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"A STUDY ON HOW PLACE/LOCATION RELATED DECISIONS ARE HELPFUL IN RETAILING"

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1. INTRODUCTION:

In retailer's view Place is concern with the location of the outlet. Place refers to how a retailer will distribute the product or service they are offering to the end user. The retailer must distribute the product to the user at the right place at the right time. Efficient and effective distribution is important if the retailer is to meet its overall marketing objectives. If a retailer underestimate a demand and customers cannot purchase products because of it, profitability will be affected."Place" refers to the distribution channels used to get the product to the customers and from retailers point of view place refers to the location of the outlet. What the retailers product will greatly influence how he will distribute it. If, for example, one own a small retail store or offer a service to his local community, then he is at the end of the distribution chain, and so he will be supplying directly to the customer. Businesses that create or assemble a product will have two options: selling directly to consumers or selling to a vendor. Two spatially relevant dimensions of new product strategy are distribution and

promotion. These two factors are controlled by manufacturers at different levels of spatial aggregation and cause marketing strategies as well as their outcomes to be linked through space. Therefore, when investigating the spatial concentration of market shares, it is useful to commence by looking at how distribution and communication channels are structured geographically.

2. Literature Review:

A geographical aspect of the organization is the structure of retail trade areas. This structure is important to manufacturers because the retailers control the choice environment of consumers at the point of purchase to a large extent. It is therefore likely observed that spatial pricing policies have a component that reflects the geographic nature of the retail trade and that observed sales data have a component that reflects the unobserved retailer activity such as shelf-space allocations (Bronnenberg and Mahajan 2001). Another geographical aspect of the distribution channel is that the influence of a single retailer can extend beyond its own trade area. This is because retailers compete and often copy each other's successful programs. To capture the influence of retailer competition, it is useful to look at how retail trade areas overlap (Baum and Singh 1994).

Kotler and Armstrong (2006), define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers (Berman, 1996). Place strategy in retail stores includes more than the question of how consumers access the stores, it also includes the availability of products in such stores (Kotler, et.el 2003). A store can position or reposition a product by locating that product within a store. Products with high traffic volume are placed near the payment counters and low-traffic volume products at distant locations. Warnaby and Dominic (2004) highlight the advantages of shopping in town centers. Beverages are not just soft drinks, water, iso-tonics and milk but include emerging categories (Feil, 2003). The dimensions of place are channels, coverage, assortment, location, inventory, and transport (Borden, 1984).

A marketer's strategy for distributing products can influence consumers in several ways. First, products that are convenient to buy in a variety of stores increase the chances of consumers finding and buying them. When consumers are seeking low-involvement products, they are unlikely to engage in an extensive search, so ready availability is important. Second, products sold in exclusive outlets such as ISETAN or Jaya Jusco may be perceived by consumers as having a higher quality. In fact, one of the ways marketers create brand equity - that is favorable consumer perceptions of brands - is by selling them in prestigious outlets. Third, offering products by non store methods, such as on the Internet or in catalogues, can create the consumer perception that the products are innovative, exclusive, or tailored for specific target markets. Thus, the above studies imply that place or distribution considerations play a major role in influencing consumer motives.

3. Methodology Adopted:

3.1. The Study: The Study "A Conceptual Study on how Place/Location related decisions are helpful in retailing" is based on primary data collected by personal interview from consumer durable retailers of Indore city. The study is focused to have an insight into Place/Location related strategies i.e how they are interrelated with each other and which are the most popular strategies of location among the retailers of consumer durables.

3.2. Objectives of the Study:

• To identify the most popular Place/Location strategies adopted by retailers of consumer durables in Indore city.

• To study the relationship between different Place/Location strategies adopted by retailers of consumer durables in Indore.

3.3. Study Area:
We have chosen Indore as our study area as it is dominated by the retailing industry with huge business potential; the consumer here is having a good purchasing power which attracts to study the retailing pattern.

3.4. Sample size and technique:
The sample size is 150. We have surveyed 150 consumer durable retailers of Indore. The sampling techniques adopted in this context are judgment sampling and convenience sampling.

3.5. Tools for Data Collection:
The study is based on primary data collected by personal interview from consumer durable retailers of Electronics, Computer, Mobile, Kitchen-appliance, etc. in Indore city. We have used 5 point Likert scale to estimate the responses of the Consumer Durables retailers regarding the different Place /Location strategies. The five point scales are leveled as 1= Most Favourable, 2= Favourable, 3= Moderate, 4= Unfavourable and 5= Most unfavourable.

3.6. Tools for Data Analysis:
The tools which are used for analyzing the collected data are –

• *Mean and Standard Deviation:* for identifying the most popular Place /Location strategies

• *Factor analysis:* factor analysis has been used to develop factors with the help of SPSS. The location factors are Location Type, Location Choosing, and Location Choosing Accessibility and Location Cost and these are abbreviated as LOF1, LOF2, LOF3 and LOF4 respectively.

• *Correlation:* It is used to examine the interrelationship between different location related strategies.

4. Data Analysis and Interpretation:

4.1: Type of Shop:

The data shown in the Table No-1.1 indicate that 84 percent of the retailers in Indore are showing that free standing or isolated stores and part of shopping centre are the most unfavourable type of shops used by them. Their means and standard deviations are 4.38 & 1.44606. According to the consumer durable retailers of Indore, the most favourable type of shops are part of business district with their means and standard deviation as 2.22 & 1.85602. It is explained in Figure No- 1.1.

Table No-1.1: Type of Shops of Consumer Durable Retailers in Indore.

Bases	Most Favourable (% age)	Favourable (% age)	Moderate (% age)	Unfavourable (% age)	Most Unfavourable (% age)	Total (% age)	Mean	Std. Deviation
Free Standing or Isolated store	15.3	0	0	0	84.7	100.0	4.38	1.44606
Part of Business District	69.3	0	0	0	30.7	100.0	2.22	1.85062
Part of Shopping Centre	15.3	0	0	0	84.7	100.0	4.38	1.44606

Sources: As Computed by the Researcher

Figure No-1.1: Type of Shops of Consumer Durable Retailers in Indore.
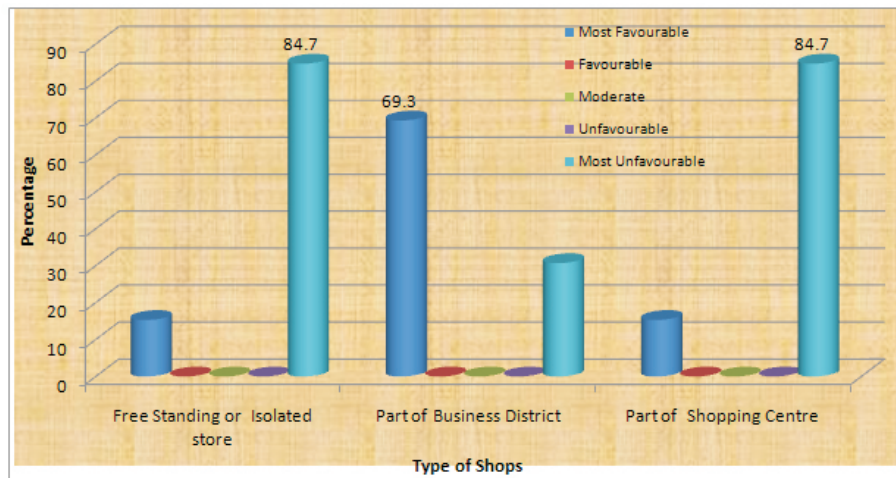
It is concluded from table above that most of the Consumer Durable retailers of Indore city is having Shop as a part of Business District with mean score of 2.22.

4.2: Location Choosing Factors:

Choosing our business location requires quite a bit of research, especially into the area in which we want to open our store. We must consider whether people will see our business and the other business around our business that sells the same as you do. There are three major considerations for choosing location for retail outlet i.e Market Potential, Accessibility and Cost.

4.2.1: Market Potential:

Table No-1.2: Market Potential as Location Choosing Factor in Consumer Durable Retailers in Indore.

Bases	Most Favourable (% age)	Favourable (% age)	Moderate (% age)	Unfavourable (% age)	Most Unfavourable (% age)	Total (% age)	Mean	Std. Deviation
Market Potential	79.3	12	8	99.3	0.7	100.0	1.293	0.61901
Demographic features of the population	26	64	10	0	0	100.0	1.84	0.58021
Competition and Compatibility	21.3	31.3	13.3	16.7	17.3	100.0	2.773	1.41016
Trade area analysis	10	36.7	32	13.3	8	100.0	2.726	1.07377
Government regulation	78.7	21.3	0	0	0	100.0	1.213	0.41103
Future prospects	60	22.7	4	8.7	4.7	100.0	1.753	1.16398

Sources: As Computed by the Researcher

From the above table, it is clear that 99 per cent of retailers consider market potential as the

most unfavourable location choosing factor. According to them, government regulations (78 percent) and future prospects (60 percent) are the most favourable factors for choosing location with their means and standard deviations as 1.213 and 0.41103 and 1.753 and 1.16398 respectively. As explained in the figure 5.13, demographic features of the population, competition and compatibility and trade area analysis are the favourable factors for choosing location by consumer durable retailers in Indore. It is also explained in Figure No-1.2.

Figure No-1.2: Market Potential as Location Choosing Factor in Consumer Durable Retailers in Indore.

It is also clear that retailers give more stress on Government Regulation with mean score of 1.21 while choosing Location. This is followed by Market Potential with mean score of 1.29.

4.2.2: Accessibility:

Table No-1.3: Accessibility as a Location Choosing Factor in Consumer Durable Retailers in Indore.
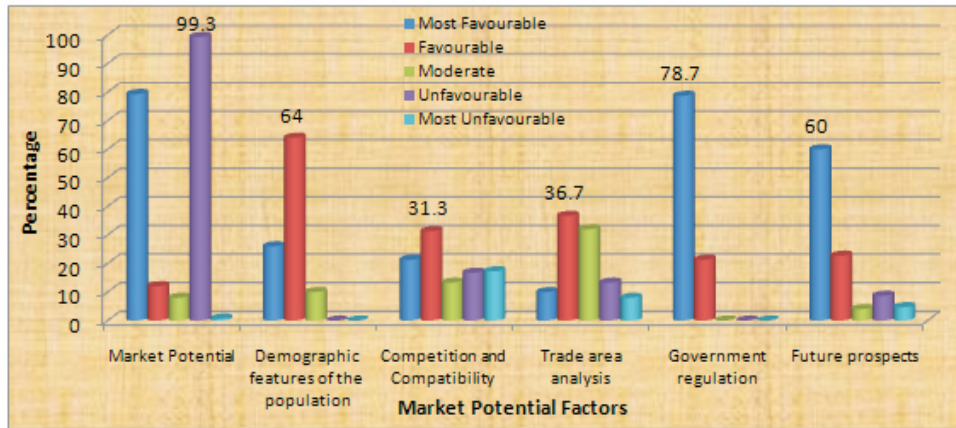
Bases	Most Favourable (% age)	Favourable (% age)	Moderate (% age)	Unfavourable (% age)	Most Unfavourable (% age)	Total (% age)	Mean	Std. Deviation
Parking	49.3	26.7	20	4	0	100.0	1.786	0.9018
Visibility	55.3	28	8.7	4.7	3.3	100.0	1.726	1.02908
Delivery Assess	12.7	42.7	20	12.7	12	100.0	2.686	1.20478

Sources: As Computed by the Researcher

From the above table it is clear that 49 percent of consumer durable retailers consider parking as most favorable accessibility factor for choosing location and about 55 percent of retailers consider visibility as the most favorable factor of choosing location with mean and standard deviation as 1.726 and 1.02908. Delivery assess is considered as favorable factor of accessibility for choosing location. It is also explained in Figure No- 1.3.

Figure No-1.3: Accessibility as a Location Choosing Factor in Consumer Durable Retailers in Indore.

4.2.3: Cost:

The data in the Table No-1.4 revealed that rent is considered as most unfavourable cost factor for choosing location with mean 3.726 and standard deviation 1.63394. Security is identified as unfavourable cost factor for choosing location. As explained in figure 5.15, retailers moderately use delivery cost as factor for choosing location. According to the retailers of consumer durable in Indore,Maintenance cost is the only favourable factor in choosing location with mean 2.36 and standard deviation 0.88459. It is also explained in Figure No-1.4.
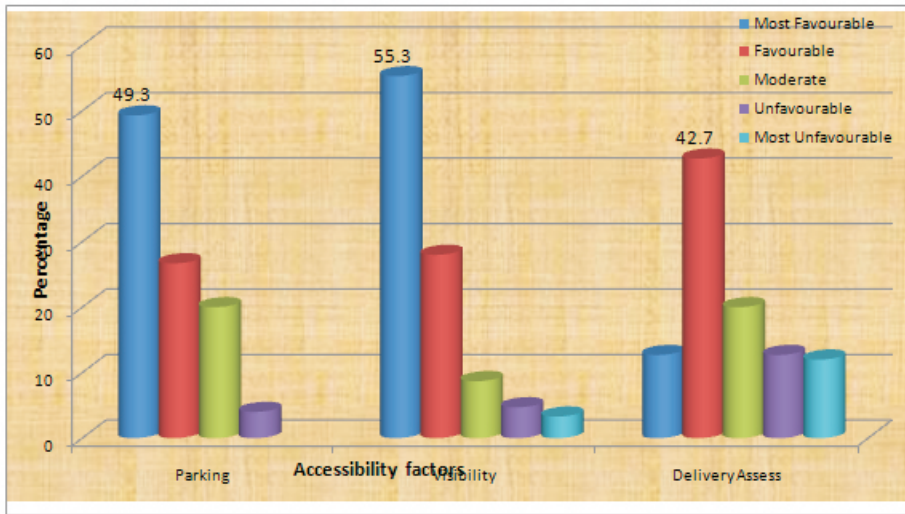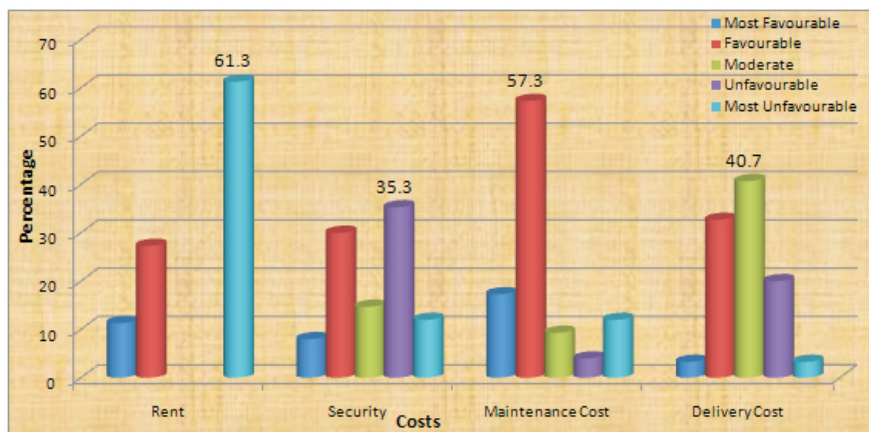
Table No-1.4: Cost as a Location Choosing Factor in Consumer Durable Retailers in Indore.

Bases	Most Favourable (% age)	Favourable (% age)	Moderate (% age)	Unfavourable (% age)	Most Unfavourable (% age)	Total (% age)	Mean	Std. Deviation
Rent	11.3	27.3			61.3	100.0	3.726	1.63394
Security	8	30	14.7	35.3	12	100.0	3.133	1.20216
Maintenance Cost	17.3	57.3	9.3	4	12	100.0	2.36	1.17742
Delivery Cost	3.3	32.7	40.7	20	3.3	100.0	2.873	0.88459

Sources: As Computed by the Researcher

Figure No-1.4: Cost as a Location Choosing Factor in Consumer Durable Retailers in Indore.

It is clear from the above table that Maintenance Cost as a strategy with mean score of 2.36 is found to be the most favorite strategy of retailers for considering cost as a location choosing factor. This is followed by Delivery Cost with mean score of 2.87.

Interrelationship between Location Related Factors:

As far as to find out interrelationship among location related factors are concerned, we have used the statistical tool of Pearson correlation coefficient. Here we have used factor analysis to develop factors with the help of SPSS. The product related factors are Location Type, Location Choosing, and Location Choosing Accessibility and Location Cost and these are abbreviated as LOF1, LOF2, LOF3 and LOF4 respectively. The interrelationship is shown in Table No-1.5.

Table No-1.5: Correlations among Location related factors .

		LOF 13	LOF14	LOF15	LOF16
LOF1	Pearson Correlation	1	.011	-.021	.135
	Sig. (2-tailed)		.898	.801	.101
	N	150	150	150	150
LOF2	Pearson Correlation	.011	1	.641**	.432**
	Sig. (2-tailed)	.898		.000	.000
	N	150	150	150	150
LOF3	Pearson Correlation	-.021	.641**	1	.133
	Sig. (2-tailed)	.801	.000		.106
	N	150	150	150	150
LOF4	Pearson Correlation	.135	.432**	.133	1
	Sig. (2-tailed)	.101	.000	.106	
	N	150	150	150	150
**. Correlation is significant at the 0.01 level (2-tailed).					

From the above table, it is seen that the relationship between LOF2 and LOF3 is positive and statistical significant at 1 percent level of significance. That indicates that these two factors are positively correlated. It explains that the consumer durable retailers are adopting these two strategies in same way. It is also seen that LOF2 and LOF4 are positively correlated with 1 percent level of significance; this indicates that the consumer durable retailers are adopting these two strategies in same manner.

5. CONCLUSION:

It is concluded from the above facts that most of the Consumer Durable retailers of Indore city is having Shop as a part of Business District It is also clear that retailers give more stress on Government Regulation with while choosing Location, followed by Market Potential It is also found that Maintenance Cost as a strategy is found to be the most favorite strategy of retailers for considering cost as a location choosing factor, followed by Delivery Cost . Further all the location related strategies are having strong coorelation with each other.

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