Monthly Multidisciplinary Research Journal

GoldenResearch Thoughts

Scrambled Merchandising: A Modus Operandi For Survival & Growth

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Abstract: India is a country with largest number of retailers. India economy is showing growing trends owing to a number of reasons and raising income of middle class consumers is prominent one. India is one of the fastest growing economies in the world and one of the largest in terms of purchasing power parity. It has been called a nation of retailers since centuries. The contribution of retail-sector in the total Gross Domestic Product is 14 percent and near about 3Cr people derives their income from retail treading activities. Retailing has been a family's source of revenue, with their shop in the front and house at the back, while they run the retail business. More than 99 per cent retailer's have a space less than 500 square feet of shops.

These small traders now will have to face competition due to increasing number of retailers everywhere. As competition begins to grow, owing to entry of growing number of firms, it becomes uneasy for each individual retail owner to attract and retain enough number of consumers. This may lead to deterioration in sales and profits. With the intention and hope of attracting prospective buyers, retailers often add different product categories which in reality don't seem relevant to the original business. This may further lead to a firm or a store having different product categories- scrambled merchandise. Thus researcher is interested to study why and how small retailers turn into an establishment that carries a wide variety of product lines. Do retailers want to offer one-stop shopping experience? Do they want to increase the number of walk-ins? What is the potential bearing on consumers? Do scrambled merchandisers induce buyers to make unplanned purchases? Hence, researchers are interested to seek answers to these kinds of questions in this proposed study.

Key words: Retailing, scrambled merchandise, unplanned purchases.

1.INTRODUCTION:

Today every retail establishment is trying to maintain or increase their sales volume by increasing variety of products they offer for sale, this practice is known as scrambled merchandising. Convenience stores are different from scrambled merchandisers in number of ways. Convenience stores are often set up with the objective of serving needs of local buyers who are residing in close vicinity. Convenience stores often carry dissimilar product lines to attract and appeal to local buyers. Convenience stores focus on how shopping experience can be made fast and easy. Scrambled merchandisers have often found in heart of the market area.

1.1 Scrambled Merchandising

A situation occurs when a retail business offers a mix of unrelated products that don't reflect the firms' focus. Scrambled merchandising often reflects a scattered product management approach and can make a negative impression on consumers since they might not be sure what sort of products the retailer offers.

1.3 Scope and significance of the study

Stores that often sell a variety of products which are not related to its original range of products, this situation leads to scrambled merchandising. Scrambled merchandising can help a retailer to increase number of walk-ins and this might further cause them to make impulse purchases. As far as scope is concern geographical scopeof the present study is limited to walchandnagar town, topical scope is confined to exploring the term scramble merchandising, functional scope focuses on providing factual suggestions and analytical scope describes attainment of objectives and hypothesis which were set at the outset of the study.

1.0 Review of relevant Literature

2.1 Objectives:

1.To ascertain why retailers have adopted scrambled merchandising strategy
2.To find out if consumers favor scrambled merchandisers for one stop shopping experience.

2.3 Hypothesis:

1.There is a significant relationship between unplanned purchase and stores having scrambled merchandise.

2.4 Challenges before sellers of specialized merchandise

Stores that hold a specific product line or a few

limited product lines find themselves stuck up in occasional or seasonal sales of products. In rural areas, especially areas with limited population, it is a risk to run the business since demand for products of specialized stores may exhaust at any point of time. The research area is a place where retailers have to rely on farmers as a major group of prospective buyers. Farmers all over earn income from farming.This group further relies on climatic conditions, monsoon rain fall and availability of funds to gain more income from farming. Hence the purchasing power or buying ability of large portion of buyers is largely influenced by environmental factors.

         Growing number of retailers in the market has made the things worse. Each individual retailer is fighting for limited number of buyers. Walchandnagar is equidistance from Baramati, Indapur and Natepute which are comparatively larger towns and at a shorter distance from walchandnagar. The geographical location of adjacent towns which are, by far, larger to walchandnagar, may pose a threat of consumers going to these places for shopping.

2.5 Target buyers:
         The target population for retailers of walchand nagar comprises of farmers,farm workers and employees of Walchandnagar Industries Ltd, employees of private and public sector organizations, residents of walchandnagar town, residents of small towns which are in close vicinity of walchandnagar.

2.6 Stores largely following scrambled merchandising
         Utensils stores –Utensils stores sells tools of cooking and baking. They're usually made of temperature-resistantmaterials, such as metal, wood, or a high-grade plastic, like silicone. Consumers often employ utensils to prepare,handle, or serve food.

         Scrambled merchandise stoked by utensils stores are toys, crockery items, and household furniture, plastic paper to cover grains, Rangoli, brooms, grain sacks, cleaning products like HARPIC, Phenyl, seasonal and products demanded at the time of festivals. It is interesting to see that there is no familiarity between original business and having these diversified products.

         Grocery stores –have been found stocking cold drinks and ice-cream, holding cosmetic and personal care products, packaged drinking water, brooms, onions and potatoes, bulbs, mobile recharges etc…

         Hardware stores- have stocked chemicals, notebooks, papers, crackers, cleaning products and other seasonal commodities.

         Stationary stores- sells scrambled merchandise like toys, packaged drinking water, cold drink, ice-cream, gift articles, plastic paper, sports equipments, cosmetic and personal care products, men's accessories and mobile accessories and recharges etc…

         Drug store-have been found selling cosmetic and personal care products, mobiles and mobile accessories, mobile recharges, Cadbury and candy, packaged drinking water and cold drinks,

3.RESEARCH DESIGN-
1.Unit of analysis:
         The present study considers each individual retailer, holing scrambled merchandise, besides buyers who step in these stores, as a unit of analysis.

2.Sample area:
         Research area for the proposed study is Walchandnagar- a small town to the east of PUNE. The purpose behind choice of research area is it's in close vicinity to the residence of researchers.

3.Population:
         There are more than 40 stores that stock diversified products. Researchers have studied 25% of these i.e. 10 stores for the present study. As the number of consumers step in the stores is unknown, 10 buyers of each store will also be considered, i.e. in total there will be 50 buyers who constitute sample size, besides owners of 10 stores.

4.Sample size
         Total stores under study would be 10 i.e. 10 shopkeepers and 50 consumers constitute sample size.

4.CONSUMERS' & RETAILERS' SAMPLE

Table No. 1

	STORES UNDER STUDY				
	Utensils Store	Grocery Store	Hardware Store	Stationary Store	Drug store
Respondents (consumers)	10	10	10	10	10
Respondents (retailers)	2	2	2	2	2

5.SAMPLING TECHNIQUE
         Researchers have used convenience sampling technique for selecting samples for the present study.

6.DATA COLLECTION
6.1 Primary data
         Researchers had framed two structured questionnaires aimed at two different types of respondents. Researchers have recorded responses of 50 walk-in consumers and 10 retailers who stock scrambled merchandises from area under study. Researchers have predominantly used primary data only. Researchers have also carried out some informal interviews to gain insight into retailers underlying motive behind holding diversified products.

7.DATA ANALYSIS
         Rationale behind adopting scrambled merchandising strategy

Table No. 2

Response / Rationale	SA	A	N	D	SD
To attract more consumers					
To offer one stop shopping experience					
Demand for products of original business reduced drastically					
Profit margins in products of original business have reduced drastically					
New unrelated products offer, by far, more profits against least efforts	6	2	-	1	1
New unrelated products require less space to stock and maintain					
Consumers don't bargain while buying certain products which are kept as unrelated to main business…					
To encourage consumers to carry out unplanned purchases…					

SA- Strongly Agree, A- Agree, N- Neutral, D- Disagree, SD- Strongly Disagree

Interpretation:

It is apparent from above table that more than 50% respondents are of the opinion that they adopt scrambled merchandising strategy owing to above mentioned reasons.
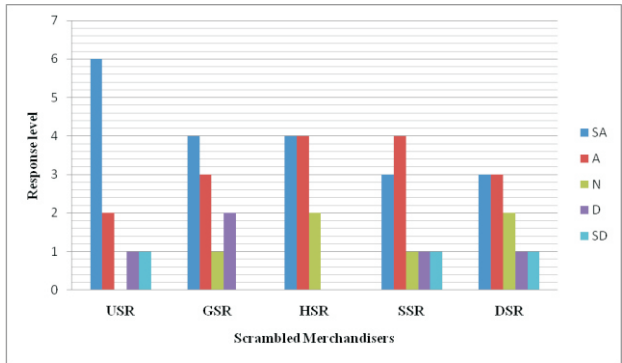
Do consumers favor scrambled merchandisers for one stop shopping?

Table No. 3

Scrambled merchandiser	SA	A	N	D	SD	Total
Utensils stores' respondents	6	2	-	1	1	10
Grocery stores' respondents	4	3	1	2	-	10
Hardware stores' respondents	4	4	2	-	-	10
Stationary stores' respondents	3	4	1	1	1	10
Drug stores' respondents	3	3	2	1	1	10
Total	20	16	06	05	03	50

SA- Strongly Agree, A- Agree, N- Neutral, D- Disagree, SD- Strongly Disagree

Graph No. 1

USR- Utensils Stores' Respondents, GSR- Grocery Stores' Respondents, Hardware Stores' Respondents, SSR- Stationary Stores' Respondents

Interpretation:

It has been observed from above graph that majority of buyers favor scrambled merchandisers for one stop shopping. More than 70% consumers have expressed their agreement to the fact that they favor shops where they can buy different variety of products.

8.HYPOTHESIS TESTING

H0: There is not a significant relationship between unplanned purchase and stores having scrambled merchandise.

H1: There isa significant relationship between unplanned purchase and stores having scrambled merchandise.

Table No.4

Scrambled merchandiser	SA	A	N	D	SD	Total
Utensils stores' respondents	7	2	-	-	1	10
Grocery stores' respondents	6	3	1	-	-	10
Hardware stores' respondents	4	5	1	-	-	10
Stationary stores' respondents	6	4	-	-	-	10
Drug stores' respondents	4	3	1	1	1	10
Total	27	17	03	01	02	50

Chi-Square Test:
Observed frequencies:

Table No. 5

Scrambled merchandiser	SA	A	N	D	SD	Total
Utensils stores' respondents	7	2	0	0	1	10
Grocery stores' respondents	6	3	1	0	0	10
Hardware stores' respondents	4	5	1	0	0	10
Stationary stores' respondents	6	4	0	0	0	10
Drug stores' respondents	4	3	1	1	1	10
Total	27	17	3	1	2	50

Expected frequencies:

Table No. 6

Scrambled merchandiser	SA	A	N	D	SD	Total
Utensils stores' respondents	5.4	3.4	0.6	0.2	0.4	10
Grocery stores' respondents	5.4	3.4	0.6	0.2	0.4	10
Hardware stores' respondents	5.4	3.4	0.6	0.2	0.4	10
Stationary stores' respondents	5.4	3.4	0.6	0.2	0.4	10
Drug stores' respondents	5.4	3.4	0.6	0.2	0.4	10
Total	27	17	3	1	2	50

P-Values (α = .05):

Table No. 7

Scrambled merchandiser	P-Value
Utensils stores' respondents	0.600399369
Grocery stores' respondents	0.912754461
Hardware stores' respondents	0.738964763
Stationary stores' respondents	0.848951818
Drug stores' respondents	0.310987409

Interpretation:

In statistical significance testing the p-value is the probability of obtaining a test statistic at least as extreme as the one that was actually observed, assuming that the null hypothesis is true. We compare the p-value with the alpha to determine whether the observed data are statistically significantly different from the null hypothesis: If the p-value is less than or equal to the alpha ($p < .05$), then we reject the null hypothesis, and we say the result is statistically significant. Here P-values are greater than the alpha values as

a result we will accept the null hypothesis. Hence, we accept the null hypothesis which states that 'There is not a significant relationship between unplanned purchase and stores having scrambled merchandise'. 9. Limitations of the study

1.Research area and sample size is limited; as a result findings may differ for large sample size and area.

2.The way, questionnaire is structured, might influence the responses of samples.

10.CONCLUSION

The Retail sector of India is now among top five fastest growing markets globally and by 2015 it is going to touch $ 637 bn. With growing competition, profits and sales have slumped. Scrambled merchandising can certainly provide retailers, to some extent, with an opportunity which will help them survive and prosper in days to come.

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