

# Retailing: An Emerging Trend In India – Literature Review

## Comercio minorista: una tendencia emergente en la India – revisión de la literatura

SM Zulaikha FATIMA [1](#); Charu BISARIA [2](#); Ajay PRAKASH [3](#)

Received: 10/06/2017 • Approved: 09/07/2017

### Content

- [1. Introduction](#)
- [2. Review](#)
- [3. Future Trends in Retailing](#)
- [4. Conclusion](#)
- [Bibliographic references](#)

#### ABSTRACT:

In this review article, research articles published in various peer reviewed journals are read and classified five main areas which are responsible for moving the field forward. The article highlights the key insight from every area and suggests issues which are further needed to be explored. It also introduce emerging areas in retailing. It is expected to motivate retailers and academicians to conduct additional future research in these and other related areas.

**Keywords:** Retailing, Future, Consumer behaviour, Technologies.

#### RESUMEN:

En este artículo de revisión, se leen artículos de investigación publicados en varias revistas revisadas por pares y se clasifican cinco áreas principales que son responsables de mover el campo hacia adelante. El artículo destaca la visión clave de cada área y sugiere cuestiones que son más necesarias para ser exploradas. También introduce áreas emergentes en el comercio minorista. Se espera que motive a los minoristas y académicos a realizar investigaciones futuras adicionales en estas y otras áreas relacionadas.

**Palabras clave:** comercio minorista, futuro, comportamiento del consumidor, tecnologías.

## 1. Introduction

Even after so many years of emergence of sophisticated retail landscape, purchase decisions of customers are driven by their needs. In spite of that, introduction of new business models and advancement of technology has contributed significantly in creating a different shopping experience for the customers. Therefore, it is important to build an understanding of those areas in retailing where innovations are changing the game. This will also result in understanding the trends and areas where retailing will evolve in future.

In present times, acceptance of the concept of Omni channel retailing among customers have

broaden their horizon for different goods and services. Also, they are exposed to deeper information about variety of goods and services. This has given retailers chance to connect to their customers by providing targeted information in order to create deep customer involvement. Technology here plays a great role as it is useful to retailers as well as customers. Retailers can target the appropriate customers and customers can make a smart decision by keeping themselves updated about different goods and services. But the ground reality is that every decision by the customer do not involve such a detailed decision process. Sometimes, customers decides quickly and their decisions are influenced by the merchandise assortment and visual merchandising. This holds good both in case of online and offline stores. When a customer buys from a retailer his complete set of data including transactional, consumer and environmental data is obtained by the retailer. This helps them to predict the consumer behaviour forming better strategies that are favourable to them and provides their customers an appealing offers. Thus, in return retailers can increase their profitability.

---

## **2. Review**

In this review paper, we address topics from five areas namely, criteria for selection of store location, visual merchandising, technological advancements, role of big data and consumer engagement.

### **2.1. Visual Merchandising**

In present era consumer is exposed to uncountable variety of goods and different offers on them. It is a challenge in front of the retailers to provide best offers to its customers and at the same time stand out in current competitive environment. Therefore, deciding on how to design these offers is a tricky task faced by the retailers. This will assist the retailers to decide how, when and where to showcase their merchandise and related offers, keeping in mind the type of channel format (within the store or on their websites). This holds true in case of manufacturers as well as they have also realized the importance of customer attention towards their merchandise and offers.

Kahn (2017) suggested strategies for making assortments easier for consumers to process. They include reduction in assortments and information intensity, making sure each item relates to the assortment context and carefully thinking through the spatial positioning of merchandise. Also, importance of spatial positioning of merchandise was earlier studied by Nordfalt et al. (2014) in their work in which the authors investigated the significance of different types of orientation of merchandise. They found that vertical orientation of merchandise tends to increase the purchase frequency by the customers as compared to when merchandise is displayed horizontally. They further added that more than 90 percent product purchase increased in case of towels when they are vertically displayed as compared to when they are diagonally displayed.

Apart from the display of products on the shelf or on the website, packaging of the product also plays a significant role in the visual merchandising of the store. Packaging generally involves the design or shape of the of the product package (Kahn, 2017). This view was further elaborated by Krishna et al. (2017) in which they tried to analyse the effect of packaging on the consumer engagement with the product. Every layer of packaging (inner, middle and outer layer) affects consumers' sensory experience and assists them to examine the functional and physical dimension of the product.

It is important for retailers to consider the spatial location of their merchandise and its sales promotion while deciding for visual merchandising in the store as well on the websites. This will have a great impact on the overall profitability of the store. In case of low involvement products the sale is likely to increase when the sale price of the product is displayed on right side of package instead of left side (Suri et al., 2017).

## 2.2 Technological Advancements

Technological advancements in the field of retailing is beneficial to retailers and consumers. It becomes easy for retailers to reach its target audience at low cost (eg. Through internet) and at the same time consumer can take more informed decisions, beneficial offers and relatively faster services than before. Recent research done by Inman & Nikolova (2017) highlighted the benefits of technology for retailers as well as consumers which in turn will increase the profitability of the firm. They talked about the mobile apps, self-check outs, scan and go technologies, Que Vision and smart shelf technology. For instance, with the help of self-check-out technology, customer can browse, take and pay for his selected merchandise without the need of the sales personnel or the cashier. This will give customer the opportunity to totally control the transaction process and at the same time retailers can save on the labour costs as minimum number of cashier or the sales personnel will be required.

Smartphones act as a blessing in disguise for the retailers. They have revolutionised the entire shopping experience in present time. Easy internet access, mobile apps and other advancements in this domain has changed the consumer expectations. This has also made easier for retailers to connect to its targeted audience. Like for example scan-and-go technologies enable customers to browse the products offered by the retailers, select them as per their needs and pay through the retailers apps. Amazon Go took this innovation to another level by shrinking the time to scan the products online. What all customer need to do is to scan their smartphones while entering the store, take the product and leave the store. The technology keep track of the products bought or returned and automatically process the transaction. As soon as the customer leaves the store, amount is deducted from his account and a receipt is generated and sent to the customer. For this entire process to successfully complete, a smartphone, amazon account and amazon go app is required by the customer (Amazon, 2016).

Considering the above review of literature on technological advancements following observations can be used for further studies in future

- Will these technological advancement be beneficial for all types of retailers and consumers?
- Probably retailers' apps are apt for those customers who look for different deals for shopping.
- Will these aps be adopted by the small retailers or small retailers will have to serve as pickup and delivery points for online retailers to survive?

## 2.3 Customer Engagement

Several studies on consumer experience and engagement levels have been done in past (Grewal, levy & Kumar, 2009; Puccinelli et al., 2009; Accenture, 2015; marketing science institute, 2016) but no study have investigated the ways to increase customer sense of engagement. Customer engagement can be enhanced by including consciousness (Grewal et al., 2017). Hierarchal model of consumer engagement was developed by Grewal et al. (2017) based on the principle of conscious capitalism (Mackey & Sisodia, 2017). The model suggested three level approach for enhancing customer engagement i.e. customer experience, emotional connection and shared identity. Therefore, by influencing the purpose and values of the customers, conscious retailers can develop emotional connections with them. Another study by Wansink (2017) identified three key components in the field of food retailing viz. role of signage, store design and employee service. These components assist in deciding which product is most convenient to buy and is seen as standardized product. The author further recommended innovative tools and techniques signage and service component. Likewise retailers should also take into consideration visual ideas which are contained into their visual merchandising in order to engage customers in physical as well as online stores. This will create emotional connection towards the store resulting into decrease in price sensitivity and increase in consumption (Roggeveen et al. 2015).

Since a lot of research has been done on customer experience (Grewal, Levy & Kumar, 2009;

Puccinelli et al., 2009; Accenture, 2015; marketing science institute, 2016) therefore future research should target on employee engagement as for retailer employee engagement would result into customer engagement.

## **2.4 Role of Big Data**

Retail organizations have always been flooded with the data but due to lack of proper management of data they could not use it in an efficient manner. Recently, due to technological upgradation retailers have started taking assistance of the options for organizing data, computational and analytical systems for the enterprise. Big data along with analytical systems helped retailers to manage their issues. Bradlow et al. (2017) illustrated measures of big data in terms of customer, product, location, time and channel and suggested ways to strategically use these data in order to optimize sale and maximise price. They have also organized the data obtained from different sources like loyalty cards, websites, mobile apps, enterprise system. Thus, big data is not only helping the retailers but also researchers to better understand the customers. Introduction of big data have prompted researchers to undertake field researches and experiments that provide assessment of basis between independent (price, display, assortment etc.) and dependent variables (sales volume, profitability etc.).

## **2.5 Criteria for store selection**

Store performance, demographics, store features and competition are the main categories that are considered for location analysis. In the following section literature review for each category has been done with the intention to help the future researchers to conduct the study based on store performance.

### **2.5.1. Store Performance**

Performance is one of the most important criteria while deciding the location of the store. It is equally important to consider the elements that affects the performance of the store. Quality of criteria for choosing the model for store location depends on the potential to estimate the performance goals. These goals are often created in the form of profits of the store (Walter & McKenzie, 1988), market share (Igene & Lusch, 1980; Durvasula et al., 1992), demand (Igene & Lusch, 1980; Berman & Evans, 2010; Li & Liu, 2012)) and elasticity of price (Hoch et al., 1995). Therefore, the above mentioned measures for choosing the store location are important for stores entering the area in order to get the largest utility.

### **2.5.2. Demographics**

Population characteristics are very important while deciding the location of the store. Demographics assists the retailers in deciding whether the population living in that particular location is in consonance with the target market (Hasty & Reardon, 1997; Berman & Evan, 2010). In some cases it is very difficult to alter the consumption pattern of the customers because of their financial situations or their long-established habits (Redinbaugh, 1987). Therefore, it is observed that while choosing the location for store, consideration for purchasing habits of the people living there is very important for retailers while describing their customers. Hence, for retail managers demographic structure of the market is the most important element while deciding the potential store location (Hasty & Reardon, 1997).

### **2.5.3. Store features**

Competitiveness of the retail store is closely related to the characteristics of the store. Retailers should focus on these characteristics to build an edge in the market. Store location selection decision depends upon accessibility (finding a store easily), store image variables (merchandise assortments, atmospherics etc.) and costs associated with it. Lot of studies have discussed about the accessibility while deciding the store locations. As many customers commute with their own vehicles, it is essential to pay attention towards roads and parking facilities so that

customers can easily access the store for shopping. The sales potential of the store is affected by the ease of access to the store, positively or negatively (Redinbaugh, 1987). Also, before incorporating any change for improving the image of the store, retailers should analyse its impact on store profits. Improvement in merchandise assortments or store atmospherics with the help of new and improved layout and allocation techniques does not only affect the flow of revenues but also affects the expenses (Igene & Lusch, 1980). In the end the retailers should also consider the effect of costs on the store performance while selecting the store location. Cost associated with the building, rent, renovation of the store etc. is included in the cost that is considered in decision making (Irwing, 1986).

#### **2.5.4. Competition**

It is important for retailers to build the understanding of their competitive environment while searching for an appropriate locations for the potential store (Reinartz & Kumar, 1999). It is observed that disparity in price elasticity across stores is due to the competitive factors (Hoch et. al., 1995). Competition could be direct or indirect. In case of direct competition, new store will try to compete with the available stores offering the same products for increasing their market share (Durvasula et al., 1992) whereas those with indirect competition (stores offering dissimilar products), every retailer will try to compete against each other in order to gain the bigger portion in customers' expenditure (Redinbaugh, 1987). Therefore, while choosing the store location evaluation of the competition is essential. Also, distance from the competitor's store, number of available competitors, competitive strength etc. should also be considered in store location selection.

Above factors gives an insight to retailers about the success of a store at a particular location. Therefore, managers should be aware of factors that are related to the location of the store while evaluating the store performance. But preferences for retail store locations changes over time. The location which seems profitable initially might become unattractive because of future competitive encroachment. Adding to this Ingene & Lusch (1980) opined that changes in demographics will encourage uncertainty in meeting customer needs and wants. It is important for retailers to consider the changing competitive landscape and for this, awareness about factors that influence the store performance is required (Ghosh & Craig, 1983). Thus, in order to position the retail stores in changing consumption environment, retailers are advised to carry out timely research on factors influencing the retail store performance.

---

### **3. Future Trends in Retailing**

Retail is progressing at a faster rate because of advancement in technology and changes in consumer behaviour. Now-a-days the concept of Omni channel retailing and big data are very essential to handle the competitiveness. Future of retailing depends on even the newer technologies like Smart devices, mediated or virtual reality, artificial intelligence (Deloitte, 2016). Further research in future needs to address the concept of "internet of things" in order to build clarity on how shopping behaviour will get influenced and also to understand the role of frontline managers. For example smart homes or smart cars are being designed to get relevant information or data as to when should we reorder the basic products kept in refrigerators (or any other appliance) or when should the car be serviced next? Therefore, it is important to explore whether it will increase customer engagement with the store owners or retailers or it will decrease the customer engagement and a new phase of machine to machine interaction will start?

Artificial intelligence (AI) based applications are also on high demand and can have a favourable impact on consumer shopping from both virtual as well as physical stores. AI based responses will be helpful in getting the information regarding the products, their location in the store, their features and will also suggests other items that would go well with the purchased items. As a result customer will be better informed and more engaged than before but the job of service employees have to be reorganized in order to facilitate them with the high level of information than stored in AI application.

Companies are trying their hand on driverless vehicles controlled by AI based technology. Many retailers and manufacturers are trying to reap the opportunities of advancement in technology for robotics and drones (Van Doorn et al., 2016). Recently, Amazon have come up with its plan to incorporate drone delivery option in order to strengthen its current delivery system. Such applications open doors for researches in this field to find out the advantages and aftereffects of these delivery options.

---

## 4. Conclusion

The new emerging trends in retailing will continue to affect the shopping behaviour of the customers. Also, it will assist them in selecting the right channel, right goods and services for them and ultimately to make the final purchase. The concept of online and offline retailing is combining and retailers are trying to adopt Omni channel retailing concept. The emerging trends and developments in technologies help the customers to take smart decisions in less time leaving themselves highly satisfied and confident with their decisions. Retailers on the other hand should welcome these emerging technologies in order to enhance the customer engagement. To do so, it will be worth to conduct further research through continued exploration in this area.

---

## Bibliographic references

- Accenture (2015), "Improving customer experience is top business priority for companies pursuing digital transformation", (accessed April 23, 2017), [available at <https://newsroom.accenture.com/news/improving-customer-experience-is-top-business-priority-for-companies-pursuing-digital-transformation-according-to-accenture-study.htm>]
- Berman, B., & Evans, J.R. (2010), *Retail management: A strategic approach*. NJ: Prentice Hall.
- Bradlow, Eric, Gangwar, M., Kopalle, P., Voleti, S. (2017), "The role of big data and predictive analytics in retailing", *Journal of Retailing*, 93, 76-96.
- Deloitte (2016), "Retail trends in 2016", (accessed April 25, 2017), [available at <https://www2.deloitte.com/uk/en/pages/consumer-business/articles/retail-trends-2017.html> ]
- Doorn, V., Jenny, Mende, M., Noble, S.M., Hulland, J., Ostrom, A.L., Grewal, D., and Peterson, J.A. (2016), "Domo arigato Mr. Roboto: The emergence of automated social presence in customers' service experiences", *Journal of Services Research*, (forthcoming).
- Durvasula, S., Sharma, S. & Andrews, J.C. (1992), "Storeloc: A retail store location model based on managerial judgements", *Journal of Retailing*, 68(4), 420-444.
- Ghosh, A., & Craig, S. (1983), "Formulating retail location strategy in a changing environment", *Journal of Marketing*, 47, 56-68.
- Grewal, D., Levy, M. and Kumar, V. (2009), "Customer experience management: An organizing framework", *Journal of Retailing*, 81(1), 1-14.
- Grewal, D., Rogeveen, A.L., Sisodia, R., and Nordfalt, J. (2017), "Enhancing customer engagement through consciousness", *Journal of Retailing*, 93, 55-64.
- Hasty, R., & Reardon, J. (1997), *Retail Management*. USA: McGraw Hill.
- Hoch, S.J., Kim, B., Montgomery, A.L., & Rossi, P.E. (1995), "Determinants of store-level price elasticity", *Journal of Marketing Research*, 32, 17-19.
- Ingene, C., & Lusch, R.F. (1980), "Market selection for department stores", *Journal of Retailing*, 56, 21-40.
- Inman, Jeffery, J., and Nikolova, H. (2017), "Shopper facing retail technology: A retailer adoption decision framework incorporating shoppers attitude and privacy concerns", *Journal of Retailing*, 93, 7-28.
- Irwing, B. (1986), *Basic Retailing*. USA: Illinois.



- Kahn, Barabara. (2017), "Using visual design to improve customer perceptions of online assortments", *Journal of Retailing*, 93, 29-42.
- Krishna, A., Cian, L., and Aydinoglu, N.Z. (2017), "Sensory aspects of package design", *Journal of Retailing*, 9, 43-54.
- Li, Y., & Liu, L. (2012), "Assessing the impact of retail location on store performance: A comparison of Wal-Mart and Kmart stores in Cincinnati", *Applied Geography*, 32, 591-600.
- Mackey, J., and Sisodia, R. (2014), *Conscious capitalism: Liberating the hedonic spirit of business*, Cambridge, MA: Harvard Business Review.
- Marketing Science Institute (2016), "Research priorities 2016-2018", (accessed April 24, 2017), [available at <http://www.msi.org/research/2016-2018-research-priorities/>]
- Murinde, V. (1996), "Financial Markets and Endogenous Growth: An Econometric Analysis for Pacific Basin Countries", in *Financial Development and Economic Growth: Theory and Experiences from Developing Countries*, Hermes, N. and Lensink, R., eds. London, Routledge, 94-114.
- Nordfalt, J., Grewal, D., Rogeveen, A.L., and Hill, K. (2014), "Insights from in-store marketing experiments", In *Shopper marketing and the role of in-store marketing*, 11 eds., Grewal, D., Rogeveen, A.L. Nordfalt, J. eds. , Emerald books, 127-146.
- Puccinelli, N., Goodstien, R.C., Grewal, D., Price, R., Raghurir, P., and Stewart, D. (2009), "Customer experience management in retailing: Understanding the buying process", *Journal of Retailing*, 85(1), 15-30.
- Redinbaugh, L.D. (1987), *Retailing Management: A planning approach*: McGraw Hill, 183-187.
- Reinartz, W.J., & Kumar, V. (1999), "Store, market and consumer characteristics: The drivers of store performance", *Marketing Letter*, 10(1), 5-22.
- Rogeveen, A.L., Anne, L., Grewal, D., Townsend, C., and Krishnan, R. (2015), "The impact of dynamic presentation format on consumer preferences for hedonic products and services", *Journal of Marketing*, 79, 34-49.
- Suri, R., Rogeveen, A.L., Puccinelli, N.M., and Grewal, D. (2017), "Should prices be placed in the left-visual field or right visual field?", *Working paper*.
- Walters, R., & Mackenzie, S. (1988), "A structural equations analysis of the impact of price promotions on store performance", *Journal of Marketing*, 25, 51-63.
- Wansink, B. (2017), "Healthy profits: An interdisciplinary retail framework that increases the sales of healthy foods", *Journal of Retailing*, 93, 65-78.

- 
1. Research Scholar, Amity Business School, Amity University. Contact e-mail: [zulaikha.fatima@gmail.com](mailto:zulaikha.fatima@gmail.com)
  2. Assistant Professor, Amity Business School, Amity University. Contact e-mail: [chrbisaria@yahoo.co.in](mailto:chrbisaria@yahoo.co.in)
  3. Retd. Professor, Institute of Cooperative and Corporate Management Research and Training. Contact e-mail: [drprakashjay@gmail.com](mailto:drprakashjay@gmail.com)
- 

Revista ESPACIOS. ISSN 0798 1015  
Vol. 38 (Nº 51) Year 2017

[Index]

[In case you find any errors on this site, please send e-mail to [webmaster](mailto:webmaster)]