INTRODUCTION

The Indian retailing industry, which was traditionally dominated by small and family-run stores, has come of age. The retail sector is the second largest employer after agriculture in the country and also the second largest untapped market after China. For Indian retailing, things started to change slowly in the 1980s, when India first began opening its economy. Textiles sector (which companies like Bombay Dyeing, Raymond’s, S Kumar’s and Grasim) was the first to see the emergence of retail chains. Later on, Titan, maker of premium watches, successfully created an organized retailing concept in India by establishing a series of elegant showrooms. For long, these remained the only organized retailers, but the latter half of the 1990s saw a fresh wave of entrants in the retailing business. Through the 1990s, organized retail in India added just 1 million sq. ft of space a year. The pace picked up from 2001 onwards. But it was believed the best is yet to come. Over the next three years, a confluence of events pushed organised retail into a new orbit. India is among the top 15 global retail markets but it is also perhaps among the least actively competed for with global retailers.

The Organised Retail segment has done well in the last few years despite of the aforementioned factors on account of consumers upgrading to premium brands. The premium range across apparel segments has shown the fastest growth in volume and value on account of rising aspirations as well as a growing willingness to pay a premium for quality.

Malls & Hypermarkets are likely to increase the penetration of organised apparel retailing in the country. Apparel makes up for a large proportion of total sales for hypermarket players such as Big Bazaar and Vishal Mega Mart.

The Indian market is well known for its diversities in terms of demographic, economic, social and cultural variables. Understanding the requirements of the different segments of the market is imperative and obviously important for the success of any market. And as a result the apparel market has seen a rise in a number of means adopted by the players in the market for attracting customers towards their respective brands. Many of these are often scheduled periodically around occasions such as regional festivals, new years, a major event; or sometimes even around the year to attract customers around the year.
Over the past couple of years there have been sweeping changes in the apparel retailing which was once strictly a made-to-order market for clothing has changed to a ready-to-wear market. Apparel and accessories retailing is the largest segment of Organised Retailing in India, constituting 38% of the total Organised Retail. The penetration of Organised Retail in the category is around 23%. Among the few players who have been catering to the branded market are Park Avenue, Charagh Din, Liberty, Double Bull, Proline and Snowhite. It took a quite long time for brands such as Allen Solly and Van Heusen to create a respectable market share in the ready-to-wear market. Big players like Tata, Raheja, Biyani, etc have intensified the competition with their professional retail chains like Westside, Shopper’s Stop and Pantaloons. Recently, India is increasingly being looked upon as a major supplier of high quality fashion apparels and Indian apparels have come to be appreciated in major markets internationally. Also India has emerged the third most attractive market destination for apparel retailers, after Brazil and China. In India, apparel is the second largest retail category, and is expected to grow 12-15 percent per year. This has prompted many international brands to enter the Indian apparel industry, giving rise to stiff competition in the apparel market. This has only given the customer more choices to choose from and given them the power to bargain for their choices.

Major sub segments in the apparel industry are based on Gender (Men & Women), Age (Kids, Infant), Use and occasion based (Formal, Casual, Bridal, Sportswear, Uniforms, etc). Most of the major sub segments have performed well on account of demographic, economic and social factors like high disposable incomes, more number of working women, young demography, etc. Men’s apparel market is 46 percent of the total apparel market in India. Preference for readymade garments is increasing and this has become inevitable with the rise in urbanization. Whereas, women’s apparel market is 17 percent of the total apparel market in India. The preference for the branded Western and Indo-western apparels among the working women is on the rise, which is a welcome relief for the manufacturer and retailers of branded apparel. The dressing habits are getting refined if not changed specifically among the working women. Kids’ apparel market is 37 percent of the total apparel market. Being the brand penetration in this segment lowest at 9 percent shows a lot of potential for the branded players to exploit this segment.
The biggest challenge for organized retailers in India is to create an environment that can attract people and entice them to spend more time shopping and also increase the amount of impulse shopping. Research studies conducted across the world indicate that the impulse buying is 10% to 15% more for certain categories of merchandise. This is a good reason for the organized retailers to bring in professionalism in designing their stores and offer a world-class experience to the shoppers.

Discount stores format is becoming increasingly popular in India and is likely to spearhead the revolution in organization retailing. Though the number of Discounters is growing, it is still a very small segment compared to international standards where around 60 percent of the organized retail business comes from this format.

The study will ascertain and make attempts to identify the various sales promotional activities, ranging from membership cards to loyalty reward points to the mostly applied one of discount schemes. It will also make attempts to ascertain if all such promotional activities prove any beneficial to the market players in luring new customers, retaining the existing customers and making customers switch over from other apparel brands to their brand of apparels.
REVIEW OF LITERATURE

The country has witnessed a retail revolution in recent years. Significant development has taken place in urban areas in the form of organized retailing - mega stores or malls. Talk of any metro or a mini metro all of them now, have simply superb shopping malls to rule the shopper’s heart. For example, in recent years with the mushrooming of so many swanky stores, a shoppers dream has come true. Actually, the corporate sector and the government, both have shown keen interest in the retail sector. This business suddenly seems promising to every one (Bhatnagar, 2004).

Clothing, Textile and Fashion accessories segment constitute significant portion (nearly 35%) contributing to the growth of Indian retail industry. Competitions in this segment are intensified as many as players were entered into this segment constitute both unorganized as well as organized players. All these players are using a different kind of strategies like Store ambience, Store Atmospherics, Aesthetics of the store, Visual Merchandising, Discounted pricing, value added services etc., to attract more footfalls to patronage their customers. All these strategies will become meaningless unless the store has right mix of merchandise in terms of varieties, assortment, colour, and support levels to satisfy the target customers. A retailer’s ability to respond quickly to shifting patterns of demand depends heavily upon how well it controls its supply chain, collaborates with suppliers, and manages its merchandise. Retailers have to quickly introduce new lines to maintain high sales and out-pace the competition (Krishnan & Venkatesh, 2008).

The Indian market is well known for its diversities in terms of demographic, economic, social and cultural variables. Understanding the requirements of the different segments of the market is imperative and obviously important for the success of any market. Age, Gender, Family Size, Income Status, Marital Status, Occupation, etc. are some factors that influence the strategies (Majumdar, 2010).

The factors that effects the customers’ buying decisions for branded cloths are Educational qualifications, Employment status, Age, Convenience of shopping and Advertisements. Out of these factors Educational qualifications, Employment status, Age and Convenience of shopping has a positive impact on the buying decisions for branded clothing, whereas Other factors that influence buying branded clothing are Quality, Status symbol and Varieties offered (Lalitha, et al, 2008)
Depending on the above factors, the prominent retail formats under each classification are as follows; Independent Retailer, Chain Retailer, Franchising, Co-operatives, Convenience Stores, Supermarkets, Hypermarkets, Speciality Stores, Departmental Stores, Off-price stores and Catalogue showrooms (Pradhan, 2010 & Manocha & Saini, 2010).

The mall-mania seems to have truly gripped the country. To the present generation shopping means much more than a mere necessity and malls are now fast becoming image benchmarks for communities. Everyone seems to have been taken in by the euphoria about the potential of Organized Retailing sector – be it retailers, mall-developers or consumers. The fast growing middle-class population and the rise in women workforce and consumerism over the decade are the major force in driving demand. Daily we have news, reports & discussions in all kinds of media about organized retail sector, shopping center development, FDI in retail and so on and so forth. Mall–management is a term, which figures repeatedly in most of these, but generally it is not understood properly. Traditionally in India, mall-management has been equated to facilities management. As we shall see, its scope of activities is much beyond facilities management, which is essentially a maintenance job (Zameer, 2006).

Shopping is seriously catching up the top position in the women’s leisure time activity list in the metros. No longer shopping is a compulsory responsibility; rather it’s a ‘pleasure trip’ with a whole range of activities involving browsing, window-shopping, entertainment and excitement. Shopping has given them an opportunity for social expression, knowledge enhancement, skill development, confidence, and decision making role at the household level. Retailers must en-cash this opportunity by concentrating and tailoring their strategies to suit and satisfy these “spending engines” that are going to drive the economies of the world in the coming days (Murugaiah & Vishvas, 2008)

The role of children in the buying process has increased over the years. Though a lot of research has been done in the West in understanding children’s purchase influence, the need is also felt in the Indian context. The results indicate the growing importance of children in terms of taking their own decisions and also the discrepancy in the views of the parents and children (Sharma, 2009).
Children constitute an important target market segment and merit attention from a marketing perspective. The role that children play in making decisions concerning the entire family unit has prompted researchers to direct attention to the study of influence of children. The amount of influence exerted by children varies by product category and stage of the decision making process. For some products, they are active initiators, information seekers, and buyers; whereas, for other product categories, they influence purchases made by the parents (Tripathi & Sengupta, 2011).

With the emergence of big players such as Bharati, Reliance, Future group and others, the retail sector is facing stiff competition, both in terms of product and service mix. Each and every organized retailer is under threshold pressure to offer their best to customers. Retailers may carry the best product mix, but they may not be able to reach the possible sales levels if promotions are not conceptualized and implemented aggressively (Chavadi & Kokatnur, 2010).

The importance of sales promotions- short term activities which induces trade or consumer to buy now rather than in future as the value of apparel after the season, goes down substantially and inventory carrying burden turns out to be very high. Apparel retailer needs to understand critical role of sales promotions. Attractive promotions induces purchase acceleration, stock piling and brand switching on the part of a consumer which substantially reduces retailer’s financial and inventory risk and consumer’s financial risk and psychological risk (Vyas, 2007).

The Marketing mix for retail stores includes products, pricing, placement, promotion, process, people and physical evidence. The elements of the retail marketing mix of ‘coupon’ were studied first as to what ‘coupon’ was doing on these aspects. All departments, promotional tools used, merchandise brands and such factors were examined to understand the integrated strategy being used by ‘Coupon’. Many specific examples of the various elements of the retail strategy used at ‘Coupon’, includes photographs and lists (Shekhar, 2011).

It is also evident that a better understanding of the decision making behaviour of Indian consumers would contribute towards the meeting of the needs of marketers as it is inextricably linked to their purchase behaviour. This characterisation of consumers will allow marketers to make a distinction of their offerings, both at the store as well as product level (Mishra, 2010).
The most important factors having a very strong positive effect on the buying behaviour of customers in the organised sector are Pricing and Schemes/ offers. These are followed by Quality, Income and Service. Other factors are social status, lifestyle, references and convenience. The most important factor in the unorganised sector is convenience. This is followed by Income, References, Schemes/ Offers. Other factors are pricing, social status, lifestyle and service (Misra, 2011).

Pricing has been the most complex marketing decision. Post Liberalised era has poured in competition from International giants and the domestic government, in its bid for compliance of WTO obligations and encouraging competition, is deserting the days and policies of protectionism (Rai, 2005).

Price-value equation has emerged as the most important determinant of the customer’s buying behavior and decisions. Greed and comparisons with other customers’ purchases emerged as another important factor for the customer buying decisions. Another important factor that influences quick purchases is the fear of any opportunity lost. All these three factors have a positive effect on the buying decisions on the customers (Pathak & Tripathi, 2009)

Consumers are increasingly becoming well aware of all the option available to them as well as their respective benefits and shortcomings. As a result the consumer decision-making process is a complex phenomenon. The purchase of goods or services includes a number of factors that could affect each decision. Consumers are besieged by advertising, news articles, and direct mailings that provide abundant information, much of these are with mixed messages. In addition, increases in the number and variety of goods, stores, and shopping malls and the availability of multi component products and electronic purchasing capabilities have broadened the sphere for consumer choice and have complicated the process of decision making (Sahoo & Dash, 2010).

The presence of store amenities has become very important in today’s retail scenario. This is because the attraction and presence of these store amenities is one of the customers’ unstated needs and as a result even if these do not have any relation to the product/ service being bought or used, it still makes the customer make a revisit to the store only because his unstated need of the satisfaction of the presence of those amenities are met with. As a result more and more retailers should be arranging multi facilities along with the retail purchases. (Das & Kumar, 2009)
Department stores make shopping attractive and agreeable. The service providers at department stores may station at strategic points and attenders may guide the customers to the concerned departments. Trained salesmen, who are courteous and tactful and who can convince the consumers may be employed. Recreation facilities in the form of music programmes, movie pictures, magic shows etc., may also be arranged A lounge, a restaurant, an Ice-cream parlour, reading and writing rooms, Telephone booths, beauty clinics, a nursery to care for small children, lectures, demonstrations, free classes in Ikebana and other arts (arts and handicraft), fashion shows, exhibitions may also be arranged. These facilities and services go to create a "home image" for the department store (Manivannan & Raghunathan, 2004).

Positive store image is a key asset for retailers to achieve and sustain success in an increasingly competitive marketplace. Because of this, retailers are trying to make their customers perceive their store image positively. Retailers who manage their image effectively can influence consumers' store patronage decisions and improve their competitive situation. On the other hand, store brands - that are unique to the store - may increase customer traffic and generate greater store loyalty (Ventaswaran & Mahalakshmi, 2010).

People buy products, but which products they buy and how they make a buying decision have a lot to do with how they feel about the brand. Products are what the company makes, what the customer buys is a brand. Consumers expect to pay lower prices for unbranded products or those with low brand equities. On the other hand, they may pay a premium for their favorite or socially valued brands (Vincent, 2006).

There is a positive and significant relationship between factors of brand loyalty (brand name, product quality, price, promotion, service quality and store environment) with apparels brand loyalty. Majority of the respondents (63%) showed brand loyalty towards a consistently well known brand. New brands, variety and non-satisfaction are major reason for switching of brands in the researched population. Brand name is the major influence in buying decisions, followed by quality and price. Quality, promotion, store amenities and service are factors identified attributable to Brand loyalty. Price consciousness is still a driving force along with buying branded clothing (Venkateswaran, et al, 2011)
There has been a fundamental change in consumer’s preference and behaviour. There is now an unprecedented openness to try both new products and new brands, manifested in a sweeping preference of brand variety and novelty over brand loyalty. The essence of the marketing process is building a brand in the minds of the consumers. In the recent times, it is seen that today’s consumer has the ambition to exhaust as many possibilities as he/she can for the fear to miss out something. It is the Fear of Missing Out (FOMO) phobia. Certainly, this has negative effect on brand loyalty (Shetty, 2010).

The biggest change in the last decade or so has been the entry of premium private labels. They are no longer saying “buy us because we are cheap”, instead today; they are saying “buy us because we are the best”. By offering high quality products, many private labels have started charging more than regular manufacturers. Retailers are looking at private labels or store labels as one of the option to drive the customers to their stores (Singhi & Kawale, 2010).

Value completely mediates the effect of frontline employee trust on loyalty in the retailing context and partially mediates the effect of management policies and practices trust on loyalty in the airlines context. The role of frontline employees is more critical in the retailing context, whereas management practices and policies play the dominant role in the airlines context (Balasubramaniam & Sathyanarayan, 2008)

The relationship between switching barriers and loyalty reveals reasons arise from “too often” and “too similar” sales promotion programs of competitive department stores, leading the promotion effects to not contribute to the attractiveness of competitors. The promotion effects have a positive and significant influence on loyalty. Promotion effects are also the most important weight to loyalty, because the loyalty depends on the reward of promotion. The negative relationship between promotion effects and attractiveness of alternative supports the promotion effects, which can lower the attractiveness of competitors. (Tung, et al 2011).

In a bid to strengthen relationships with their customers marketers are showing renewed interest in customer loyalty programs. But how effective are these programs? Research on “normal” patterns of loyalty in established competitive markets suggests that in many cases it is hard to obtain exceptional advantages through the launch of a loyalty program. Also, competitive forces tend quickly to erode any differential gains (Dowling & Uncles, 2007).
Conventional retailers, especially those that are mid-sized, will be squeezed from all sides; from larger players with better economies of scale, from smaller players with more focused selection or a greater emphasis on convenience; from electronic retailers that have few physical assets but are rich in information, and from entertainment and education oriented players that offer a more vibrant consumer experience (Sudhakar, 2005).

The small-size apparel retail realised higher profit margin than large and medium size apparel retail. The shift in the focus of the large retail firms to medium to lower price band from the existing price band has to be re-oriented in business. The amount of cash available with the medium company drives new investments avenues and the strategy is convincing to other investors. The small firms are attempting to minimize the advertising expenditure and able to change new forms of advertising with lot of challenges in business (Appasamy, et al, 2009).
OBJECTIVES

The objectives of the study are as follows

1. To understand the various loyalty programs and discounting schemes offered by the various brands in the organized apparel industry.

2. To understand the rationale behind the quantum of discounts rebates offered in the various loyalty programs and discounting schemes offered by the various brands in the organized apparel industry.

3. To measure the acceptance of customers for the various loyalty programs and discounting schemes offered by the various brands in the organized apparel industry.

4. To measure the effectiveness of the various loyalty programs and discounting schemes offered by the various brands towards enhancing/increasing purchases in the organized apparel industry.

5. To identify and measure if the various loyalty programs and discounting schemes offered by the various brands in the apparel industry have any effect on the customers by making them switch loyalties towards other brands in the organized apparel industry.
HYPOTHESIS

H₀₁  There are no significant differences in the acceptance levels of loyalty programs and discounting schemes offered by the various brands in the organized apparel industry.

H₀₂  There are no significant differences in the effectiveness of loyalty programs and discounting schemes offered by the various brands towards enhanced/ increased purchases in the organized apparel industry.

H₀₃  There are no significant differences in the effectiveness of loyalty programs and discounting schemes offered by the various brands towards making customers switch loyalties from/ towards other brands in the organized apparel industry.

H₀₄  There are no significant differences in the effectiveness of loyalty programs and discounting schemes offered by the various brands across various retail outlets in the organized apparel industry.
RESEARCH METHODOLOGY

SOURCES OF DATA
A. Primary data
   This will be done using a survey with the help of different sets of structured
   questionnaires for consumers and retailers as well.
B. Secondary data
   This shall be gathered from books and publications, magazines, internet,
   journals and periodicals, etc.

RESEARCH DESIGN
Descriptive Quantitative Cross-sectional Research
The research intends to quantify the effectiveness of loyalty programs and discounting
schemes in terms of increase/ decrease in sales on account of these activities. The
research would also make an attempt to describe the attitudinal behaviour of the
respondents for their respective purchasing patterns. It would be temporal in nature
and would be conducted on a sub-section of the respondent population. Hence the
research is Descriptive Quantitative Cross-sectional Research.

SAMPLING TYPE
Stratified Random Sampling
The sampling will involve division of the consumers into smaller strata with respect
to variables like Age, Gender, Income Status, Marital Status, etc. A random sample
from each stratum will be taken in a number proportional to the stratum's size when
compared to the population. These subsets of the strata will then be pooled to form a
random sample. This Sampling type was adopted to reduce the potential for human
bias in the selection of units of analysis to be included in the sample. Stratified
random sample will provide us with an unbiased and diversified sample. Thus the
sampling used will be Stratified Random Sampling.
SAMPLE SIZE
The Total Sample Size would be **1100**

A. Customers
   1. Single Brand stores – 400
      i. Individuals using loyalty cards/ memberships – 200
      ii. Individuals not using loyalty cards/ memberships – 200
   2. Multi Brand stores – 600
      i. Individuals using loyalty cards/ memberships – 300
      ii. Individuals not using loyalty cards/ memberships – 300

B. Retailers
   1. Single Brand stores – 40
   2. Multi Brand stores – 60

SAMPLING FRAME
Respondents in the Age Group of 20 – 50 years
The sampling frame shall comprise of individuals in the age group of 20 – 50 years and must have shopped for apparels in the organized retail stores at least thrice in the last year

RESEARCH AREA
Research will be Mumbai based.
The area chosen for research is Mumbai as this region provides a perfect blend of a population from across the country. Respondents are well diversified in terms of Age, Gender, Religion, Economic Status, etc. Hence the responses would be expected to be diversified and unbiased.

HYPOTHESES TESTING
Parametric Tests
   Z-test
   ANOVA
Non Parametric Tests
   Chi-square test
SCOPE & LIMITATIONS

SCOPE OF THE STUDY
The two main driving factors affecting apparel world are end user tastes and the prices. Indian consumers tend to be more loyal to a specific retailer than to an apparel brand. The result is a thriving private label apparel market. As a result all players in the apparel market are attracting customers by strategically working on the above two factors.

The study covers trends and expected market sizes of different product categories e.g. Men’s wear, Women’s wear and Kid’s wear. Extensive analysis of consumer behavior while purchasing different apparel categories, Michael Porter’s 5-forces analysis, SWOT analysis and Supply chain management are provided in this study.

The study will ascertain and make attempts to identify the various products of the sales promotional activities, ranging from membership cards to loyalty reward points to the mostly applied one of discount schemes.

The study will also help in understanding whether these activities actually help in converting the footfalls into actual sales for the retailers.
LIMITATIONS OF THE STUDY

1. The research being a sample study shall have inherent limitations of sampling error and bias.
2. The research shall be restricted to India alone.
3. The research shall pertain to only branded apparel retail.
4. The research shall not cover wholesale apparel retail.
5. The research shall not cover unorganized apparel retail.
UTILITY OF RESEARCH

The study will ascertain and make attempts to identify the various sales promotional activities, ranging from membership cards to loyalty reward points to the mostly applied one of discount schemes. This will be an excellent utility tool for comparisons of the above programs vis-a-vis various retail players in the apparel industry.

The study will also identify the various factors influencing the purchase of apparels in the organized retail setup; as also identify the preferences of the customers in buying different apparel categories offered by the various brands in the apparel industry. This will help to understand the rationale in the strategies deciding the various discounting schemes and loyalty programs. The retail players can evaluate the performances of these various schemes vis-à-vis their success rates in attracting increased footfalls and consequent sales. They can further strategise towards continuations/ discontinuations/ improvisations of these schemes on account of respective performances.