stage a brief overview of Global of retail industry. In the third it has been highlighted to identify the hurdles facing by the industry. Finally an attempt has been made to understand challenges/road ahead for retail industry in Indian Market. The paper is resourceful for the readers to get the insights of retail industry. It is giving scope for the investors as sun rise sector.

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