PROJECT REPORT

ON

CRM in Apparel Retail Sector

(Indian Retail Industry)

SUBMITTED BY

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UNDER THE GUIDANCE OF

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ABSTRACT

The Indian retail industry is now beginning to evolve in the line with the transformation that has swept other large economies. The liberalization of the consumer goods industry initiated in the mid-80 and accelerated through the 90's has begun to impact the structure and conduct of the retail industry.

The concept retail which includes the shopkeeper to customer interaction, has taken many forms and dimensions, from the traditional retail outlet and street local market shops to upscale multi brand outlets, especially stores or departmental stores. The objective being to assess the various parameters that influences a buyer to visit or shop at departmental store thereby contributing to its turnover (in terms of sales and profits) hence leading to its overall success. The extensive research brought me to conclude that departmental stores are soon emerging on the top priority lists, amongst the shopping spree in Delhi and NCR, as they seem to derive immense pleasure of convenience and exposure to variety under one roof, in their extremely busy lives, when they don't have time for things. Though some of the customers perceive departmental stores to be expensive and only high income category's cup of tea, the stores make constant efforts to induce them to at least visit the store at once during the sales period, or discount offers. Hence this document entails me through these aspects in great detail, helping me to understand the concept of retail marketing through departmental stores in Delhi.

CHAPTER 1

INTRODUCTION

1.1 Introduction

Retail comes from the French word retailer which refers to "cutting off, clip and divide" in terms of tailoring (1365). It first was recorded as a noun with the meaning of a "sale in small quantities" in 1433 (French). Its literal meaning for retail was to "cut off, shred, paring". Like the French, the word retail in both Dutch and German (detail Handel and Enzi handle respectively) also refer to sale of small quantities or items.

Retailing consists of the sale of goods or merchandise, from a fixed location such as a department store or kiosk, in small or individual lots for direct consumption by the purchaser. Retailing may include subordinated services, such as delivery. Purchasers may be individual or business people. In commerce, a retailer buys goods or products in large quantities from manufacturer or importer, either directly or through wholesales and sells small quantities to end user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a part of their overall distribution strategies. Shops may be on residential streets, or in shopping streets or in shopping malls. Shopping streets may or may not be for pedestrians only. Sometimes a shopping street has a partial or full roof to protect customers from precipitation. Retailers often provided boardwalks in front of their stores to protect customers from the mud. Online retailing, also known as e-commerce is the latest form of non-shop retailing (cf. mail order).Shopping generally refers to the act of buying products. Sometime this is done to obtain necessities such as food and clothing, some time it is done as recreational activity. Recreational shopping often involves window shopping (just looking, not buying) and browsing and does not always result in a purchase.

Organized retailing in India is alluring all the big players (corporate houses). India has approximately 300 million middle class people and this group is growing rapidly. One of the important reasons for rapid growing of organized retail in India is malls. There are malls manias in Indian market. Each & every real estate developers are constructing world class malls in India. Malls in India are relatively new format of retailing. While this format may have existed in western economies for several decades, in India this phenomenon could be about fifteen odd years old. One of earliest large floor retailers in India was "Shoppers Stop". However, the first of the current format of the malls was the Crossroads mall in Mumbai, which was established by the primal in period around 2000-01. Crossroads then had the highest rent per sq. meter of establishment that the vendors had to bear. Due to the exorbitant rent, Crossroads initially had a rough ride. This led several visitors to the mall, but never converted to actual purchases, since most were visiting the place out of curiosity. However, the situation had changed drastically now. Malls seem to be springing up across several cities in India. Notable among these is Gurgaon an upcoming city near Delhi.

1.2 The Global Retail Industry

An Overview

Retail has played a major role world over in increasing productivity across a wide range of consumer goods and services. The impact can be best seen in countries like U.S.A., U.K., Mexico, Thailand, and Hongkong. Economies of countries like Singapore Malaysia and Dubai are heavily assisted by the retail sector.

Retail is the second largest industry in the United States both in number of establishment and number of employees. It is also one of the largest worlds wide. The retail industry employs more than 22 million Americans and generates more than $3 trillion in retail sale annually. Retailing is a U.S. $7 trillion sector. Wal-Mart is the world's largest retailer. Already the world's largest employer with over 1million associates, Wal-Mart displaced oil giant Exxon Mobil as the world's largest company when it posted $219 billion in sales for fiscal 2001. Wal-Mart has become the most successful retail brand in the world due to its ability to leverage size, market clout, and efficiency to create market dominance. Wal-Mart heads Fortune magazine list of top 500 companies in the world. Forbes Annual List of Billionaires has the largest number (45/497) from the retail business.

	1999	2002	2005
TOTAL RETAIL(US $BILLION)	150	180	225
ORGANISED RETAIL (US $ BILLION)	1.1	3.3	7
% SHARE OF ORGANISED RETAIL	0.7	1.8	3.2

TOP RETAILERS WORLD WIDE

RANK	RETAILER	HOME COUNTRY
1	WAL MART STORE	U.S.A.
2	CARREFOUR GROUP	FRANCE
3	KROGER CO.	U.S.A.
4	THE HOME DEPOT	U.S.A.
5	METRO	GERMANY

RETAIL SCENARIO IN INDIA

As the corporate-the Piramals, the Tatas, the Rahejas, ITC, S.Kumar's, RPG Enterprises, and mega retailers- Crosswords, Shopper's Stop, and Pantaloons race to revolutionize the retailing sector, retail as an industry in India is coming alive.

Retail sales in India amounted to about Rs.7400 billion in 2002, expanded at an average annual rate of 7% during 1999-2002. With the upturn in economic growth during 2003, retail sales are also expected to expand at a higher pace of nearly 10%. Across the country, retail sales in real terms are predicted to rise more rapidly than consumer expenditure during 2003-08. The forecast growth in real retail sales during 2003- 2008 is 8.3% per year, compared with 7.1% for consumer expenditure. Modernization of the Indian retail sector will be reflected in rapid growth in sales of supermarkets, departmental stores and hyper marts. Sales from these large-format stores are to expand at growth rates ranging from 24% to 49% per year during 2003-2008, according to a latest report by Euro monitor International, a leading provider of global consumer-market intelligence. A.T. Kearney Inc. places India 6th on a Global Retail Development Index. The country has the highest per capita outlets in the world - 5.5 outlets per 1000population. Around 7% of the population in India is engaged in retailing, as compared to 20% in U.S.A. In a developing country like India, a large chunk of consumer expenditure is on basic necessities, especially food-related items. Hence, it is not surprising that food, beverages and tobacco

accounted for as much as 71% of retail sales in2002. The share of food related items had, however, declined over the review period, down from 73% in 1999. This is not unexpected, because with income growth, Indians, like consumers elsewhere, have started spending more on non-food items compared with food products. Sales through supermarkets and department stores are small compared with overall retail sales. Nevertheless, their sales have grown much more rapidly, at almost a triple rate (about 30% per year during the review period). This high acceleration in sales through modern retail formats is expected to continue during the next few years, with the rapid growth in numbers of such outlets due to consumer demand and business potential. The factors responsible for the development of the retail sector in India can be broadly Summarized as follows:• Rising incomes and improvements in infrastructure are enlarging consumer markets and accelerating the convergence of consumer tastes. Looking at income classification, the National Council of Applied Economic Research (NCAER) classified approximately 50% of the Indian population as low income in 1994- 95; this is expected to decline to 17.8% by 2006-07.• Liberalization of the Indian economy which has led to the opening up of the market for consumer goods has helped the MNC brands like Kellogg, Unilever, Nestle, etc. to make significant inroads into the vast consumer market by offering a wide range of choices to the Indian consumers.

• Shift in consumer demand to foreign brands like McDonalds, Sony, Panasonic, etc.• The internet revolution is making the Indian consumer more accessible to the growing influences of domestic and foreign retail chains. This young population, which is technology-savvy, watch more than 50 TV satellite channels, and display the highest propensity to spend, will immensely contribute to the growth of the retail sector in the country. As India continues to get strongly integrated with the world economy riding the waves of globalization, the retail sector is bound to take big leaps in the years to come.• Retailers direct procure the products & services in bulk through manufacturers, so they eliminate the middleman and save the cost. They offer the product & services on the discount prices or on a wholesaler rate to the consumer.

Percentage of organized retailing in different countries

Country	Malaysia	Thailand	Philippines'	Indonesia	South Korea	China	India
% of organized Retailing	55	50	35	30	15	20	3
% of traditional Retailing	45	50	65	70	85	80	97

The Indian retail sector is estimated to have a market size of about $ 180 billion; but the organized sector represents only 3% share of this market. India is the last large Asian economy to liberalize its retail sector. In Thailand, more than 40% of all consumer goods are sold through the super markets and departmental stores. A similar phenomenon has swept through all other Asian countries. Organized retailing in India has a huge scope because of the whole urban and rural and the growing consciousness of the consumer about product quality and services. A study conducted by Fitch, expects the organized retail industry to continue to grow rapidly, especially through increased levels of penetration in larger towns and metros and also as it begins to spread to smaller cities and B class towns. Fuelling this growth is the growth in development of the retail-specific properties and malls. According to the estimates available with Fitch, close to 25mn sq. ft. of retail space is being developed and will be available for occupation over the next36-48 months. Fitch expects organized retail to capture 15%-20% market share by 2010. A McKinsey report on India says organized retailing would increase the efficiency and productivity of entire gamut of economic activities, and would help in achieving higher GDP growth. At 6%, the share of employment of retail in India is low, even when compared to Brazil (14%), and Poland (12%).

Distribution of organized retailing sector in terms of daily need items.

S.NO.	ITEMS	%
1	BEAUTY PRODUCTS	2
2	BOOKS, MUSIC,GIFTS	3
3	HOME DECORATIVES	7
4	JEWELERS AND WATCHES	7
5	FOOT WEAR	9
6	DURABLES	13
7	FOOD AND GROCERY	19
8	CLOTHING, TEXTILE AND ACCESSORIES	40

(Business Today December 31.2006)Category wise share in organized retail Source CII Kearney Report)

Fact and Figures

•Even though India has well over 5 million retail outlets of all sizes and styles (or non-styles), the country sorely lacks anything that can resemble are tailing industry in the modern sense of the term. This presents international retailing specialists with a great opportunity.

It was only in the year 2000 that the global management consultancy figures that: Rs. 400,000 crore (1 crore = 10 million) which will increase more than Rs. 800,000 crore by the year 2007 – an annual increase of 20 per cent.

•As much as 96 per cent of the 5 million-plus outlets are smaller than 500square feet in area. This means that India per capita retailing space is about 2 square feet (compared to 16 square feet in the United States). India's per capita retailing space is thus the lowest in the world (source: KSA Techno (I) Private Ltd, the India operation of the US-based Kurt Salmon Associates).

•Just over 8 per cent of India's population is engaged in retailing (compared to 20 per cent in the United States). There is no data on this sector's contribution to the GDP.

•From a size of only Rs.20, 000 crore, the organized retail industry will grow more than Rs. 160,000 crore by 2007. The TOTAL retail market, however, as indicated above will grow 20 per cent annually from Rs. 400,000 crore in 2000 to Rs. 800,000 crore by 2005.

•Given the size, and the geographical, cultural and socio-economic diversity of India, there is no role model for Indian suppliers and retailers to adapt or expand in the Indian context.

The first challenge facing the organized retail industry in India is: competition from the unorganized sector. Traditional retailing has established in India for some centuries. It is a low cost structure, mostly owner-operated, has negligible real estate and labor costs and little or no taxes to pay. Consumer familiarity that runs from generation to generation is one big advantage for the traditional retailing sector.

•In contrast, players in the organized sector have big expenses to meet, and yet have to keep prices low enough to be able to compete with the traditional sector. High costs for the organized sector arises from: higher labor costs, social security to employees, high quality real estate, much bigger premises, comfort facilities such as air-conditioning, back-up power supply, taxes etc. Organized retailing also has to cope with the middle class psychology that the bigger and brighter sales outlet is, the more expensive it will be.

•The above should not be seen as a gloomy foreboding from global retail operators. International retail majors such as Benetton, Dairy Farm and Levis have already entered the market. Lifestyles in India are changing and the concept of "value for money" is picking up.

•India's first true shopping mall – complete with food courts, recreation facilities and large car parking space – was inaugurated as early as in 1999 in Mumbai. (T his mall is called "Crossroads")

•Local companies and local-foreign joint ventures are expected to more advantageously position than the purely foreign ones in the fledgling organized India's retailing industry. The foreign retail players has knowledge & experience about retail, at the same, local players has knowledge about Indian culture &society setup.
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These drawbacks present opportunity to international and/or professionally managed Indian corporations to pioneer a modern retailing industry in India and benefit from it.

The prospects are very encouraging. The first steps towards sophisticated retailing are being taken, and "Crossroads" is the best example of this awakening. More such malls have been planned in the according to that retail industry is one of other big cities of India.

•An FDI Confidence Index survey done the most attractive sectors for FDI (foreign direct investment) in India and foreign retail chains would make an impact circa 2003.

•Indian organized retail is new and in the experimental stage so the players should be deeper pocket to absorb the shock of loss in retail

Different Forms of Retailing:

1. Store Retailing

2. Non store Retailing

3. Other popular format

Store Retailing

1. Popular Formats in store retailing

   Hyper marts

Large supermarkets, typically (3,500 - 5,000 sq. ft)

Mini supermarkets, typically (1,000 - 2,000 sq. ft)

Convenience store, typically (7,50 - 1,000 sq. ft)

Discount/shopping list grocer

Traditional retailers trying to reinvent by introducing self-service formats as well as value-added services such as credit, free home delivery etc.

Format	Description	The value Proposition
Branded stores	Exclusive showrooms owned or franchised out by manufacturer	Complete range available for a given brand, certified product quality
Specialty stores	Focus on specific consumer need carry most of brands available	Greater choice to consumer comparison between brands possible.
Departmental stores	Large stores having wide variety of products organized into different departments such as clothing, house wares, furniture, appliances and toys.	One stop shop catering to varied consumer needs.
Supermarkets	Extremely large self serviced retail outlets	One stop shop catering to varied consumer needs.
Discount stores	Stores offering discounts on retail price though selling high volumes and reaping economies of scale.	Low price
Hypermarkets	Larger than supermarkets sometime with a warehouse appearance generally located in quieter parts of the city.	Convenient location and extending operating hours
Shopping malls	An enclosure having different format of in store retailers all under one roof.	Variety of shops available close to each other.

2. Non-store Retailing:

It is another type of retail Business. Different types of non-store retailing are given below:

Direct Selling

Direct selling which started centuries ago with itinerant peddlers has burgeoned into a $9 billion industry, with over 600 companies selling door to door, office to office, or at home sales parties. A variant of direct selling is called multilevel Business, where by companies such as Amway recruit independent businesspeople who act as distributors for their products, who in turn recruit and sell to sub distributors, who eventually recruit others to sell their products.

Direct Business

Direct Business has its roots in mail-order Business but today includes reaching people in other ways than visiting their homes or offices, including tale Business, television direct response Business, and electronic shopping.

•Automatic Vending

Automatic vending has been applied to a considerable variety of merchandise, including impulse goods with high convenience value (cigarettes, soft drinks, candy, newspaper, hot beverages) and other products (hosiery, cosmetics, food snacks, hot soups and food, paperbacks, record albums, film, T-shirts, insurance policies, and even fishing worms).

3. Some other popular formats:

Region specific formats:

With organized retail penetrating in to class II towns, retailers have started differentiating and experimenting with store sizes and formats. For example, in departmental store format, while most class cities and metros have large stores of 50,000+ square foot in size, stores in Class II towns have stabilized in the 25,000-35,000 square foot range.

Development of discount formats:

Large discounts formats, or hypermarkets, aiming at retail consolidation by providing a single point of contact between brand-owners and customers, are now emerging as major competitors to both unorganized and organized retailers. Penetration of organized retailing in to the lower income brackets and consumers demand for increased value-for-money has improved the prospects of these formats. Big Bazaar, Promoted by Pantaloon, and Giant, promoted by RPG group, provide two examples of this trend.

Convenience stores at gas Station:

India is now showing signs of aligning with global trend in petro-retailing with increasing sales coming from non-fuel related products. With deregulation, private players entering this sector force existing petro-retailers to review their business models. Dealer and company owned convenience stores at service station are on the rise. State run oil giants have entered into joint venture with FMCG companies and food retailers to sell food and groceries select markets.

Revolution in retail-

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Name	No of stores	Format	Details

Pantaloons	100	Multiple	Has aggressive growth plans in retail sector. Plans to reach a monthly run rate of Rs 2500 crore by 2012.
Reliance	70	Multiple format	Reliance retail has an ambitious rollout of 2500 stores by 2012. It plans to have ware house style of spread over 15000 sq feet in super market format.
Shoppers stop	20	Departmental/hypermarket	One of the earliest in retail market, shoppers stop plans to expand retail space to 2-5 million sq ft by 2012from current 950,700 sq ft.
Raymond	321	Specialty store	A manufacturer retail Raymond also has a overseas network of around 25 shops.
RPG Retail	250	Hypermarket	This group is planning its expansion of

			Spencer supermarket and hypermarket store and music world store, retail space 5mn sq ft by 2012 and 750 stores by 2012.
BHARTI group	NA	Multiple format	With joint venture with global major Wal-Mart the group is expected to have a retail space of 8 million sq ft by 2013.
Globes	28	Departmental/hypermarket	Will add Westside stores 5 land marks book stores and one hyper market space under retail will expand to 1.8 mn sq ft by 2013. And will have a growth rate of 40% by 2013.
Trent	100	Multiple format	Has aggressive growth plans in retail sector has plans to reach monthly run rate of Rs 3500 crore by June 2012

Aditya Birla group	NA	NA	The largest corporate group has to jump in this sector has some experience in retail sector for Madura garments. The format is not known but their hiring plans indicate a presence in al categories from apparel and food.

FDI in retail

Government has relaxed regulatory controls on foreign direct investment (FDI) considerably in recent years, while retailing currently remains closed to FDI. However, the Indian government has indicated in 2005 that liberalization of direct investment in retailing is under active consideration. It has allowed 51% FDI in "single brand" retail. The next cycle of change in Indian consumer markets will be the arrival of foreign players in consumer retailing. Indian companies know Indian markets better, but foreign players will come in and challenge the locals by sheer cash power, the power to drive down prices. That will be the coming struggle. India can become a giant in a short time span in food processing and textiles, for which we have the potential because Indian agricultural production is the lowest cost in the world, and textile labor is the cheapest internationally. Allowing FDI in retail trade, especially in groceries and garments marketing, Is one sure way of doing it. Food processing and textiles will grow very substantially from the linkage effects of a modernized; globalize retail trade that only FDI can ensure. The employment generation for Indian youth would also be enormous.

Indian retail trade is of enormous size ($180 billion), nearly 10 per cent of GDP, employing 21 million persons, which is about 7 per cent of the labor force. It is six times bigger than Thailand and five times larger than South Korea and Taiwan. China's retail trade is 8 per cent of GDP and 6 per cent of employment. But the trade in India is fragmented, unorganized, networked, and individually small. The 12 million

Karana

Shops are mostly family or 'ma-pa' owned, with little capital for expansion or credit to receive or to extend to consumers. About 96 per cent of these shops have 500 sq. ft or less of space with limited stock or choice to offer. During all these years, instead of shedding tears for indigenous trade and resisting FDI, had the government declared it an industry, it would done the trade a world of good. Now it is being said that allowing FDI in retail trade would destroy this commerce! Will it?

A study by the Associated Chambers of Commerce of Industry of India, New Delhi, concluded that at least for the next ten years that will not happen. Thereafter, the present fragmented system may get phased out or evolved into more integrated networked units.

Modern retailing is designed not only to provide consumers with a wide variety of products under one roof, but also of assured home delivery and information feedback between consumers and producers. A modern retail outlet will also make it easy to buy on credit and provide for servicing and repair of products sold. With IT application, the modern retail store can cut transaction costs such as due to inventory, delivery and handling. That is precisely how the US based Wal-Mart grew to be a giant because it reduced its distribution costs to 3 per cent of sales compared to 4.5 per cent of others. With MIT Professor Sanjay Sharma's epochal innovation of RFID (radiofrequency identification), which will do away with cash registers and clerks who are required to operate it, Wal-Mart will further reduce its costs. India is today the only major economy that still does not permit FDI in retail trade. In China, 35 of the world's top 70 retailers have already entered and set up business. They have helped boost exports. Wal-Mart alone exported in 2002 about $12 billion worth of goods. These retailers source their goods from inside China. India is targeting for its GDP to grow by 8 to 10 per cent per year. This requires raising the

rate of investment as well as generating demand for the increased goods and services produced. Exports are one way of generating that demand. Encouraging private consumption expenditure is another way. These retail giant houses can bring their better managerial practices and IT-friendly techniques to cut wastage and set up integrated supply chains to gradually replace the presented disorganized and fragmented retail market.

According to McKinsey, India wastes nearly Rs. 50,000 crore in the food chain itself. These international retail outlets can help develop the food

Processing industry, which requires $28 billion of modern technology and infrastructure. FDI in retail trade has forced the wholesalers and food processors to improve, raised exports, and triggered growth by outsourcing supplies domestically. The availability of standardized products has also boosted tourism in these countries.

Indian Middle Class People:

n India, the middle class is difficult to define by income levels - not least because of the massive concealment of earnings. It is vaguely described as the 200-250 million who are engaged in the market, almost as large as the entire US population. According to the National Council of Applied Economic Research (NCAER), between 1985 and 1999, a quarter of this class earned between Rs35, 000 and Rs 75,000 a year. In the next income category, Rs 70,000 and Rs105,000, the proportion dropped from 36% in 1985 to one-fifth in 1999. Revealingly, in the next category, Rs 105,000 to Rs 140,000, the percentage increased during this period, from 15% to a quarter of the middle class. And above Rs 140,000, it similarly went up from 22% to 27%. So it seems clear that this consuming class is better off than ever before.

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- India has registered a very impressive growth of its middle class – a class which was virtually non-existent in 1947 when India became a politically sovereign nation.

- At the start of 1999, the size of the middle class was unofficially estimated at 300 million people.

- The middle class comprises three sub-classes: the upper middle, middle and lower middle.

- The upper middle class comprises an estimated 40 million people. They have annual incomes of US$600,000 each in terms of Purchasing Power Parity(PPP). Here calculation of PPP is complicated, but suffice it to say that it based on what a unit of currency can purchase in one country compared to what the same currency can purchase in another country. It is also known as the

"law of one price

"That governs the price level of general goods and services between the two countries).

•The middle class comprises an estimated 150 million people, each with PPP incomes of US$20,000 per year each.

•The lower middle class comprises an estimated 110 million people. An estimate of their annual income is not available, but they are mostly the relatively affluent people in the rural areas of India.

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The middle classes on the whole (i.e. upper middle + middle middle lower middle classes) are expected to grow by 5 to 10 percent annually.

Challenges of Retailing in India

Retailing as an industry in India has still a long way to go. To become a truly flourishing industry, retailing needs to cross the following hurdles:• Automatic approval is not allowed for foreign investment in retail.• Regulations restricting real estate purchases, and cumbersome local laws.

Taxation, which favors small retail businesses.

1   Absence of developed supply chain and integrated IT management.

2   Lack of trained work force.

3 Low skill level for retailing management.

4 Intrinsic complexity of retailing – rapid price changes, constant threat of product Obsolescence and low margins.

5 The credit facility given by the unorganized retail which is not available to organized store

6 Traditional pattern of buying of consumer

7 Credit facilities given by Karana store

8 Family relationships with Karana store/Lalagos

9 Psychological behaviors to enter big size

10 Check impulsive buyer • Absence of model

11 Limited floor space, Park space, Display space

12 Time factor

13 Home deliveries

The retailers in India have to learn both the art and science of retailing by closely following how retailers in other parts of the world are organizing, managing, and coping up with new challenges in an ever-changing marketplace. Indian retailers must use innovative retail formats to enhance shopping experience, and try to understand the regional variations in consumer attitudes to retailing. Retail marketing efforts have to improve in the country - advertising, promotions, and campaigns to attract customers; building loyalty by identifying regular shoppers and offering benefits to them; efficiently managing high-value customers; and monitoring customer needs constantly.

Emerging Trends in Retailing
Retailing in India is at a nascent stage of is evolution, but within a small period of time certain trends are clearly emerging which are in line with the

global experiences. Organized retailing is witnessing a wave of players entering the industry. And, these players are experimenting with various retail formats. Yet, Indian retailing has still not been able to come up with many successful formats that can be scaled up and applied across India. Some of the notable exceptions have been garment retailers like Madura Garments & Raymond who was scaled their exclusive showroom format across the country. The Indian economy is highly regulated and the most significant regulation is the restriction of foreign ownership.

Trends in Retailing

New retail forms and combinations continually emerge. Bank branches and ATM counters have opened in supermarkets. Gas stations include food stores that make more profit than the gas operation. Bookstores feature coffee shops. Even old retail forms are reappearing: In 1992 Shawna and Randy Henagar introduced peddler's carts in the Mall of America. Today three-fourths of the nation's major malls have carts selling everything from casual wear to condoms. Successful carts average $30,000 to $40,000 a month in sales and can easily top$70,000 in December. With an average start-up cost of only $3,000, push carts help budding entrepreneurs test their retailing dreams without major cash

Particularly heated. Because of their bulk buying power, chains get more favorable terms than independents, and the chains' large square foot a gallows them to put in cafes and bathrooms.

4.In many locations, the arrival of a superstore has forced nearby independents out of business. In the book selling business, the arrival of a Barnes & Noble superstore or

5. Borders Books and Music usually puts smaller bookstores out of business. Yet the news is not all bad for smaller companies. Many small independent retailers thrive by knowing their customers better and providing them with more personal service.

6. Today's retailers are moving toward one of two poles, operating either as mass merchandisers or as specialty retailers. Superpower retailers are emerging. Through their superior information systems and buying power, these giant retailers are able to offer strong price savings. These retailers are using sophisticated marketing information and logistical systems to deliver good service and immense volumes of product at appealing prices to masses of consumers.

EMERGING TRENDS:

1. Forward integration / alternate channels:

In bid to close the distance between the company and the end consumer by cutting down the distribution channel, some manufacturers of consumer goods are establishing company owned stores and service formats and exploring the store in store concept to enhance margins and increase customer value.

2 Sourcing:

The CPG industry is following the It outsourcing trend. Indian subsidiaries of global CPG players have proved them self in term of quality and production capabilities. This had led several international companies to source from India. For example Hindustan lever the subsidiary of Unilever exports a wide range of products like soap, detergents, oral care and skin care products to other Unilever subsidiaries. A new export Oriented unit is being set up by Hindustan lever in Pune, to cater to the need of this business. Unilever is also setting up a global sourcing office in India to buy products and raw material from low cost location for its subsidiaries across the world. India is moving towards embracing global patent and trademark standard that will facilitate outsourcing by CPG companies. With quotas in textiles sector also being relaxed, global retailers are increasingly focusing their sourcing efforts (both apparel and non apparel)from India. Wal-Mart has announced it

will increase it an annual sourcing from India from USD5 billion. This trend is likely to be followed by most big retailers.

3. Rapid expansion and format migration:

After making years of investment in customer acquisition, setting up of systems / process and consequent operational loose, many leading retailers have passed their "learning" phase and are getting in to the consolidation/aggressive rollout phase. Today few of them are making modest money out of the business. This provides confidence to the investors to infuse much needed capital in the businesses and will lead the further expansion and format migration. For example the department store chain, Shoppers Stop, will soon have its Initial Public Offer (IPO) and use all the fund raised, for rapid expansion in existing format and roll out of grocery stores. Other leading retailers such as Tent (West side) and Landmark Group (life style) are also considering new formats in home improvement and hypermarkets.

OBJECTIVE OF THE SURVEY

The following survey was mainly done with an objective to know the state of mind of an individual and their preference of organized retail. And their satisfaction level towards these outlets.

And other reasons are:

1 .To gets an insight in to the retail industry

2. To understand the factors that influence shoppers to visit organized retail Outlets

3. To understand consumer behavior about organized retail shop

4. To identify change in consumer behavior, i.e., preference of the small retail store over the supermarket or vice versa.

5. Buying Experience of middle class people for daily need items with retail shop & Karana store. The survey was conducted among the customers shopping in the mall.

6. To do the comparative analysis of different Lifestyle Stores on different store dimensions.

7. To study the perception of customers towards the CRM strategies implemented by the different Lifestyle Stores.

8. To study the association between the Customers's Services & the Customer Loyalty.

9 To get an insight of the Retailer's perspective towards the customer's expectation in terms of CRM

RESEARCH METHODOLOGY

Discover the answer to the research or to achieve the objective of the project certain scientific procedure was followed. These procedures are explained as follows.

The Research technique

In my research I followed the descriptive method of research, which includes surveys and fact-findings enquires of different kinds. The major purpose of descriptive research is description of the state of affairs, as it exists at present. In business research we quite often use the term Ex Post Facto research for descriptive research studies. The main characteristic of this method is that the research has no control over the variables; he can only report what happened or what is happening. Structured questionnaires were prepared having both open and close-ended questions. The questionnaire was prepared for middle class Indians for understanding their purchase behavior with organized retail for daily need items.

Universe of the study

Universe of the study was the people of middle class (Upper middle class, Middle class, Lower middle class) of NCR (North Central Region).

Sample size for study

100 people were surveyed by the questionnaire method. Both convenience and judgmental sampling was used.

Data collection techniques

To achieve the objectives of the study both primary and secondary data was collected.

Primary data

100 people were surveyed to know their purchase behavior with organized retail for daily need items. And factors, which motivated them to go for organize retail.

Secondary data

Secondary data was collected by visiting libraries and associations the major being.

1 Internet

2 Different News Paper & Magazines

3 Journals

•Data tabulation, analysis and interpretations

The data was tabulated using tally marks and analyzed by using percentages. The interpretations are based on the overall survey done on the respondents.

The Research Instrument

The research instrument used was developed to measure both the expectations and perceptions of the customers of the Lifestyle Stores.

The two questionnaire were developed hypothesis were formulated to reflect the associations between the different Lifestyle Stores and the customer service offered by them.
 Also to evaluate the different Gender's opinions towards the Customer services they are getting from the lifestyle stores & to evaluate the retailer's perception about the customer's expectations.

The main factors in such a study were customer demographics, the presence of competition, physical store

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HYPOTHESIS

H1-CUSTOMERS BUYING   GOODS FROM RETAIL SECTOR   ARE LOYAL.
H2-CUSTOMERS BUYING GOODS FROM RETAIL SHOPS ARE NOT LOYAL.

Growth in organized retail

In sharp contrast to the global retail sector, retailing in India – though large in terms of size – is highly fragmented and unorganized. With close to 12 million retail outlets India has the largest retail density in the world. However, most of these retail outlets belong to the unorganized sector. The inability of the unorganized sector to offer a wide range of products along with artificially inflated costs due to various factors have presented opportunities for growth in the organized retail sector migration from unorganized to organized retail has been visible development in most economies. The Indian retail industry is evolving in line with changing customer aspirations across product groups, with modern formats of retailing emerging. Organized retail derives its advantages in generating operational efficiencies while simultaneously catering to rising consumer aspirations .Size drives economies on procurement, and lowers logistics and marketing costs while delivering better value to customers in terms of lower price, better quality, greater selection, improved service and in store ambience

Drivers for retail transformation in India

A number of factors that drive transformation in retail – such as income growth, changing demographic profiles and socio-economic environment – are already in place in India. However, organized retail has to overcome significant challenges in terms of regulations and infrastructural barriers in order to realize its full potential. Availability of quality Availability of quality retail space has been one of the main constraints for development of organized formats in India. In the past, negative yield spread on leased property and lack of bank funding due to unorganized property market resulted in a dearth of quality retail space in the country.

Challenges for organized retail

There exist differential sales tax rates across states in India .This adds to cost and complexity of distribution as this necessitates multiple warehouses and does not allow for centralization of certain 16 procurements given the incidence of local levies. At the same time, there is large-scale sales tax evasion by smaller stores who derive significant through such evasion. The retail sector has not been granted industry status, limiting funding from banks and financial institutions. The capital requirements for a retailer are in real estate (which banks have historically restricted lending to) and for working capital requirements. While some of the leading retailers are still able to get bank funding, the smaller ones are constrained for growth funding. Similarly, equity options are also restricted with Foreign Direct Investment not being permitted in the retail sector. FDI restrictions have also restricted entry of international majors in retailing in India, which could have Otherwise helped the industry develop with funding as well as bringing in of best practices and systems. The availability of trained manpower poses a key risk for the retail sector. With growing opportunities in the emerging service sectors such as ITES, the ability of the retail business to hire and retain quality people is under pressure. Supply chain management efficiencies are essential to retailers to maintain and improve margins. In India, both vendor management and logistics management are still undeveloped. However, with growing size of operations, supply chain efficiencies will become a key differentiator of profitability in retail.

Value Retailing

These stores primarily retail primarily food and house hold items. These are primarily large stores with volume based discounted prices. The share of expenditure on food and grocery in a consumer's wallet, availability of a wide variety of products at a reasonable price are the main factors which has contributed to the growth of this segment. The larger chain of supermarkets and hypermarkets (namely Big Bazaar, Star India, Nil iris, Food world) has presence in metros and mini metros.

Lifestyle retailing

These stores retail primarily non-food items such as apparel, footwear, accessories, cosmetics and household products. They stock multiple brands across product categories, though some of them focus on their in house store label (on the lines of Marks &Spencer's and St. Michael). These stores are found on high streets and as Anchor Tenants

Several local department store chains have opened shop in India in the past five years. The convenience factor coupled with the inspirational perception of shopping in a department store has contributed to their growth. The larger chains of department stores (Namely Pantaloons', Shoppers' Stop, Westside, and Lifestyle) have presence in the metros and mini metros. Investment. They provide a way for malls to bring in more mom-and-pop retailers, showcase seasonal merchandise, and prospect for permanent tenants.

1.

New retail forms are facing a shorter life span. They are rapidly copied and quickly lose their novelty.
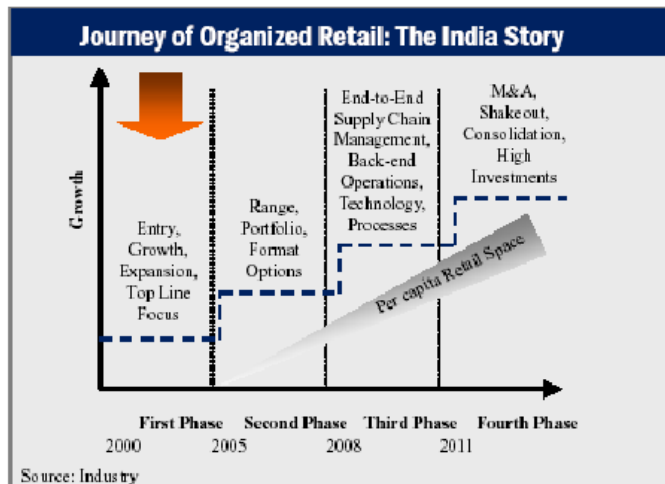
2.

The electronic age has significantly increased the growth of non store retailing consumers receive sales offers in the mail and over television, computers, and telephones, to which they can immediately respond by calling a toll-free number or via computer.

3.

Competition today is increasingly intertype, or between different types of store outlets. Discount stores, catalog showrooms, and department storesall compete for the same consumers. The competition between chain superstores and smaller independently owned stores has become

EVOLUTION OF RETAILING IN INDIA

Journey of Organized Retail: The India Story

India has five main consumer segments

COMPARITIVE ANALYSISOF DIFFERENT BRANDS-

STORE NAME	PANTALOONS	LIFESTYLE	GLOBUS	SHOOPERS STOP	WESTSIDE
FORMAT TYPE	MULTIBRAND	MULTIBRAND	EXCLUSIVE OWN LABELED BRAND	MULTIBRAND	EXCLUSIVE OWN LABELED BRAND
POSITIONING	FAMILY STORE	UNIQUE AND HIGH QULAITY FAMILY STORE	FAMILY STORE	FAMILY STORE	STYLE AND AFFORDABILITY
CATEGORIES	APPAREL ACCESSORIES FOR MAN AND WOMEN.	APPAREL ACCESSORIES FOR MAN AND WOMEN	APPAREL ACCESSORIES FOR MAN AND WOMEN	APPAREL ACCESSORIES FOR MAN AND WOMEN,CHILDREN	STYLIZED CLOTHES,FOOT WEAR ACCESORIES
AVERAGE BILLING PER CUSTOMER	RS 1800	RS 800	RS 300-1000	RS 1500	RS 200- 2000
AVERAGE FOOTFALLS	1000 ON WEEKDYS AND 1500-2000 ON WEEKEND	1200 ON WEEKDAYS 6000 ON WEEKEND	2000 ON WEEKDAYS 9000 ON WEEKENDS	1200 ON WEEKDAYS AND 7000 ON WEEKENDS	25-45 PER HOUR

STORE NAME	PANTALOONS	LIFE STYLE	GLOBUS	SHOOPERS STOP	WESTTSIDE
END OF SEASON	YES	NO	YES	YES	YES
FESTIVE PROMOTION DIWALI,CHRISMAS	YES	YES	YES	YES	YES
LOYALTY CARD PROGRAM	YES	YES	YES	YES	YES
SPECIAL PROMOTION EVENT	YES/EXCHANGE OFFERS	YES	NO	NO	NO
JOINT PROMOTION	NO	YES	NO	NO	NO
MEDIA USED	HOARDINGS, PRINT,ELECTRONICS	HOARDING IN STORE	PRINT AND ELECTRONIC MEDIA	HOARDING IN STORE	HOARDING IN STORE
DISCOUNTS	PRCE OFF FREE	LUCKY DRAW	GIFT VOUCHERS	DISCOUNT AT THE END OF SEASON	GIFT VOUCHERS

With High Private Consumption
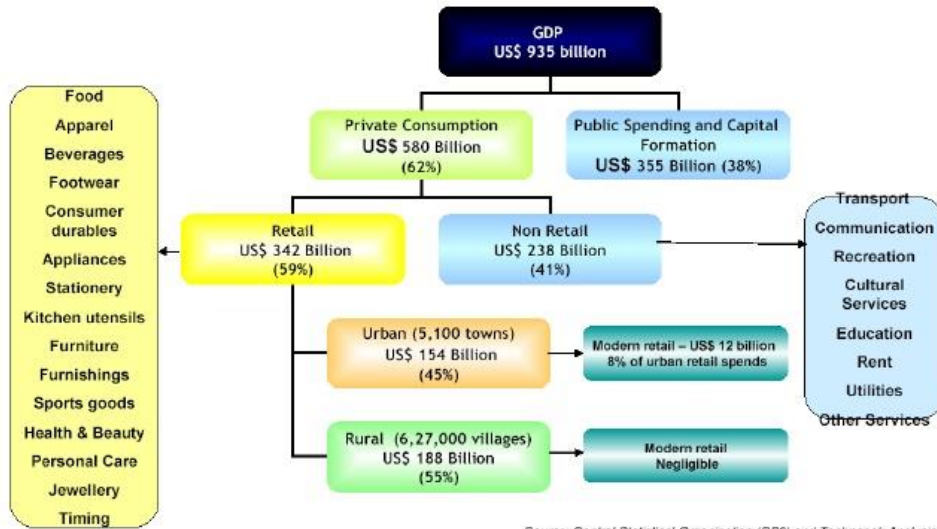
Source: Central Statistical Organization (CSO) and Technopak Analysis
Conversion rate: 1 US$ = 40.88 Rs.
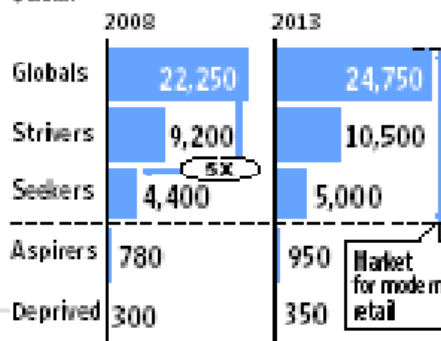
Some facts about Indian retail industry-

India's top retailers are lifestyle, clothing, and apparel stores. This is followed by grocery stores.

Following the past trends and business models in the west retail giants such as pantaloon, shopper stop and lifestyle are likely to target metros and small cities almost doubling the number of stores.

Retailer	Current turnover (in Rs crore)	Targeted turnover (in Rs crore)	Outlets	Projected outlets
Pantaloon*	700	1,200	31	74 (by 2005)
RPG**	550	1,600-1,700 (FY05)	1	12 (by March 2006)
Shoppers' Stop	400	N.A.	13	40 (by 2005)
LifeStyle	230	650 (FY06)	7	15 (by 2005)
Westside	120	N.A.	13	21-23 (by 2005)
Ebony	85	150 (FY05)	8	14 (by 2005)
Piramyd	72	190 (FY05)	3	19 (next four yrs)
Globus	N.A.	N.A.	7	15-17 (by 2005)

*Pantaloon Retail. Current stores (projected for 2005) — Pantaloons: 14 (24); Big Bazaar: 7 (15); Food Bazaar: 10 (30); Central: 0 (4) **Turnover for all of RPG Retail. No. of outlets is only for Giant, the hypermarket expected to contribute Rs 1,000 cr. in revenues by March 2006   Source: Companies

Rs per capita per year, apparel spend
$ billion

	2008	2013	
Globals	22,250	24,750	
Strivers	9,200	10,500	
Seekers	4,400 (5x)	5,000	
Aspirers	780	950	Market for modern retail
Deprived	300	350	

Retailing Formats in India:

3 Malls:

The largest form of organized retailing today. Located mainly in metro cities, in proximity to urban outskirts. Ranges from 60,000 sq ft to 7, 00,000 sq ft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Examples include Shoppers Stop, Pyramid, and Pantaloon.

Specialty Stores:

Chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword, RPG's Music World and the Times Group's music chain Planet M, are focusing on specific market segments and have established themselves strongly in their sectors.

Discount Stores:

As the name suggests, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economies of scale or excess stock left over at the season. The product category can range from a variety of perishable/ non perishable goods.

Department Stores:

Departmental Stores are expected to take over the apparel business from exclusive brand show rooms. Among these, the biggest success is K Raheja's Shoppers Stop, which started in Mumbai and now has more than seven large stores (over 30,000 sq. ft) across India and even has its own in store brand for clothes called Stop!.

Hyper marts/Supermarkets:

Large self service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super Markets can further be classified in to mini supermarkets typically 1,000 sq ft to 2,000 sq ft and large supermarkets ranging from of 3,500 sq ft to 5,000 sq ft. having a strong

Enter, the New Retail Entrepreneurs

Delhi-based Ebony has commenced a massive expansion in northern India with eight new stores and a combined retail space of 150,000 square feet. Besides sprucing up exiting stores in Delhi and Punjab, the company is expanding to other north Indian states.

Lifestyle, a part of the Dubai-based Landmark Group retail chain, earlier owns seven stores located across various metro cities, then company has doubled its presence to 14 stores in2006, occupying a combined retail space of one million square feet.

Mumbai-based lifestyle chain Pantaloon spends around US $ 840000 in a year to revitalize its brands and promote new brands.

Bangalore-based Shoppers Stop –has more than 35 more Outlets.

TCNS Clothing has more than 37 stores across the country.

Spykar has set up approx 35 stores across the country in all the major cities. Branded apparel merchandising is gathering critical momentum in India, and that's a bit of a surprise in a country where preferences change every25 km and loyalties change for a 10% difference in pricing. Source:

Changing Consumer Behavior

But suddenly, brands have started shaping buying behavior. A large young working population with a median age of 24 years; growing numbers of nuclear families in urban

Areas; increasing working-women population and emerging opportunities in the services sector have increased the average consumer spend on branded clothing. Industry experts believe that apparel sales in retail stores posted a growth of between 25-30 per cent in 2003 and according to an estimate by McKinsey, the branded apparel market □is now worth nearly $ 3 billion. Until recently, quality retailing was limited to high streets and standalone departmental stores. Now, across metros, apparel buying is the second biggest consumption category at malls, after food products. Without question, the consumer boom is being driven by anew openness about using credit cards. According to ICICI Bank, usage of credit card has increased a lot. Apparel retailing is no longer a metropolitan phenomenon; companies are now quickly branching to smaller cities in an effort to cash in on the consumer boom.

From Franchise to Company Owned

Larger textile manufacturers were the first off the block in the nineties, with big players like Raymond, Arvin Mills, Madura Garments and Zodiac Clothing building extensive retail networks. Because the market potential was still relatively small in the nineties, most players used the franchise route to expand. Now, companies are using their own funds to increase the capacities of their retail stores. Previously, the Arvin Mafatlal Group had a chain of below-1,000 sq ft stores to sell its flagship brand apparel: Arrow. Over the last two years, the company management has closed down a number of these small stores and gone in for bigger stores. The new stores have a minimum 1,500 square feet space, and nearly per cent of Arvin's apparel business comes from these outlets. Raymond's – the flagship brand of the Singhania Group-- is revamping its chain of 300stores□known as Raymond's Shops □and focusing on at a cost of around US $ 35 million. The logic: the contribution of readymade apparel to total sales has gone up 25-30 percent compared to the previous year. Likewise, Madura Garments has opened up a mega store in the heart of Bangalore that sells the company's flagship brand, Peter England. Spread over a carpet area of 1350square feet, the store is designed to function at three levels ground, semi-ground and

1 Pantaloon:

This Company was incorporated on October 12, 1987 as Men Wear Private Limited. The Company was converted into a public limited company on September 20, 1991 and on September 25, 1992 the name was changed to Pantaloon Fashions (India) Limited and in the same year the Company made an initial public offering. Later they changed their name to Pantaloon Retail (India) Limited on July 7 1999.Source: 1)
www.scribd.com/doc/47945/
McKinsey-MGI-India-consumer-full-report

Pantaloon
.com/companyinfo.asp
Pantaloons believes in managing customer expectation by offering them all the requirements for their entire family under one roof is the key to being a successful

2 Westside:

Established in 1998 as a part of TATA group. Westside idea is Club West, a customer loyalty program launched in May 2001. The30,000-plus members of this club get rebates at restaurants and on holiday packages from the Taj Group of Hotels, home delivery of alterations, and best of all, special shopping hours on the first day of any discount sales event organized by the chain

.

3 Lifestyle

Lifestyle International (P) Ltd

is part of the Landmark Group, a Dubai – based retail chain. With over 30 years' experience in retailing, the Group has become one of therefore most retailers in the Gulf. Positioned as a trendy, youthful and vibrant brand that offers customers a wide variety of merchandise at an exceptional value for money, Lifestyle India began operations in 1999with its first store in Chennai. Lifestyle has a loyalty card program Known as the 'The Inner Circle ' For every Rs.50 spent at any of the stores, 1 point is earned. For every 100points earned, gift voucher of Rs.100 is received .Source: 1) www.globus.in2)

http://www.chipsbooks.com/lifestyl.htm3) en.wikipedia.org/wiki/

Shoppers Stop

Comparison Between different players:

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Shoppers

'_

Stop

Comparison Between different players:

focus on food & grocery and personal sales. Source: 1)

http://www.scribd.com/doc/4782190/The-Indian-Retail-Snapshot

Convenience Stores:

These are relatively small stores 400-2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium.

MBO's

:Multi Brand outlets, also known as Category Killers, offer several brands across a single product category. These usually do well in busy market places and Metros. areas; increasing working-women population and emerging opportunities in the services sector have increased the average consumer spend on branded clothing .Industry experts believe that apparel sales in retail stores posted a growth of between 25-30 per cent in 2003 and according to an estimate by McKinsey, the branded apparel market ☐is now worth nearly $ 3 billion. Until recently, quality retailing was limited to high streets and standalone departmental stores. Now, across metros, apparel buying is the second biggest consumption category at malls, after food products. Without question, the consumer boom is being driven by a new openness about using credit cards. According to ICICI Bank, usage of credit card has increased a lot. Apparel retailing is no longer a metropolitan phenomenon; companies are now quickly branching to smaller cities in an effort to cash in on the consumer boom.

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•Pantaloons

• Globes

•Lifestyle

•Westside

•Shopper's Stop

•Metro

Introduction to some retail stores
:
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McKinsey

pantaloon

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Future outlook

Apparel sector is likely to grow with growing Indian economy. Many multinational players either have already plunged into Indian market or plan to do so in apparel sector. They will bring many promotional practices which they have been following in developed markets which will increase the use of sales promotion activities even further. Indian brands will have to withstand turbulent conditions and learn to survive. If the role of such activities is understood well it may help any player a long way to survive and grow.

Retail Touch Points:

Pull preferred over Push:
A "pull" supply chain driven by actual consumer demand is preferable to a "push" supply chain driven by manufacturer and retailer promotion. Customers who are used to literally having the world at their fingertips, thanks to the Internet and personal electronic devices, are no longer interested in being told what products to buy. Using tools such as secure Web portals, insight-driven retailers propagate current consumer demand data throughout the supply chain, enabling maximum responsiveness
ccccom

Localized Product Assortments:

By localizing the merchandising and assortment plans at the individual store level, a store can reap significant intangible benefits, such as improved customer satisfaction levels, as well as tangible benefits, such as higher margins and increased basket sizes. Retailers who embed customer SKU preferences into their profiling, forecasting and optimization practices can improve the accuracy of buying and allocating merchandise,   creating 5 to 10 percent improvements in gross margin dollars and improved inventory turn Space Optimization

: It allows retailers to use every square inch of selling space to its maximum profit potential. Optimization systems take in information such as store sales, customer preferences and product sizes to produce space plans based on business rules, forecasted demand, and profit potential. Assortment plans can thus be executed in a manner that maximizes the sales potential of floor selling space. Source: 1) Article from Oracle Retail by Dave Boyce.

What is CRM??

Whatever the customer buys for him,

Every experience should be   completely satisfactory, some delightful. Best CRM strategies should be implemented helping the customers to save the money, time and heartburn by providing comprehensive customer reviews at a click

.

CRM stands for

Customer Relationship Management

. It is a processor methodology used to learn more about customers' needs and behaviors in order to develop stronger relationships with them. There are many technological components to CRM, but thinking about CRM in primarily technological terms is a mistake. The more useful way to

think about CRM is as a process that will help bring together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends.

Dimensions of CRM:

•Identifying the customers

•Acquiring the customers

•Retaining the customers

A store should be customer-oriented - the technology, the supply chain, the design -everything should be geared to making the buying experience as good as possible. Also employees should be trained in much better way because if the employees will be loyal only then customers can be loyal. Loyal employees help bring in the business.

Foremost thing for better CRM: Getting value out of real time customer information

Today, retailers spend an excessive amount of time and money collecting, analyzing and trying to utilize customer data by turning it into information and knowledge that is actionable. Loyalty programs have allowed retailers to collect and analyze vast quantities of data on purchases by individuals. E-retailing has added to the avalanche of data. While this information is essential to understanding changing customer needs and expectations, it's important that the systems you use to gather this information are efficient and cost-effective. Now a days many retail outlets are using the IT that will enable them to gather and evaluate critical customer information, as see s customer requirements and develop customer plans and strategies.

2) Every business organization depends on customers for sustenance, the question is how to create and maintain customer satisfaction. Every business communicates with their clients in many different ways, especially in our technology rich and information . How we treat all of this information is where CRM plays a key role. CRM acts central repository of information on clients and potential clients of any store.

Customer Relation-Profile

When mapping the quality of a customer relationship, the following model is being used symbolizing the communication and co-operation, and the Legs concern the responsibility and professionalism with which we implement or deliver the competencies we have agreed upon.

Customer Relations Management (CRM) and Technology in Retail

Over the years as the consumer demand increased and the retailers geared up to meet this increase, technology evolved rapidly to support this growth. The hardware and software tools that have now become almost essential retailing can be into 3 broad categories.

Customer Interfacing Systems

Bar Coding and Scanners Point of sale systems use scanners and bar coding to identify an item, use pre-stored data to calculate the cost and generate the total bill for a client. Tunnel Scanning is a new concept where the consumer pushes the full shopping cart through an electronic gate to the point of sale. In a matter of seconds, the items in the cart are hit with laser beams and scanned. All that the consumer has to do is to pay for the goods. The new developments create an easy way for users to generate bar codes on demand for asset tracking, compliance labeling, document tracking, and other business productivity improvements.

RFID (Radio Frequency Identification) is now the buzzword in retail. It is real time tracking of every single product, from manufacture to checkout and compared to Universal Product Code (UPC) bar coding, which RFID promises to replace, RFID proactively transmits information, eliminating the manual point-and-read operations needed with bar coding. This enhanced visibility could significantly decrease warehouse, distribution, and inventory costs; increase margins; and enhance customer service. The macro-areas where RFID can be utilized are:

EAS (Electronic Article Surveillance) systems: The use of tags and antennas usually inside a retail setting for tracking articles.

Portable Data Capture systems: portable RFID systems that can be used anywhere. Networked systems: fixed position readers those are directly connected to centralized information management system, while transponders are placed on moveable items.

Positioning systems: Used for automated location identification of tagged items or vehicles Payment

Payment through credit cards has become quite widespread and this enables a fast and easy payment process. Electronic cheque conversion, a recent development in this area, processes a check electronically by transmitting transaction information to the retailer and consumer's bank. Rather than manually process a check, the retailer voids it and hands it back to the consumer along with a receipt, having digitally captured and stored the image of the cheque, which makes the process very fast.
Internet is also rapidly evolving as a customer interface, removing the need of a consumer physically visiting the store.

Operation Support Systems

ERP System Various ERP vendors have developed retail-specific systems which help in integrating all the functions from warehousing to distribution, front and back office store systems and merchandising. An integrated supply chain helps the retailer in maintaining his stocks, getting his supplies on time, preventing stock-outs and thus reducing his costs, while servicing the customer better.

CRM Systems The rise of loyalty programs, mail order and the Internet has provided retailers with real access to consumer data. Data warehousing & mining technologies offers retailers the tools they need to make sense of their consumer data and apply it to business. This, along with the various available CRM (Customer Relationship Management) Systems,

Allows the retailers to study the purchase behavior of consumers in detail and grow the value of individual consumers to their businesses.

Control across the supply chain, all the way from raw material supplier's right through to the retail shelf. These APS packages complement existing (but often limited) ERP packages. They enable consolidation of activities such as long term budgeting, monthly forecasting, weekly factory scheduling and daily distribution scheduling into one overall planning process using a single set of data.

Strategic Decision Support Systems

Store Site Location Demographics and buying patterns of residents of an area can be used to compare various possible sites for opening new stores. Today, software packages are helping retailers not only in their location decisions but in decisions regarding store sizing and floor-spaces as well.

Visual merchandising- The decision on how to place & stack items in a store is no more taken on the gut feel of the store manager. A larger number of visual merchandising tools are available to him to evaluate the impact of his stacking options.
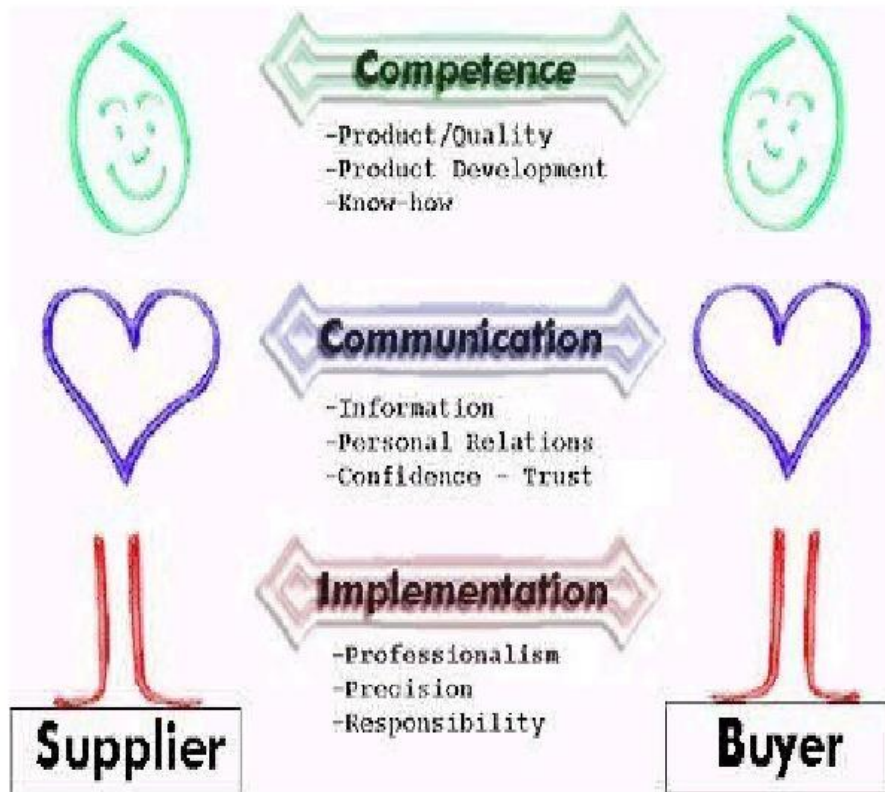
The essence of this process is mutually to discover weak, strong and wanted sides of the organizations, in order to improve future relations. Using the Customer Relation Profile, organization should be able to identify the terms of relationship with others and the profile will indicate what to focus on if organization wants to develop it further. If organization want an "easy to use tool" to realize how organization can maximize business relations, this is the tool for organization and organization.

Customer Loyalty:

It is becoming more and more evident to retailers that the customer shopping   a critical pathway to the financial success of the store. Setting aside unique location or competitive differences, stores with higher levels of customer loyalty should see higher same store sale increases year over year. Likewise, over a long period of time, bad customer service will result in brand and profitability erosion. Loyalty is most influenced by the shopping experience and the brand (the cumulative impact of many experiences over time). There are a lot of components to such as availability of parking, store cleanliness, friendliness and   sales staff, easily located products, and checkout experience. I t is not surprising that the personal interaction of store associates is a significant component of driving loyalty. Even in today's self-service retailing environment, customers still need to be guided into finding the right products. Without that help and support they become easily frustrated, and eventually shop at the competition. As busy consumers, we all face time and cost trade-offs. Surprisingly, price is an element we do not find to be a significant driver of loyalty. Not that pricing is inconsequential or immaterial to the consumer's choice of where to shop, but if price were the only thing driving loyalty we would all be frequenting garage sales and flea markets. There is nothing worse than having a great shopping experience, finding exactly what you want, and then being held hostage by the checkout process. Retailers figuring   best ways to make the checkout process more effective through the use of technology are the most successful in the long run

Literature Review:

Several studies on CRM and apparel retail sector are reported in the context of developed markets. A brief overview is presented below: According to Pine and Gilmore (1999) experiences can be described by two dimensions .The first dimension refers to the customer's degree of active participation in the creation of the experience. The second dimension of experience describes the degree to which the customer adsorbs or immerses the experience. Biter and Zenithal (2003) stated that satisfaction is the customer's evaluation of a product or service has met their needs & expectations. In the recent information Week survey, of the companies actively implementing CRM, 93percent claimed increased customer loyalty and customer Satisfaction would justify their CRM investment. The Second highest percentage, 83 percent, stated the need to demonstrate increased revenue. The implied, mandate for most of these early adopters seems to be "customer loyalty at any cost-even is we don't see a return on investment."Peppers and Rogers (1993) stated that to build the relationships with your individual customers, you need to sell maximum products over a long period of time and across different product lines. Deter- Schmaltz, Dawn R.; Moore, Jesse N.; Goebel, Daniel J, (2000) examined Prestige clothing shopping by consumers by a confirmatory assessment and refinement of the PRECON scale. Aspects studied include background on the symbolic aspects of consumption; prestige shopping behavior; reassessment and refinement of the PRECON scale and impact of income and age on prestige shopping. The paper concludes with managerial implications for the United States apparel retailers dealing in prestige clothing. Kincaid, Doris H.; Woodard, Ginger A.; Park, Hamsun (2002) studied Buyer–seller relationships for promotional support in the apparel sector which is critical for success. The purpose of the study was to define promotional support categories offered to apparel retailers by manufacturers, to identify the retailer's perceptions of the offering frequency and importance of the promotional support, and to investigate the relationship between offering frequency and perceptions of importance. Results indicated that monetary support was regarded as the most important promotional support.. A positive and

significant correlation was found between items the buyers perceived as important and the frequency of offerings of these items .

Liu, Yapping, (2007) found out the Long-Term Impact of Loyalty Programs on Consumer Purchase Behavior and Loyalty. Using longitudinal data from a convenience store franchise, the study found out that consumers who were heavy buyers at the beginning of a loyalty program were most likely to claim their qualified rewards, but the program did not prompt them to change their purchase behavior. In contrast, consumers whose initial patronage levels were low or moderate gradually purchased more and became more loyal to the firm. For light buyers, the loyalty program broadened their relationship with the firm into other business areas. Thus there is a need to consider patronage to decide rewards for loyalty program. In the context of French market, Meyer-Warden, Lars; Benevento, Christophe. (2006)studied the Impact of Loyalty Programs on Repeat Purchase Behavior based on the Behavior Scan single-source panel which has been compared with the store data base .The double jeopardy phenomenon was present and loyalty program s did not substantially change market structures. When all companies had loyalty programs, the market was characterized by an absence of change of the competitive situation. Hildegard, Karen; Beckman, Molly; Decals, Alejandro Moll; Bora, Miguel Angel Gomez (2005), studied Spanish consumers' perceptions of US apparel specialty retailers' products and services. The study emphasized that specialty retailers' success in international markets is contingent upon their knowledge of culturally-defined values, norms and behavior that influence consumer decision making and impact acceptance of products and services. The study examined consumers' store patronage and apparel purchase behavior, acceptance of US apparel brands, perceptions of retailers' products and services, and perceptions of the impact of foreign retailers on local communities. It found out that the perceptions differed regarding quality, fashion ability, product assortment, extent and quality of customer service, convenience of location, payment options, national brands and store layout. Consumers' acceptance of US apparel brands was a function of age, household income, apparel product country of manufacture and price.

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RESEARCH DESIGN

The study is exploratory in nature with survey method being used to complete the study. Both Exploratory & Causal Research Design were taken

Research objectives:
The survey was conducted among the customers shopping in the mall.

Statistical analysis

The statistical treatment of the study included the determination of the association between the steps in the CRM model and the customer service offered by the organization. Use was made of Pearson's coefficient to determine the level of association between the store attributes, customer service & the customer loyalty. The level of association as measured by Pearson's co-efficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The measure was standardized through computation of reliability & validity. T-test was applied in order to compare significant difference between the store attributes of different lifestyle store. Qualitative Analysis of the Retailer's Perspective was done to get an insight of their perception towards the customers expectations & to study the CRM strategies implemented by them esp. the applications of IT.

Data tabulation, analysis and interpretations

The data was tabulated using tally marks and analyzed by using percentages. The interpretations are based on the overall survey done on the respondents

Questionnaire

1 How you rate cleanliness of different stores on scale of 1 to 5.

 1 Not good   2 Satisfactory   3 Good   4 Very good   5 Excellent

 1 Pantaloons   2 Lifestyle   3 Big Bazaar 4 Shoppers Stop 5 Easy Day

2 Give ratings to the brands on the basis of latest design available.

1 Old designs   5 Latest designs

1 Pantaloons   2 Lifestyle   3 Big Bazaar 4 Shoppers Stop 5 Van Husain

3 Support of sale staff.

1 Not good   2 Satisfactory   3 Good   4 Very good   5 Excellent

1 Pantaloons   2 Lifestyle   3 Big Bazaar 4 Shoppers Stop 5 Easy Day

4 Quality of products available

1 Not good   2 Satisfactory   3 Good   4 Very good   5 Excellent

5 Would you consider nearby availability of different stores as the basis of your buying decision.

a) Yes   b) No

6 With which brand you are satisfied with easy location of the products which help in finding what you need.

1 Not good   2 Satisfactory   3 Good   4 Very good   5 Excellent

1 Pantaloons   2 Lifestyle   3 Big Bazaar 4 Shoppers Stop 5 Easy Day

7 Are you satisfied with parking space available.

a) Yes   b) No

8 Would you consider buying your daily need items from

a) Local Karana shops b) Branded stores

9) Which brand is offering unique products?

1 Pantaloons   2 Lifestyle   3 Big Bazaar 4 Shoppers Stop 5 Van Husain

10) What type of store do you prefer for shopping for daily need items?

   20% No Particular preference

   20% mall format store

   20% cooperative store

   40% Karana shops

11 How often you go for shopping of daily need items

 Once a month 10%

Once a day   40%

Thrice a month 25%

Once a week   25%

12 How much portion of fixed income you dispose in shopping

5-7 thousand   55%

More than 7 thousand 40%

0-2 thousand   15%

2-5 thousand   15%

13 On scale of 0to5 your buying experience of daily need items

Organized sector	Unorganized sector
Poor 5%	11%
Average 5%	17%
Good 30%	44%
Very good 35%	17%
Excellent 25%	11%

14 Are you satisfied with shopping of daily need items?

Items from unorganized sector

Yes   55%

No   45%

15 It is expensive to purchase your daily need items from organized retail in comparison to local Karana shop

Can't say 20%

Yes   50%

No   30%

16 Where you feel better to go for purchase of daily need items

Karana shop   70%

Organized retail sector 30%

17 To what extent do you agree with following statement and rate them on scale of 1-5

Question	Strongly disagree	Disagree	Moderate	Agree	Strongly agree
Shopping in organized retail is more expensive compare to local Karana store	20%	18%	38%	12%	12%
Its more time consuming to purchase in organized retail shop	20%	18%	15%	22%	25%
Prefer sopping in local Karana shop because they give credit	9%	22%	10%	20%	39%
Prefer shopping from local Karana shop because they give fresh product	32%	28%	17%	8%	15%

Conclusion

Liberalization of the economy in the nineties and the entry of large players in the retail business have brought the retail industry into spotlight. Big players and national retail chains are changing the rules of the game, in spite of their meager share in the overall retail trade. Organized retailing though still in an embryonic stage has huge growth potential.

To meet the challenges of organized retailing that is luring customers away from the unorganized sector, the unorganized sector is getting organized. Because of preference of middle class for these stores is going to increase day by day. The organized retail chains, display all the products and the most attractive product catches the customer attention. Gone are the days of - customer loyalty with increasing number of products of similar quality hitting the market? The customers of the 21st century would expect to pick his/her own products form an array of choices rather than asking the local kirana wall as to deliver a list of monthly groceries. Thus, the way of distribution of products has gained importance in the past decade. The first challenge facing the organized retail industry in India is: competition from the unorganized sector

Consumer familiarity that runs from generation to generation is one big advantage for the traditional retailing sector. That is the basic reason now organized sector facing more challenges from unorganized sector but this research report is also concluding that preference of middle class for organized retail is going to increase rapidly but it is little bit slow in daily use items but the day is not so for when middleclass people frequently purchase daily need items maximum from organized retail shop. In contrast, players in the organized sector have big expenses to meet, and yet have to keep prices low enough to be able to compete with the traditional sector. High costs for the organized sector arises from: higher labor costs, social security to employees, high quality real estate, much bigger premises, comfort facilities such as air-conditioning, back-up power supply, taxes etc. Organized retailing also has to cope with the middle class psychology that the bigger and brighter sales outlet is, the more expensive.

Limitations

•The time factor was a great limitation while the time of 2 month research project.

• Due to less knowledge of site of NCR, I visited few areas of NCR so research is based on according to the customer of that area.

• Sample size of 100 is not sufficient to finish this project in more descriptive manner.

• During our meeting part with customer we consider only our potential customer who was middle class people.